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1 Contextual Background

1.1 Historical background

Although not a technical term, the word ‘foundation’ is increasingly used informally in the UK to refer specifically to charities which have an independent, sustainable source of funding, often a large endowment of money, and which have as their main activity the funding of other charitable purposes, individuals and organisations through grants. Such charitable institutions have a very long history, from the hospitals and almshouses established within the religious orders around the tenth century, to the burgeoning of the philanthropy of the great industrialists of the Victorian era, when many foundations were established to meet the public health, educational and care needs of the growing city populations. One of the hallmarks of foundations in the UK is their independence. After the Reformation and the Charitable Uses Act 1601, philanthropy became increasingly secular rather than religious in its purposes and developed a degree of autonomy virtually unknown in continental Europe. The unique ‘Charity Commissioners’ were established permanently in 1853 and provided charitable activities with their own system of regulation, which has lasted through to the modern Charity Commission, funded by government but operating at ‘arms-length’ from it.

Early mediaeval foundations were often ‘operating’ in their nature – established and endowed to provide direct care and services for the sick, elderly or needy. Nineteenth-century philanthropists, however, turned their attention from immediate need to the problems of society and made major investments in programs which aimed to address the root causes of poverty and the social impact of urbanisation and industrialisation. The philanthropy of the great social reformers such as Robert Owen, Joseph Rowntree and Barrow Cadbury aimed to improve the working and living conditions and welfare of employees and established their foundations to protect and progress this work.

In many ways the history of foundations in the UK can be seen as a reflection of its industrial history. The Joseph Rowntree Foundation and Barrow Cadbury Trust were established in the late nineteenth century from the fortunes made by Quaker entrepreneurs working in the chocolate industry; the great Nuffield Foundation and Wellcome Trust, in the interwar period from the profits of the car and pharmaceutical industries; the extensive group of Sainsbury Family Charitable Trusts, with the Gatsby Trust as the largest, and the Children’s Investment Fund Foundation, in more recent times, from the successes of the food retail business and the financial services industry. Other new foundations such as Vodafone and Billiton

Sustainable Communities owe their origins to the increasing prominence of the communications and extractive industries.

As in other countries, the emergence of the major charitable foundations in the UK is sometimes linked to issues of corporate succession planning. Henry Wellcome’s will created the Wellcome Trust, which owned the Wellcome Foundation, the huge drug company he had built.[4] The process of separation began formally in 1986 when the courts amended the will to allow the Foundation to become a public limited company and float its shares. The Wellcome Trust increasingly diversified its shareholding and during the 1980s and 1990s built up the investment portfolio that funds its charitable work today. To protect trustees, the Wellcome Trust Ltd was created as sole trustee, and trustees became governors responsible for the Trust but without liability for its assets.

Successive waves of immigration into the UK have also driven the growth of family foundation philanthropy, as successful community figures established foundations to help their compatriots, often with a mix of social-welfare and faith-based objects. Many foundations were established by and for the Jewish community, often with a focus on local areas where Jewish people settled, such as East London. An increasing number of large charitable foundations are being established by the Muslim community, and there are also new Hindu and Buddhist foundations.

Although there are no formal statistics for the numbers of new foundations established each year, many of today’s wealthy people continue to establish foundations, including, among others, Foyle, Hunter, Paul Hamlyn, Pears, Peter De Haan, Rambourg, Shirley, Sutton, Vardy and Volant.

1.2 Legal and fiscal framework

1.2.1 Charitable status

In the UK foundations are not a special form of charity: all registered charities, whether called ‘foundations’ or ‘trusts,’ and whatever their funding source or activities, have the same character in law. This is the ‘charitable trust,’ usually set up by a trust deed or will which provides for the independent governance and use of donations made in perpetuity for charitable purposes. [5] Charitable status in the UK is not achieved through the adoption of a particular legal constitution or form but through compliance with ‘charitable purposes’ as set out by the charitable regulators, namely – the Charity Commission for England and Wales, Office of the Scottish Charity Regulator (OSCR) and Charity Commission for Northern Ireland.

Rooted in common law traditions, legitimate charitable purposes in England and Wales were defined in the 1601 Act and have not been fundamentally changed, although they were modified and widened in the Charities Act 2006, now superseded by the Charities Act 2011. The role of the Charity Commission as regulator is to decide if an organisation’s purposes are charitable and to agree any change to original mission. The need for change arises when the purposes of the charitable trust become out-of-date, the

4  See ‘History of Henry Welcome’ (webpage) http://www.wellcome.ac.uk/about-us/history/index.htm
most famous example being the City Bridge Trust. Established in the eleventh century on the basis of a tax for maintaining London’s bridges, the trust gradually accumulated huge wealth based on its property in the City, and in 1995, after its purposes were widened to encompass other charitable purposes in Greater London, it began to award grants. It still has responsibility for the (now five) London bridges. Definitions of charitable purposes vary somewhat in Northern Ireland and Scotland.

In other words, ‘foundations’ in the UK do not have a distinct legal identity or constitution and are subject to the same public benefit tests, governance, accounting requirements and regulation as all other charities.

1.2.2 Accountability and reporting
Like other charities, grantmaking foundations above a certain level in the UK must submit annual accounts to their charity regulators. In England and Wales those with an annual income or expenditure of £250 000 and more must submit annual audited accounts to the Charity Commission. Proposals to increase this audit threshold from £250 000 to £500 000 (the same as in Scotland), or to total assets of over £2.8 million are being considered. The relatively new Charity Commission for Northern Ireland is still developing its legislation. The charities’ Statement of Accounting Practice (SORP) used for all charities throughout the UK requires grantmaking foundations to give details of the substance of annual grants and identify charitable expenditure and support costs separately. It also requires them to explain how grants meet their objectives in relation to public benefit. [6]

1.2.3 Tax reliefs
A range of tax reliefs is available to donors and registered charities in the UK from which grantmaking foundations benefit. Initial donations of capital, shares or property into a foundation attract personal income tax reliefs when the gift is made or inheritance tax relief if the gift is a legacy. These are the same reliefs which apply to all personal charitable giving. Gifts into foundations from corporates also attract charitable tax relief. Further tax reliefs are available for foundations themselves, including exemption from income tax or corporation tax as long as the money is used for charitable purposes only. This applies to most types of investment income, although tax on dividends from UK companies and income derived from subsidiary trading companies or rents cannot be reclaimed after it is paid. There is also capital gains tax relief when charities dispose of assets, as long as the proceeds are used for charitable purposes only. The total value of tax reliefs to UK charities is currently estimated at around £4.5 billion. [7]

1.2.4 Special incentive scheme for donations to higher education
In 2008 the government established a matched funding scheme that aimed to increase voluntary donations to higher education institutions (HEI) and directly-funded further education colleges in England, and particularly to build endowments to provide sustainable funding for the future. The scheme was run by


7  HMRC, Costs of Tax Relief, Table 10.2 http://www.hmrc.gov.uk/statistics/charity/table10-2.pdf
the Higher Education Funding Council for England (HEFCE). Eligible gifts to participating institutions were matched through a fund of £200 million. Such institutions received matched funding according to their place in one of three tiers, each with a different funding ratio and cap suitable for institutions with differing degrees of fund-raising experience.\(^8\) The scheme ran for three years.

1.3 The foundation landscape

1.3.1 Operating or grantmaking?
The UK has few operating foundations today, but about 8 % of foundations’ charitable expenditure is dedicated to their own programs. There is increasing interest in this model as more foundations are set up by live donors who want to be actively engaged in social change initiatives.\(^9\) Some foundations that are both grantmaking and operating are active in medical research and social care. The Carnegie UK Trust is endowed but is an entirely operating foundation dedicated to the development of civil society. Elizabeth Finn Care has considerable assets and makes grants as well as fundraising for, and providing, care services to, people who are elderly or poor.

1.3.2 Sources of data on charitable grantmaking foundations in the UK
The main source of information on charitable foundations in the UK is the mandatory annual reports which have to be submitted to regulators. There are no formal or administrative data on grantmaking foundations as a group, or sector, because they are not a distinct charitable form (see above). Foundations have to be identified through scrutinising individual charity accounts, using criteria such as private sources of funding and a high proportion of expenditure devoted to grantmaking. This is time-consuming and means that studies of the scale and scope of charitable foundations are based on smaller surveys of the largest foundations (for example, the top 500), as defined by the value of grantmaking. The Wellcome Trust accounts for one fifth of the top 500 foundations’ grantmaking by value, and the five largest trusts together account for more than two fifths.\(^10\)

1.3.3 Number of charitable grantmaking foundations
As foundations are not a distinct charitable form, there are no data on numbers. It is possible to get figures for all charities with an element of grantmaking in their activities, as the Charity Commission requires charities to report on grantmaking as part of operating activity. It has been estimated that around 20 000 charities fall into this category. The numbers for which grantmaking is the main activity is much smaller. One early study, which used data in published directories of grantmaking trusts, estimated that there were

\(^8\) Tier 1 institutions received £1 of matched funding for every £1 of eligible donations claimed, up to a cap of £200,000; Tier 2 institutions received £1 of matched funding for every £2 of eligible donations claimed, up to a cap of £1,350,000; Tier 3 institutions received £1 of matched funding for every £3 of eligible donations claimed, up to a cap of £2,750,000. HEFCE, Matched funding scheme for voluntary giving 2008-2011: Circular letter 11/2008, May 2008 https://www.hefce.ac.uk/pubs/year/2008/cl112008/name,62690,en.html


at least 9,000 such organisations.\footnote{Cathy Pharoah (1997) Dimensions of the Voluntary Sector (West Malling, Kent: Charities Aid Foundation), p90.} No more recent surveys are available, so the best that can be said is that the numbers lie somewhere between 9,000 and 20,000.

### 1.3.4 The finances of UK charitable grantmaking foundations

In financial year 2009/10 the top 500 charitable grantmaking foundations\footnote{We have excluded the Big Lottery Fund (BLF) (2010), which is funded by the National Lottery. BLF made commitments of £440 million in 2009/10, and its comparatively large scale skews the data heavily when included. It is a non-departmental public body, and government is currently reviewing its structure. Big Lottery Fund, Annual Report and Accounts for the financial year ended 31 March 2010 (HC337 and SG/2010/131; London: The Stationery Office), p2.} had a total income of £2.3 billion, of which around a third was derived from investment assets and 44% from individual or corporate donations, legacies and fundraising (for example, Comic Relief). Their total expenditure was £3.0 billion, of which 75% was for grantmaking. They had assets of £39.4 billion, although, as a result of economic turbulence, their real value was 8% lower than in 2006/07. These assets, often in the form of permanent endowments, put them in a strong position in the charity sector as funders and as potential policy-makers. They provide independent and sustainable funds and are increasingly seen by government and others as a potential source for program-related and social investment.\footnote{Pharoah (2011), pp138, 141-42.}

#### Table 1: Key financial statistics on foundations in the UK, 2009/10

<table>
<thead>
<tr>
<th>Amount</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>2,300</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>2,969</td>
</tr>
<tr>
<td>Charitable expenditure</td>
<td>2,509</td>
</tr>
<tr>
<td>Net assets</td>
<td>39,408</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Various costs as proportion of total expenditure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantmaking</td>
<td>84.5</td>
</tr>
<tr>
<td>Support</td>
<td>4.6</td>
</tr>
<tr>
<td>Investment management</td>
<td>3.1</td>
</tr>
<tr>
<td>Governance</td>
<td>1.0</td>
</tr>
<tr>
<td>Other</td>
<td>6.8</td>
</tr>
</tbody>
</table>

### 1.3.5 Activities of charitable grantmaking foundations

There are no annual or published data on the activities of grantmaking foundations in the UK. A recent dedicated survey analysed the focus of activities of a large sample of the annual grants made by the 100 largest charitable family foundations, which represent around 75% of all grantmaking by value in the UK.
Not surprisingly, because of the inclusion of the giant Wellcome Trust in the data, it was found that more than half of their charitable spending was related to biomedical and health areas. This was followed by education, the arts and then by social welfare. When the Wellcome Trust was excluded from the figures, a rather different picture emerged. Education and health were the top spending areas at 20% each, closely followed by arts and culture at 18%.\(^{[14]}\) Research and innovation activities are not classified separately and are subsumed under the various topic categories.

**Figure 1: Distribution of top family foundations' grantmaking by value according to field of activity, 2010/11**
As a percentage of total value of grantmaking of the top 100 family foundations

<table>
<thead>
<tr>
<th>Field of Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>56%</td>
</tr>
<tr>
<td>Education</td>
<td>11%</td>
</tr>
<tr>
<td>Arts/culture</td>
<td>10%</td>
</tr>
<tr>
<td>Social welfare</td>
<td>8%</td>
</tr>
<tr>
<td>Religion and promotion of faith</td>
<td>4%</td>
</tr>
<tr>
<td>Environment and conservation</td>
<td>3%</td>
</tr>
<tr>
<td>Social justice and human rights</td>
<td>3%</td>
</tr>
<tr>
<td>Philanthropy and civil society</td>
<td>2%</td>
</tr>
<tr>
<td>Economic development</td>
<td>1%</td>
</tr>
<tr>
<td>Peace and conflict resolution</td>
<td>1%</td>
</tr>
</tbody>
</table>

Percentages add up to < 100 % due to rounding

There are indications that arts and culture may be a higher priority for family foundations than for foundations generally. For example, in 2010/11 charitable trusts and foundations gave £170.3 million to arts and culture in the UK.\(^{[15]}\) In the same year family foundations gave £133 million to arts and culture, and their giving may well account for up to three quarters of foundations' support to this area.\(^{[16]}\)

### 1.4 Current foundation developments and issues

Policies of austerity and reduced government spending in the UK, coupled with weak economic growth, which has resulted in lower returns on investments over the last few years, have prompted many foundations to review their priorities. For some a reduced spending capacity has led to a re-thinking of their own priorities and grantmaking practice – for example, making fewer larger grants in key priority areas. There is also considerable anxiety about potential increased demand as government grants to the voluntary sector are cut. The challenges of the funding environment have also given rise to a new and more critical climate

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of debate on how foundations can best use their assets, and some of the main strands of this are set out in the next few paragraphs.

1.4.1 Appropriate rates of spending

In 2010 the government put forward for consultation the idea of a United States-style mandatory annual pay-out rate,\(^{17}\) but, with evidence that such an approach would be unlikely to increase the level of pay-out and fears that foundations’ independence and capacity to respond flexibly to changing social needs would be undermined in favour of ‘formula’ spending, it was dropped from the subsequent policy document.\(^{18}\) The debate about appropriate levels of spending, however, has continued, and the Association of Charitable Foundations (ACF) recently published a research and discussion paper, which concluded that most foundations limit their annual spending to 3 or 4% of their assets in an attempt to maintain the real value of their portfolios and that spending on charitable priorities was a greater priority than preserving the value of assets.\(^{19}\) Other recent reports have looked at the motivation and impact of foundations which decide to spend out their capital within a fixed term rather than aiming to exist in perpetuity.\(^{20}\)

1.4.2 Social investment

Some foundations have also begun to experiment with making social and program-related investments and to test the water for the impact and effectiveness of using their funds to support projects with the capacity to generate both financial and social returns and develop a degree of financial sustainability in the long term. In terms of finance, social investment is still largely treated as a form of charitable expenditure, and there is limited program-related investment of assets where a financial return comparable to market terms is expected. The Wellcome Trust and Garfield Weston Foundations, which are major research and innovation funders, also account for most of the program-related investment in the UK and support start-up and new ventures within their own corporate activities. The Charity Commission has clarified its guidance to foundations in England and Wales on social investment: it is a legitimate use of charitable funds, but trustees remain accountable for their spending decisions and must make their criteria clear and explain how the investment meets their charitable objectives. Charitable foundations remain key investors in the new ‘Social Impact Bonds,’ an investment product in which returns are paid to investors out of efficiency savings achieved through effective preventive interventions by charities providing government-funded welfare services.

1.4.3 Strategic and social justice philanthropy

The drive to use resources in the most effective way for social change has also seen a resurgence and re-

definition of foundations’ interest in what is variously termed ‘strategic’ and ‘best practice’ philanthropy. This has largely emanated from a group of foundations known as the ‘Woburn Place Collaborative.’ These foundations seek to work collaboratively and share a common commitment to addressing poverty, human rights and equality. They are following the traditions of the social reform philanthropy of the foundations set up in the Victorian era, with an emphasis on addressing the root causes of social problems, prevention and radical social change. For foundations whose spending power is severely limited in comparison with government budgets, strategic approaches in practice mean targeting projects and areas with the potential to generate maximum impact – for example, early years education to give children a good start in life, supported housing to enable people to rebuild their lives in times of crisis and prevent worse problems developing and community enterprise to empower local regeneration. With government funding of voluntary organisations increasingly tied to contracts for service delivery, which may influence charitable priorities and cause ‘mission drift,’ the capacity of charitable foundations to take on advocacy and lobbying roles because of the independence of their resources has assumed greater importance. The Baring Foundation, for example, has supported research on the independence of the voluntary sector.\[21\]

In a context of increasing expectations of the potential contribution of philanthropy, static or reducing state funding and pressure to find new and more effective ways of generating and using funds, the issues outlined here are likely to frame the development of foundations’ policies and strategies over the next few years. The pressure to use funds effectively for lasting social change may prompt more foundations to devote part of their funding to research and innovation activities.

**1.4.4 Infrastructure, collaboration, partnership**

The Association of Charitable Foundations (ACF) provides member services to independent (that is, with their own sustainable source of revenue) grantmaking foundations. It represents member foundations to government and in policy-making and has an annual conference.

Organisations working in health and biomedical areas represent a distinct charity sub-sector. The Association of Medical Research Charities (AMRC) represents both foundations and operating charities working in research, development and patient information and advice in these fields.\[22\] AMRC raises awareness of issues of common interest around research ethics, standards, access to open data, patient protection and cross-border working. It liaises with the Medical Research Council (MRC) and the UK government, including the Department for Business, Innovation and Skills. It also works at a European level in order to ensure that legislation and policies are of relevance to research in the UK and its competitive position globally. For example, it has made representations on the draft Data Protection Regulation on research, which governs the use of patient data, and the draft Clinical Trials Regulation, which updates the current Clinical Trials Directive, identified as a source of delay in getting clinical trials off the ground in Europe. It also liaises with other charities and foundations in Europe to create a collectivity with greater impact. AMRC has reported that its 124 member charities spent over £1 billion on medical research in the UK in 2011/12. A report commissioned by Cancer Research UK specifically explored the interdependency between public

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21 See www.independencepanel.org.uk/

22 See http://www.amrc.org.uk/
and charitable medical research. It highlighted the main benefits of funding diversity as the capacity for
cost-sharing and diversification of risk, greater stability of support for medical research, access to different
skills and ‘know-how’ of funders, and creation of a more competitive research environment. It particularly
highlighted the value of developing regional clusters of partners.\[23\]

The Economic and Social Research Council (ESRC), the main funding body for the economic and social sci-
ences in the UK, now places impact at the heart of its research requirement and actively encourages those
seeking research funding to bring in philanthropic and private funding partners to maximise impact (see,
for example, the case study of the Northern Rock Foundation below).

There is, however, a considerable gap between the priorities and requirements of the major research
funding councils and the priorities of foundations aiming to make a tangible difference in areas of their
work. Many foundations say that they prefer to work with private consultancies rather than academic
researchers, because they can have greater control over research activities and deadlines. At a recent Eu-
ropean Foundation Centre conference session on research, academics were in a tiny minority. Academics
who succeed in acquiring philanthropic support often show little respect for their funders, in the belief
that the intrinsic value of their work is what matters most. The door for philanthropic funders and donors
to play a stronger part in influencing the research agenda and its outcomes is increasingly opening in the
UK, but there is still a long way to go. This is not simply a matter of better communication of different
partners around objectives, values and cultures of research, but of the way in which research funding in
the UK is allocated with its strong bias towards academic peer review.

1.5 Funding for research and innovation

What is the place of foundations within the wider context for research and innovation in the UK?

The EU classes the UK as an ‘innovation follower’ and rates its overall performance in research and innova-
tion\[24\] as ‘above average,’ with particular strengths in organic chemistry, biotechnology, pharmaceuticals,
medical technology, high-value manufacturing, nanotechnology and digital technologies. In 2011 the UK
invested 1.77 % of its GDP in research and development (down from 1.82 % in 2000). In 2010 its invest-
ment of 1.80 % of its GDP amounted to around EUR 33 billion. In this year 61 % of research and develop-
ment was performed by business enterprises; 27 % by higher education; 9 % by government and 5 % by
private nonprofit organisations.\[25\]

23 Martina Garau, Arik Mordoh and Jon Sussex (2011) Exploring the Interdependency between Public and Charitable Medical
exploring-the-interdependency-between-public-and-charitable-medical-research-6.cfm

24 The EU uses a composite of 25 different indicators in 8 dimensions to measure performance.

3 and 17, pp 11, 23, 70 http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf; European Commission
ce.europa.eu/research/innovation-union/pdf/state-of-the-union/2012/countries/united_kingdom_2013.pdf; Department of
from-2014.pdf
The contribution of the nonprofit sector in the UK is partly due to the amount of funding provided by the Wellcome Trust, which is of a similar magnitude to that provided by the government-funded MRC, but this is a unique situation. The charitable spending of private grantmaking foundations in the UK today, from their private monies only, is equal to just 0.5% of total UK government expenditure. The UK has a history of large charitable foundations giving considerable support to the development of academic knowledge, excellence, research and innovation for many years. It is these areas which have attracted the largest grants by amount, both capital and revenue, with funding often committed over many years. Examples of major foundations in this field include the Wellcome and Leverhulme Trusts and the Gatsby, Nuffield and Wolfson Foundations. Many other foundations focus large slices of their funds on significant grants for the development of science and medicine – for example, the Maurice Wohl Clinical Neuroscience Institute at King’s College and the Smith School of Enterprise and the Environment at Oxford University.

Many large gifts continue to result from personal links, relationships and interests. Recent examples include the gift to the Royal College of Art from Sarabande, the trust established by the legacy of leading fashion designer Alexander McQueen, and JK Rowling’s gift for furthering the study of Multiple Sclerosis at Edinburgh University.

We have described the special government-backed matched funding scheme for higher education endowments above. Fundraising by the universities in the UK was traditionally low-key, but funding cuts and stricter controls introduced by government in the early 1980s, however, prompted universities to take accessing philanthropic funding more seriously. University fundraising became more professionalised and, with the expansion of fundraising teams and development offices, the Council for Advancement and Support of Education (CASE) was set up in the UK, modelled on the United States member body for university fundraisers.

The government has also offered incentives to build up fundraising capacity. In 2004 it set up a task force to look at increasing voluntary giving to higher education, which identified the need to develop fundraising skills and capacity. The resulting capacity-building scheme for English universities operated for three years from 2006. It offered up to £125,000 for each year of the scheme, to be spent on fundraising activities, matched on a pound-for-pound basis against extra institutional spending on fundraising. In 2008 the government-backed matched funding scheme was launched, which raised £580 million through leveraged donations and matched grants over its three-year life. Data on philanthropic giving to universities were poor, and CASE joined forces with the Ross Group of development directors in major universities to carry out regular surveys of gifts among higher education institutions. HEFCE has also taken steps to improve the reporting of relevant statistics, and it made participation in the survey mandatory for HEIs that wanted to participate in the matched funding scheme. In 2011 152 institutions reported an aggregate £693 million


Foundations are major contributors to this figure and are likely to receive increased solicitation from the higher education sector for research and innovation and support.

1.6 Research and innovation foundations

There are no foundations in the UK dedicated to the funding of research and innovation per se, and research and innovation are not in themselves charitable objectives, though they may be included as part of the achievement of charitable objectives. Foundations which include the funding of research and innovation within their grants programs do not have a distinct character as compared with other foundations and do not form a separate sub-group. Size is an important factor, and some of the largest foundations, like Wellcome, Nuffield, Wolfson and Gatsby, play an important role in funding research outside, or in partnership with, the UK government research councils.

The background to, and reasons for, individual foundation’s involvement in research and innovation vary widely. For some such as the Wellcome Trust, which was created out of a pharmaceutical company as part of succession planning, the reason for research investment lies in their origins (in Wellcome’s case as a pharmaceutical company). For others, like Barrow Cadbury and Joseph Rowntree, an ongoing interest in research stems from the role of the original founders as social reformers: the foundations were partly created to protect and extend their social reforms. Other foundations are prompted to do specific pieces of research when they find it would be helpful for the achievement of their charitable mission, while not necessarily valuing research as an end itself. There are also a number of foundations which support research and innovation because they have living donors with strong personal or business links to particular universities and research departments.

As they are not a distinct group, foundations involved in research and innovation face the same challenges around issues such as, for example, pay-out rates, investment policy and social justice as foundations generally. Grantmaking for research is largely concentrated in some of the large health and biomedical foundations, particularly the giant Wellcome Trust, and operating charities dedicated to raising funds for research in particular disease areas, such as diabetes and cancer. Although those involved in health and biomedical research are a mixed group of grantmaking and operating charities, they represent a charity sub-sector in so far as they have identified some common interests, particularly in the area of policy and legislation, and have formed their own member body, the AMRC.

2 Data Collection

‘We bring in research at different levels. We have supported sector-wide research. We contribute to national-level studies, and we also do some very specific local research to help develop the way in which local services are provided. We use research as a tool, but it does not have a dedicated budget with the foundation.’

(Foundation interviewee)

2.1 The identification of foundations that support research and innovation

As previously mentioned, there is no database of UK foundations – grantmaking, operating or both – which supports research and innovation. Even where foundations support a considerable and varied amount of research activity, it cannot be assumed that they are dedicated to research or even include research in their charitable mission, as the quotation above illustrates. Using published directories and our own knowledge of foundations and operating charities, based on more than twenty years of research and publication in this field, we constructed the survey sample by identifying those foundations known for supporting research, or whose support for research appeared to represent a large proportion of activity, or which mentioned research in their broad charitable objectives or recorded some research grants in recent annual reports and accounts. This search resulted in a sample of 234 foundations which potentially supported research and innovation. We did not anticipate that all or even most were dedicated and consistent supporters of research and innovation and therefore likely to respond to this survey. For example, one foundation said it had ceased funding research recently, because of insufficient resources.

2.2 The survey

2.2.1 The process

In order to publicise the survey we provided articles in the newsletter of the Association of Charitable Foundations, which is sent out to over 300 foundation members; the newsletter of the Centre for Charitable [not hyphenated] Giving and Philanthropy (CGAP), which reaches a mixed charitable audience of around 600; and the magazine ‘Alliance’, which reaches a wide international audience of foundations. In April 2013 Vrije Universiteit (VU) sent an invitation by email or post to all the 234 foundations which had
been identified in the UK as potential respondents, asking them to participate in the survey. They could take part through either a web-based survey or a paper questionnaire. In September, to maximise response rates, the UK team emailed non-respondents and asked them to fill in a short version of the survey prepared by VU. We supplemented these emails with direct contact with some of the larger foundations. We also updated foundations about the progress of the survey through the CGAP newsletter.

2.2.2 Response rates
By November 2013 we had gathered information from 79 respondents, an overall response rate of 34%. Of these, 20 provided non-valid responses either through informing us that they did not support research and innovation or through a ‘no’ response to the initial filter question in the survey, which asked if they supported research and innovation. We obtained 57 valid responses, and we used published reports and accounts to create responses for two important foundations known to support research and innovation – which gave us responses for 25% of surveyed foundations. Fifty responses were in the long-form format (including the two created responses), and nine were in the short-form format. Due to logging-in problems, four respondents were unidentifiable (of which three used the short-form format).

Table 2: Summary of responses to EUFORI survey by foundations in the UK, 2013

<table>
<thead>
<tr>
<th>Respondents invited to participate</th>
<th>234</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-valid responses</td>
<td>20</td>
</tr>
<tr>
<td>Email or telephone communication</td>
<td>9</td>
</tr>
<tr>
<td>No response to Q1</td>
<td>11</td>
</tr>
<tr>
<td>Valid responses</td>
<td>59</td>
</tr>
<tr>
<td>Responses in long-form format</td>
<td>48</td>
</tr>
<tr>
<td>Responses in short-form format</td>
<td>9</td>
</tr>
<tr>
<td>Responses created from published reports and accounts</td>
<td>2</td>
</tr>
<tr>
<td>Overall response rate</td>
<td>34%</td>
</tr>
<tr>
<td>Valid response rate</td>
<td>25%</td>
</tr>
</tbody>
</table>

2.2.3 Quality of data
Overall the data we obtained were patchy in coverage (with some questions prompting few responses) and often poor in quality. This may have been due in part to the wide range of subjects covered by and the degree of detail required in the long-form survey. Some respondents said they did not have the time or the resources to provide all of the required information.

Our initial efforts to clean the data in preparation for analysis indicated missing figures, figures which did not correspond to the published annual accounts from which they were allegedly drawn, figures incorrect

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29 One foundation provided two separate responses, and we used these to create a single composite response.
by a factor of a thousand or even a million (which reflected the way in which the accounts of larger founda-
tions drop zeroes for the sake of clarity), and figures in later questions inconsistent with those provided
in the key questions on income, assets and expenditure.

As a result, we carried out a full verification and validation of data for 56 of the 57 respondents based in
England and Wales through information easily accessible on public websites, including that of the Charity
Commission. This process substantially increased the coverage and accuracy of the data. For example, we
provided validated information about income in 31 cases; on assets in 40 cases; and on expenditure in 38
cases, and then recalculated the derived data in later questions.

For verification and validation in the case of 55 foundations that were identifiable (or 93 % of respondents)
we used accounts drawn from financial years indicated by respondents or identified by ourselves. These
included 21 calendar years (used by 38% of respondents) – 2011, used by three; and 2012, used by 18 –
and 34 multiple-year financial years, mainly the UK government financial year of April to March (used by
62 % of respondents) – 2011/12, used by 23; and 2012/13, used by 11.

The use of questions to be answered not by all respondents but by subsets of respondents reduced the
number of respondents eligible to respond and had an impact on the viability of data. In these circum-
stances we have taken a rough-and-ready approach to reporting findings. We have reported findings in
cases where the proportion of respondents providing valid responses to a question was greater than half
of all respondents and where the proportion of respondents providing valid responses to a question was
greater than half of respondents eligible to answer that question. Where one but not both of these condi-
tions were met, we provided a warning or caution about the quality of the findings. Where both of these
conditions were not met, we did not report findings.

There are no data on the population of foundations that support research and/or innovation. However,
we have captured a large proportion of foundations’ total expenditure, including that of the main research
funders. Over half of the respondents were listed by Charity Market Monitor 2011 as being in the ‘top
500 independent trusts selected by grantmaking expenditure,’ which together represent just 0.6 % of the
charity sector by number and around 90 % by income.\[30\] Several are in the top 10. The 49 respondents
based in England and Wales for which data on income are available accounted for 4.8 % of the income of
charities regulated by the Charity Commission.\[31\]

2.3 The interviews and other qualitative information

2.3.1 The approach

The aims of the qualitative element of the study were to provide information on the context within which
foundations support research and innovation; to illuminate survey findings; and to identify examples of
best practice.

\[30\] Pharoah (2011) and Charity Commission, Sector facts and figures, 31 December 2013 (webpage) http://www.charitycommission.gov.uk/search/?q=Facts+and+Figures [calculations by the authors].

\[31\] Charity Commission [calculations by the authors].
We took a relatively open approach to designing interview samples and topics in line with EUFORI’s suggested methodology of allowing individual countries freedom to identify and explore important contextual issues. As there has already been considerable development in the UK in the last few years around the HEIs-foundation interface as well as the promotion of engagement between research and practice/policy fields, we felt that it was useful to aim for a balanced set of perspectives, include a mix of foundation and non-foundation stakeholders, and scrutinise emerging literature in the field.

Quotations from the interviews have been inserted into the report on the quantitative survey where they illustrate key perspectives on specific survey questions, and an overview of the results of the qualitative work is presented in Section 3.8.

### 2.3.2 Interviews, meetings and informants

As part of the qualitative work we carried out eight interviews with key informants – four senior staff of foundations of different sizes and fields of activity, two former university development officers with responsibility for fundraising, a representative of a foundations’ infrastructure body, and a senior public sector executive who is a board member of various higher education funding bodies and universities. In addition, we attended a meeting of government with leading medical research charities and foundations to discuss the respective roles of government and nonprofit organisations in research and funding for transnational research.

### 2.3.3 Research questions and themes

While we used a set of core interview topics, we tailored interview schedules to encompass the specific experiences of individual foundation and other stakeholders. We covered a number of key topics:

- the importance and priority of research and innovation within foundations’ overall funding
- the nature of and rationale for funding and operating partnerships/collaborations/co-investments
- how foundations work with government and other funders of research and innovation and the particular role and rationale of foundations’ contribution
- the value and influence of financial incentives such as tax or matched funding programs
- the purpose of funding – for example, pure research, applied research, dissemination, product development, education and training, innovation or enterprise development
- the geographical focus of funding for research and/or innovation, whether local, national, European or international
- types of impact sought and degree of satisfaction achieved with funding for research and/or innovation
- barriers to foundations’ funding of research and/or innovation and prospects for the future.
3 Results

3.1 Types of foundations

3.1.1 Respondents’ support for research and/or innovation

‘As in everything else we do, research is a means to an end. It has a role in social change, and if we need an evidence base to achieve this, we commission it. We are naturally a foundation that funds research. It is powerful in advancing general action.’

(Foundation interviewee)

All respondents provided information about whether they supported research, innovation or both. Of these, two fifths stated that they supported research only; around a twentieth, innovation only; and less than three fifths, both research and innovation. Overall, then, 57 (or 97 %) stated that they supported research; and 35 (or 59 %), that they supported innovation.

Figure 2: Types of foundation; research and/or innovation, 2013
As a percentage of foundations that provided information about support for research and/or innovation (N = 59)

Because of discrepancies in responses to questions asking about support for research and/or innovation in general and those asking for detailed information about the nature and quantity of that support, some findings – especially those about support for innovation – should be treated with caution. The survey’s guidance for respondents defined innovation in relation to market-based economic activity, ‘the introduc-
tion to the market of a new product, methodology, service and/or technology or a combination of these aspects,’ and thus may have discouraged from providing information those who did not view their foundations’ mission and purpose in terms of the market.

Forty-three foundations provided information about the proportion of their total expenditure that they allocated to research and/or innovation. Of these an eighth focused exclusively on research and/or innovation and allocated all their expenditure to this purpose; a quarter focused mainly on research and/or innovation and allocated between 50 and 99%; and more than three fifths focused mainly on other purposes and allocated less than 50%.

**Figure 3: Types of foundation according to purpose, 2013**
As a percentage of foundations that provided information about amount of expenditure allocated to research and/or innovation (N = 43)

Percentages add up to > 100 % due to rounding

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**3.1.2 Core activities**
Fifty-eight foundations (or 98% of respondents) specified whether they were grantmaking foundations, operating foundations, or both grantmaking and operating foundations. Of these less than three fifths stated that they were grantmaking only; around a twentieth, operating only; and more than a third, both grantmaking and operating. Overall, then, 54 (or 93%) stated that they were grantmaking foundations; and 25 (or 43%), that they were operating foundations.

**Figure 4: Types of foundation; grantmaking versus operating, 2013**
As a percentage of foundations that provided information about core activities (N = 58)
3.1.3 Year of establishment
Forty-three foundations (or 73 % of respondents) provided information about when they were established. Of these two fifths were established before 1950, including one in the sixteenth century and one in the seventeenth century; half between 1950 and 1999; and a tenth, since 2000.

Figure 5: Types of foundation according to year of establishment, 2013
As a percentage of foundations that provided information about year of establishment by decade (N = 43)

3.2 Origin of funds
3.2.1 Financial founders
Forty-two foundations (or 71 % of respondents) provided information about their financial founders. Of these 41 (or 98 %) indicated that they had a single type of founder, while one (or 2 %) indicated that it had two. Three quarters had founders that were private individuals or families; a seventh, other nonprofit organisations; and the remainder, a mix of for-profit corporations, hospitals and others. None had founders that were universities, research institutes or government bodies.

Figure 6: Financial founders, 2013
As a percentage of foundations that provided information about financial founders (N = 42)

Percentages add up to > 100 % due to multiple responses
3.2.2 Total income
Fifty-five foundations (or 93 % of respondents) provided information about their income (‘total incoming resources’), which collectively amounted to EUR 2 948 332 295.

Half of these respondents had incomes of EUR 10 million or less; more than a third, incomes of between EUR 10 million and EUR 100 million; and a seventh, incomes of EUR 100 million or more.

Figure 7: Total income according to category in Euros, 2013
As a percentage of foundations that provided information about amount of income (N = 55) *

Statistics income

<table>
<thead>
<tr>
<th>Statistics income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of foundations</td>
<td>55</td>
</tr>
<tr>
<td>Mean in Euros</td>
<td>53 606 042</td>
</tr>
<tr>
<td>Median in Euros</td>
<td>9 150 000</td>
</tr>
<tr>
<td>Total income in Euros</td>
<td>2 948 332 295</td>
</tr>
</tbody>
</table>

Percentages add up to > 100 % due to rounding

3.2.3 Sources of income
Fifty-four foundations (or 98 % of those that reported the amount of their income and 92 % of all respondents) provided information about the sources of their income, which collectively amounted to EUR 2 944 008 072, or 99.9 % of the total income reported above.

These respondents reported multiple sources of income, on average 3.3. As the sample in the UK consisted mainly of grantmaking foundations with independent incomes and few operating and fundraising organisations, it was not surprising to find that the most frequently-received source of income was endowments (interest, dividends, capital gains), reported by all; followed by trading income (services, fees, sales), reported by three fifths; other sources, reported by less than three fifths; individuals (donations, legacies, etc.), reported by more than two fifths; other nonprofit organisations, reported by less than a third; government bodies (EU, national, regional and local bodies bodies), reported by a quarter; and for-profit corporations, reported by a fifth. Because of the way in which foundations report income in their
annual reports and accounts, we have used ‘other’ as a catch-all category for income that could not be accurately allocated by source – for example, ‘voluntary income,’ ‘appeals,’ ‘donations,’ ‘gifts’ and ‘spon-
sorship’ etc.

**Figure 8: Sources of income, 2013**
As a percentage of foundations that provided information about amount of income by source (N = 54)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowments</td>
<td>100 %</td>
</tr>
<tr>
<td>Trading (service fees, sales, etc.)</td>
<td>61 %</td>
</tr>
<tr>
<td>Other sources</td>
<td>56 %</td>
</tr>
<tr>
<td>Individuals</td>
<td>43 %</td>
</tr>
<tr>
<td>Other non-profit organisations</td>
<td>31 %</td>
</tr>
<tr>
<td>Government bodies</td>
<td>24 %</td>
</tr>
<tr>
<td>For-profit corporations</td>
<td>20 %</td>
</tr>
</tbody>
</table>

Percentages add up to > 100 % due to multiple responses

These respondents also reported that the most valuable source of income was trading income, which accounted for nearly three tenths of the amount of income reported by source; followed by endowments, which accounted for nearly a quarter; individuals and other sources, which accounted for a sixth each; government bodies, which accounted for a tenth; and other nonprofit organisations and for-profit corporations, which accounted for the remainder.
3.2.4 Total assets

Fifty-five foundations (or 93 % of respondents) provided information about their assets (‘total funds’ or ‘funds – balance carried forward’), which collectively amounted to EUR 32 316 195 960.

A quarter of these respondents had assets of EUR 10 million or less; two fifths, assets of between EUR 10 million and EUR 100 million; and more than a third, assets of EUR 100 million or more.
3.2.5 Sources of respondents’ assets

Twenty-nine foundations (or 53% of those that reported the amount of their assets and 49% of all respondents) provided information about the sources of their assets, which collectively amounted to EUR 12,499,574,329 or only 39% of the total assets reported above.

These respondents reported that the most valuable assets were long-term investments in securities, which accounted for more than nine tenths of the amount of assets reported by source.
Because of the format in which foundations in the UK report assets in their annual reports and accounts, it was particularly difficult for them to provide this information. Only those respondents that had simple accounts that did not make deductions for creditors (mainly those reliant on income from long-term investments in securities) were in a position to answer this question. Given this bias and the small proportion of total assets covered by responses to this question, these findings should be treated with caution.

### 3.3 Expenditure

#### 3.3.1 Total expenditure

Fifty-five foundations (or 93 % of respondents) provided information about their expenditure ('total resources expended'), which collectively amounted to EUR 3 890 601 965.

Half of these respondents had expenditure of EUR 10 million or less; around two fifths, expenditure of between EUR 10 million and EUR 100 million; and an eighth, expenditure of EUR 100 million or more.
3.3.2 Expenditure on research and/or innovation

Forty-two foundations (or 76 % of respondents that provided information about the amount of their expenditure and 71 % of all respondents) provided information about the amount of expenditure allocated to research, innovation and other purposes. This collectively amounted to EUR 2 714 639 927 or 70 % of the total expenditure reported above.

These respondents allocated around half of the amount of expenditure reported by type to research; a tenth to innovation; and two fifths to other purposes.
3.3.3 Expenditure on direct research and research-related activities

Twenty-five foundations (or 63% of respondents that provided information about the amount of their expenditure on research and 42% of all respondents) provided information about the allocation of this expenditure to direct research and research-related activities.\[32\] Their total reported expenditure amounted to EUR 838 368 849 or 60% of the total expenditure on research reported above.

These respondents allocated nine tenths to direct research and the remainder to research-related activities.

Because of the small number of respondents, these findings should be treated with caution.

\[32\] Defined to include ‘support for projects/programmes on researcher mobility (career structure and progression), knowledge transfer (including intellectual property rights/patents), civic mobilisation or advocacy (trying to change social opinions and/or behaviours regarding science, including promoting science-related volunteering, or promoting researchers’ rights and social status), infrastructure (laboratories, research centres, pilot or demo plants), dissemination of research (seminars, conferences, etc.) and science communication (museums and science parks).’
3.3.4 Changes in expenditure on research and/or innovation over time

Thirty-eight foundations (or 90% of respondents that provided information about the amount of their expenditure on research and/or innovation and 64% of all respondents) gave a rough estimate of changes in this expenditure since the last financial year. Of these more than two fifths stated that it had increased; around a fifth, that it had decreased; and less than two fifths, that it had remained the same.

Twenty-eight foundations (or 67% of respondents that provided information about the amount of their expenditure on research and/or innovation and 48% of all respondents) also gave a rough estimate of changes in this expenditure likely to take place in the next financial year. Of these a quarter stated that it was likely to increase; a tenth, that it was likely to decrease; and less than two-thirds, that it was likely to stay the same.

Overall, then, respondents anticipated that future expenditure was less likely to increase and more likely to stay the same – a realistic response to the current financial crisis.
3.4 Focus of support

3.4.1 Beneficiaries

‘The universities can play a strong role in helping to build growth and innovation, particularly at a regional level, and the government is right to encourage philanthropic funders to invest in these if the institution can deliver. The government’s matched endowment scheme for gifts to universities is very important.’

(Public sector interviewee)
‘We are keen to preserve our independence. We can bring long-term perspectives, and because we are independent, we are not linked with commercial interests.’

(Foundation interviewee)

‘The Research Council wants to see foundations and industry collaborate more. A specific funding stream is needed to help foundations and non-profit organisations collaborate more with industry and share best practice.’

(Foundation interviewee)

Twenty-four foundations (or 67% of respondents that provided information about the amount of their expenditure on research and/or innovation in the form of grants and 41% of all respondents) provided information about beneficiaries.

The finding that two thirds of these respondents provided grants to public higher education foundation is consistent with the contextual material on the growing importance of philanthropic funding for research and innovation to the UK’s universities and universities’ increasing investment in fundraising. Nearly three fifths was awarded to other non-profit organisations; around two fifths, to research institutes; a third, to individuals; three tenths, to government bodies; a sixth, to businesses/enterprises; and the remainder, to private higher education institutions.

Because of the small number of respondents, these findings should be treated with caution.
3.4.2 Research areas

Forty-eight foundations (or more than 100 % of respondents that provided information about their expenditure on research and 81 % of all respondents) provided information about allocation of this expenditure to different fields in the current year. In addition 30 foundations (or 73 % of respondents that provided information about their expenditure on research and 51 % of all respondents) provided information about allocation of this expenditure to different fields in the years 2005-11.

These respondents reported that they had allocated expenditure among multiple fields of research in both time periods – on average 2.0 in the current year and 2.3 in previous years. Reflecting the strong bias which emerged in the sample or research foundations towards organisations working in health and biomedical areas, it was found that the most common field was medical science, supported by seven tenths; followed by social and behavioural science, humanities, agricultural science, natural science, engineering and technology and others. Research is a specialised activity, and there was, in general, consistency in respondents’ support for these fields over time.
Twenty-four foundations (or 60 % of respondents that provided information about the amount of their expenditure allocated to research and 32 % of all respondents) provided information about the amount of expenditure allocated to different fields, which amounted to EUR 221 118 790 or only 16 % of the total expenditure on research reported above. They allocated nearly all of this expenditure to the field of medical sciences.

Given the small proportion of expenditure covered, we have not reported these findings in detail.

### 3.4.3 Research-related activities

*The main research foundations and charities in the field of health and bio-medical issues often work together and do constitute an R & I sub-sector, particularly around translational relationships like public engagement, science teaching, the patient voice and e-health.*

(Foundation interviewee)

Nineteen foundations (or 100 % of respondents that provided information about expenditure allocated to research-related activities and 41 % of all respondents) provided information about allocation of this expenditure to different activities in the current year. In addition, 30 foundations (or more than 100 % of
respondents that provided information about current expenditure allocated to research-related activities and 51% of all respondents) provided information about the allocation of this expenditure to different activities in the years 2005-11.

These respondents reported that they had allocated expenditure among multiple activities in both time periods – on average 2.5 in the current year and 2.7 in previous years. They reported that the most popular research-related activity supported was the dissemination of research (including seminars, conferences and/or publications), followed by infrastructure and equipment (including laboratories and research centres); and then technology transfer (including intellectual property and rights/patents).

Given the small number of respondents that answered this question for the current year, the discrepancy in the numbers of respondents that answered this question in current and past years and the focus of the question on the sciences (for example, ‘science communication/education’ and the definition of ‘civic mobilisation/advocacy’) rather than on other fields, these findings should be treated with caution.

**Figure 19: Research-related activities in current and previous (2005-11) years, 2013**

As a percentage of foundations that provided information about expenditure allocated to research-related activities (N = 19 in current year and 30 in last five years)

Percentages add up to > 100 % due to multiple responses
3.5 Geographical dimensions of activities

3.5.1 Geographical focus of activities

“We fund some very local research studies as well as national ones. Local research helps the organisations that we fund locally to talk to service providers, to influence the local agenda. It’s straightforward for us to provide the evidence because we are independent. For other partners it’s harder, and sometimes they sit on the results. We get very positive feedback about the impact of local research.’

(Foundation interviewee)

Thirty-one foundations (or 74% of respondents that provided information about their expenditure on research and/or innovation and 53% of all respondents) provided information about the allocation of this expenditure at different geographical levels. This amounted to EUR 243,819,669 or only 15% of total expenditure on research and/or innovation reported above.

Little has been known about the geographical distribution of support for research and innovation, and it is interesting to note that respondents allocated three fifths of their expenditure for these purposes at national level; one third, at local or regional levels; and the remainder, at international and European levels. As one of the interviewees noted, higher education institutions can play an important role in regenerating local economies, and foundations can support this through local grantmaking.

Given the small proportion of total expenditure on research and/or innovation covered by responses to this question, these findings should be treated with caution.
3.5.2 Views on the role of the European Union

‘At the EU level the foundation frequently responds to policy consultations. We access EU funds, but there is a huge level of bureaucracy attached to these, setting up research collaborations. Some European directives do not consult widely enough. For example, health and safety directives around power and telecommunications did not look at implications for staff involved in MRI scanning. The clinical trials directive has been updated but missed out the academic sector until too late.’

(Foundation interviewee)

Although few respondents had funded research and/or innovation in the EU, 30 (or 51% of all respondents) answered the question on the role of the EU. Of these, one sixth had no opinion, and a fifth stated
that it should have no role. Over half supported its role in collaborating with foundations in projects and providing a structure to enhance collaboration, respectively; less than half, in contributing to awareness-raising about foundations; a third, in investing in an information infrastructure; a sixth, in providing fiscal facilities; and a seventh, in evaluating projects from foundations and providing a legal framework, respectively. In sum, the respondents were in favour of a soft role for the EU as a facilitator of collaboration and joint working rather than a hard role as a regulator.

**Figure 21: Role of the European Union, 2013 (%)**
As a percentage of foundations that answered question (N = 30)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborating with foundations in projects</td>
<td>53%</td>
</tr>
<tr>
<td>Providing a structure to enhance collaboration</td>
<td>53%</td>
</tr>
<tr>
<td>Contributing to awareness-raising about foundations</td>
<td>47%</td>
</tr>
<tr>
<td>Investing in an information infrastructure by databases</td>
<td>33%</td>
</tr>
<tr>
<td>None</td>
<td>20%</td>
</tr>
<tr>
<td>No opinion</td>
<td>17%</td>
</tr>
<tr>
<td>Providing fiscal facilities</td>
<td>17%</td>
</tr>
<tr>
<td>Evaluating projects from foundations</td>
<td>13%</td>
</tr>
<tr>
<td>Providing a legal framework</td>
<td>13%</td>
</tr>
</tbody>
</table>

Percentages add up to > 100% due to multiple responses

### 3.5.3 Views on the contribution of activities to European integration

*‘Structures for working at European level are often felt to be inaccessible and labyrinthine, and the value of working at this level is not always perceived.’*

 *(Foundations’ infrastructure body)*

Thirty-one foundations (or 53% of all respondents) answered the question on whether their activities contributed to European integration. Two fifths said that they did not know or that their activities did not contribute. Two fifths said that they contributed to integration on research; a quarter, to educational issues; a sixth, to cultural issues; an eighth, to social issues; and a tenth, to other aspects of integration.
3.6 Respondents’ operations and practices

3.6.1 Operations and practices for research and/or innovation

‘It’s not just about giving funding but also about giving skills, putting people into projects to help bridge the divide between industry and academics.’

(Foundation interviewee)

Thirty-four foundations (or 94 % of respondents that provided information on the amount of their expenditure on research and/or innovation in the form of grants and 58 % of all respondents) provided information about their ‘daily practice’ with regard to this expenditure.

Most respondents:

- proactively searched for projects rather than reactively waited for applications from organisations or projects
- preferred to provide ‘large’ grants to a few organisations or individuals rather than ‘small’ grants to many organisations or individuals
- preferred to support organisations on a long-term rather than a one-off basis
- required evidence of how grants were spent or conducted evaluations themselves.

These respondents’ views were mixed in the case of their involvement in project implementation, with a quarter involved ‘never’ or ‘rarely’; more than two fifths involved ‘sometimes’; and a third involved ‘often’ or ‘always’.
3.6.2 Engagement in partnerships

“We work closely with other funders in similar fields, involving joint funding of research and innovation and to create a strategic forum. It’s about rolling out a strategy underpinned by good quality research.’

(Foundation interviewee)

“The government and the foundation each think they leverage funding from the other. Foundations can do their bit, but government has to remain a significant funder.’

(Foundation interviewee)
The strong role of partnerships in foundations’ funding of research and innovation was noted in interviews and case studies. In the survey, 23 foundations (or 55% of respondents that provided information about their expenditure on research and/or innovation and 39% of all respondents) stated that they engaged in joint activities in partnerships with others.

These respondents engaged in joint activities with multiple partners – on average 3.3. More than three quarters engaged in partnership with foundations, just under this with other nonprofit organisations and around a half with universities.

**Figure 24: Partnerships, 2013**
As a percentage of foundations that provided information about amount of expenditure on research and/or innovation and engaged in partnerships (N = 23)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundations</td>
<td>78%</td>
</tr>
<tr>
<td>Other non-profit organisations</td>
<td>74%</td>
</tr>
<tr>
<td>Universities</td>
<td>52%</td>
</tr>
<tr>
<td>Government bodies</td>
<td>43%</td>
</tr>
<tr>
<td>Research institutes</td>
<td>39%</td>
</tr>
<tr>
<td>Companies</td>
<td>22%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>17%</td>
</tr>
</tbody>
</table>

Percentages add up to > 100% due to multiple responses.

Twenty foundations (or 87% of those that engaged in partnerships for research and innovation and 34% of all respondents) provided information about their motivations for engaging in a partnership.

The vast majority, nine tenths, of these respondents hoped to increase their impact, and a further three quarters to pool expertise and/or share infrastructure. Avoiding duplication of effort was also important to foundations and more than half hoped to expand their activities (internationally or otherwise).

Because of the small number of respondents, these findings should be treated with caution.
3.7 Respondents’ views on their roles

‘Donors are still grappling with difficult ethical questions around, for example, the risks of being associated with projects that go wrong, or they fund stupid projects. It’s fine for philanthropic funders to take more risks as long as you do it with your eyes open.’

(Public sector interviewee)

‘Foundations can be ‘light on their feet’ compared with statutory funders.’

(Foundation interviewee)

Thirty-one foundations (or 53% of respondents) gave views on their role in research and/or innovation. Most saw it as complementary (‘additional to public/other support’) or initiating (‘to start a project with the expectation that others will take over’). Few saw it as substituting (‘instead of/a substitute for public/other support’) or competitive (‘to rival other initiatives’).
3.8 Interviews and other qualitative information: summary of results

3.8.1 Importance, priority and focus of foundations’ research and innovation funding programs

The selected comments of interviewees inserted in the previous sections provide perspectives on the survey topics from different stakeholders. Overall, the interview results confirmed that research and innovation activities have different priorities within different foundations. For the major scientific foundations and operating charities dedicated to particular diseases, for example, research and innovation activities are a key priority. For foundations with generic charitable purposes, research and innovation activities are mainly a means to achieving their social change goals and a necessary part of the development of effective interventions. In these cases, budgets for research are usually not ring-fenced and are allocated on a needs basis. While the major scientific foundations invest in both pure and applied science, as well as in training and dissemination, smaller foundations, particularly in the social welfare field, focus on the application of research findings to innovative service or product development and the evaluation of impact (see case studies below). These are sometimes carried out through funding doctoral and post-doctoral training posts in universities, which generates additional value in being cost-effective for foundations while also contributing to the development of research capacity. This can be particularly valuable if support for local universities contributes to the regeneration of local economies. Some interviewees believe that as foundations become more concerned with demonstrating impact, research is inevitably moving higher up their agendas.
3.8.2 Partnership and collaboration

Foundations are often said to find partnership difficult, but the interviewees indicated a surprisingly strong commitment to partnership, collaboration and co-investment in the area of research and innovation within the nonprofit sector and between the sector and other sectors (see case-studies below for examples). Foundations placed a high value on collaboration as a way of broadening their own understanding, strengthening their voice on issues of concern and bringing enhanced opportunities to translate research into practice. One interviewee noted that the Health Foundation and major research funding charities such as Cancer Research UK and the British Heart Foundation in particular brought important perspectives on patient voice and the application of research to innovations of direct relevance to patients.

Foundations in closely-related fields were particularly keen on collaboration. One interviewee highlighted how his foundation was liaising with another large foundation in the field of health to avoid competition or duplication; to ensure that they used funds to greatest effect through learning from each other’s experience and expertise; to achieve higher standards and complementarity; and to gain access to the additional networking and influencing capacity of another large foundation.

In spite of the significant added value of partnership, the interviewees also recognised that shared approaches raise challenges of leadership and ownership. When working with non-funders, foundations needed to be sensitive to the issues of funder power and might need to sacrifice ‘ego’ or individual recognition, where the goals of joint initiatives could best be served through power-sharing.

3.8.3 Co-investment

The interviewees were attracted to co-investment options as they help to reduce financial risk, particularly where research was not a spending priority. They also recognised that co-investment could yield more substantial funding – for example, funding of £1.5 billion jointly provided by the Wellcome Trust and the Department of Health for innovation in health; and funding of £4.6 million, jointly provided by the Department for Culture, Media and Sport and Wolfson Foundation for renovation and improvement in museums and galleries.

3.8.4 Working with government and other partners

Inter-sectoral relationships appear to be particularly well-developed in the medical and health fields. One of the strategic aims of the MRC is to work with all sectors to ensure the translation of research into tangible social benefits, and it is increasingly profiling examples where academic experts, charities and private companies collaborate in the development of new products. It is also promoting collaboration over national and international policy and legislative developments – for example, its joint response with the Wellcome Trust to the 2011 European Court of Justice ruling that banned the patenting of interventions involving human embryonic stem cells and its input to the Ministry of Justice’s consultation on the implications for research of the draft EU regulation for data protection.
More generally, foundations regard dialogue with government as vital for a number of reasons of which the most salient are the limits to foundations’ capacity, the need to establish appropriate roles for philanthropic and government funding, and the need for increased government spending on research and innovation. Government cannot assume that all needs will be met by foundations. There are anxieties around whether initiatives such as the introduction of student fees in the UK will encourage or discourage donations. Currently there is a real danger that foundations will continue to fund iconic new initiatives and innovation but neglect their core maintenance functions.

3.8.5 The role and development of philanthropic funding in HEIs, research and innovation

While philanthropic support for research has traditionally been less valued than that won from the major research funding councils in the UK, the additional value of philanthropic partners is increasingly being recognised by HEIs and research funding councils. HEFCE is strongly encouraging HEIs to develop philanthropic relationships, but some interviewees felt that there was still a considerable gap at the level of individual institutions. The capacity to relate to donors (identified as a key success ingredient for university fundraising in the United States) varies. While some universities now have sophisticated development offices, many academics still fail to understand the importance of recognising and profiling major philanthropic investments or engaging with donors directly. University recipients feel donors sometimes make poor use of gifts. This is partly because donors may not understand how to make an effective contribution with the particular value of gift they can afford, and partly because they have limited information about the options available. One interviewee felt that unless donors were supported in making gifts of sustainable value, they might lose interest in the higher education and research sector. It is counter-productive, for example, if investments in expensive state-of-the-art equipment or new buildings are wasted because the recipients lack the revenue to maintain and use these facilities. Such concerns are echoed by HEFCE, which has raised the importance of clear institutional processes and governance mechanisms for handling gifts.\(^{[33]}\)

3.8.6 Incentives

Views on the role of financial incentives for philanthropic funding varied. The interviewees indicated that foundations see their independence as one of the important attributes they bring to the table in research and innovation, as it means they can resist commercial pressures or short-term gain. They would resist attempts by government to leverage or direct their activities through tax and other financial incentives and feel that their objectives are often different from those of government. An interviewee from the higher education sector, however, felt that universities can play a strong role in helping to build economic growth and innovation, particularly at a regional level, and that the government is right to encourage philanthropic funders to invest in these where the institution can deliver. This interviewee saw the government’s matched endowment scheme for gifts to universities as very important. One problem with matched endowment funding pots is that they tend to favour universities which have a strong fundraising track record, and an existing capacity to meet fundraising targets.

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33 See More Partnership above.
3.8.7 Working at the European level

The European environment is not significant for all UK foundations, particularly those with a charitable remit restricted to beneficiaries in the UK, but there are some areas of activity where it is extremely important.

Areas of activity in the EU which have caused problems for health and biomedical charities were mentioned above in the discussion of the European policy and lobbying work of the AMRC, often in liaison with the MRC. Individual interviewees echoed these general problems and also highlighted issues such as insufficiently wide consultation around some European directives. For example, health and safety directives around power and telecommunications did not look at implications for staff involved in MRI scanning. The clinical trials directive has been updated, but it was felt that it missed out the academic sector until too late.

Several interviewees, from different sectors, mentioned that the structures for accessing EU funding were difficult to understand and navigate and were time-consuming. These problems are obscuring the value of working at the EU level and creating barriers to research collaboration.

In the area of common human rights interests, particularly of migrant populations and asylum seekers, some UK foundations feel that the development of the European Statute would facilitate cross-border collaboration over initiatives currently held back by the very different nonprofit sector governance regimes across Europe.
4 Innovative Examples

4.1 Shell Foundation – Breathing Space Programme:
Indoor air pollution

According to the World Health Organisation, indoor air pollution, caused by open fires or stoves which use wood, dung or other solid fuel for heating and cooking, is the fourth most lethal killer after malnutrition, unsafe sex and lack of clean water or sanitation. It kills an estimated 1.5 million people per year, mainly women, and children under five. With a total of 500 million stoves in use in the developing world, the problem of indoor air pollution exists on a massive scale, and routes to dealing with it have been blocked by a combination of technical, economic, political and cultural factors, including competition with other health initiatives for a place on policy agendas, the low status of victims and lack of a single product solution.

Since the 1980s there have been numerous attempts by governments, global institutions and the development community to develop stoves that are fuel efficient and safe and to promote their widespread adoption, but for the most part these attempts have not been effective or sustainable.

In its Breathing Space Programme the Shell Foundation has taken a radically different approach to that traditionally used by governments and development organisations. Instead of providing free or subsidised stoves, it is using ‘market thinking and private sector involvement’ to develop, produce and sell a range of improved stoves.

Having commissioned an independent analysis of the global market for stoves to pinpoint the best locations and methods for experimental action, between 2002 and 2007 the Foundation invested USD 10 million in trialling nine different approaches in seven countries – Brazil, Ethiopia, Ghana, Guatemala, India, Kenya and Mexico. In carrying out these pilots it worked with NGOs on the ground, facilitated support to pilots through its connections with Royal Dutch Shell PLC and commissioned independent evaluations to provide hard evidence of the impact of improved stoves on the health of users (respiratory and eye-related illnesses), the cost of medical care and the level of carbon emissions. The Foundation is currently providing USD 3.5 million in seed funding to leverage in additional investment of USD 25 million to scale up and spin off the programme. It is working with Envirofit International, an NGO based at Colorado State University’s Engines and Energy Conversion Laboratory, and locally-based NGOs to organise locally-based production and marketing capacity to sell 10 million improved stoves in India (the lead country), Brazil, China, Guatemala, Kenya and Uganda in the next five years. The Foundation’s aim is that ‘by treating people as customers rather than aid recipients, the stoves will be seen by householders as high-quality, aspirational products.’[34]

34 ‘fuelling change’ [case study], Ethical Performance 11 (2007) http://www.ethicalperformance.com/bestpractice/article/73
4.2 Wolfson Foundation – Leonard Wolfson Experimental Neurology Centre: New therapies for neurodegenerative diseases

Although neurodegenerative diseases, including dementia, are the sixth leading cause of death and one of the main drivers for the provision of residential care in the UK, government and charitable organisations have invested proportionately less in research into the causes and treatment of these diseases than into others such as cancer and heart disease.

In 2011-12 the Wolfson Foundation, which has a distinguished track record in supporting medical research, made a grant of £20 million to University College London to facilitate the establishment of an experimental neurology centre and a program of training for researchers. This was the largest single grant the Foundation had ever made and one of the largest received by University College London. The Centre opened in November 2013 and received its first patients in early 2014.

The focus of the Centre's activities is to carry out 'first-in-human studies’ – in particular, to develop, investigate and accelerate the validation of new therapies to be used at the earliest possible point in the course of these diseases – to 'open an earlier window to patients through which we can provide treatment and try to minimise the damage caused by neurodegenerative disease'.[35] The Centre will draw on and contribute to the work of University College London's Faculty of Brain Sciences and the National Hospital for Neurology and Neurosurgery at Queen Square. It will work across a number of different fields of science – molecular biology, genetics, biochemistry, immunology, and clinical and imaging research, including treatment trials.

4.3 Garfield Weston Foundation – Digital Humanities Hub, University of Birmingham: Support for the cultural and heritage sector through digital technology

In 2011 the Garfield Weston Foundation provided critical start-up funding for the development of the University of Birmingham’s Digital Humanities Hub. This support enabled the University to undertake preparatory work and to secure major funding from the European Regional Development Agency. The Foundation’s support was in accordance with its broadly-based interests in arts, education and community and aimed to facilitate increased public access to and use of cultural and heritage resources through digital technology.

The Hub was established as a partnership among academic departments at Birmingham University, local cultural and heritage organisations (the Library of Birmingham, Birmingham Museums and Art Gallery, ............

35 Nick Fox, Professor of Neurology at University College London and Principal Investigator at the Centre, quoted in 'New £20m centre pioneers first-in-man trials for neurodegenerative diseases' [UCL press release], 15 November 2013 http://www.ucl.ac.uk/news/news-articles/1113/14112013-New-20m-centre-pioneers-first-in-man-trials-for-neurodegenerative-diseases-Wolfson
the Ironbridge Gorge Museum Trust and Worcester Hive) and specialist IT businesses (many start-ups). Although initially locally-based, the Hub aims to have national impact through the development and marketing of its innovative technology.

The Hub provides a resource to museums and libraries and enables them to design and test their displays and presentations in a practical way. Using cutting-edge techniques in multi-user, 3-D multi-touch technologies, mobile devices and tablets, it has created augmented reality tools which are integrated into a digital prototyping hall (capacity 120 people) for testing the quality and effectiveness of various public displays to audiences whose reactions (eye gaze direction and dwell time in particular spaces) are monitored and analysed.

4.4 Action on Hearing Loss – Translational Research Initiative for Hearing: Moving from research to treatment

Over 10 million people in the UK are affected by hearing loss, and over 6 million are affected with tinnitus, and these numbers are expected to rise in the future as the population ages. Although hearing loss and tinnitus are not life-threatening, they impact negatively on people’s quality of life and are associated with dementia, anxiety, depression and decreased physical well-being. Available treatments are few – hearing aids and cochlear implants – and for most these are ‘only sticking plasters over the problem.’

Action on Hearing Loss (which was formed from a merger of the Royal National Institute for Deaf People and Deafness Research UK) has long supported research into the causes and treatment of deafness and tinnitus, but it has recognised that there is a real and growing need for the development of new treatments and therapies. While continuing to support research and the development of research capacity (through, for example, PhD studentships and the recently-announced Pauline Ashley Awards for early career scientists), it has focused increasingly on translational research – that is, creating pathways for turning research, especially in promising fields such as genetics and stem cells, into treatments.

Action on Hearing Loss’s Translational Research Initiative, launched in 2011, aims to rebuild the relationship between basic research, mainly funded by the government and medical research charities, and clinical trials, was previously mainly funded by pharmaceutical companies. Most funding for basic research does not cover the translational work required to test the efficacy and safety of new treatments and cures, and pharmaceutical companies are increasingly less likely to take the risks associated with supporting clinical trials in cases where market value is not clear or not likely to be substantial. There is, therefore, a funding gap between doing research and using it.

This Initiative targets both sides of this gap. It provides funding for scientists to undertake translational research, and it is working to rebuild a working relationship with pharmaceutical companies likely to fund additional research and clinical trials. To this end it has recruited 16 pharmaceutical companies as partners (with the opportunity to review applications for funding and support those that are of interest). It has

fostered a collaboration between the MRC and AstraZenica to identify new treatments for otitis media. In spring 2012 it hosted a global summit for pharmaceutical, biotechnology and hearing device companies, academic research teams, the NHS, charities and practitioners to discuss ways of moving forward into productive research.

4.5 Northern Rock Foundation and Lankelly Chase Foundation – Respect: Pilot research on interventions to reduce domestic violence

Within their wider missions to promote social justice, the Northern Rock and Lankelly Chase Foundations partnered to support an innovative pilot study of the effect of ‘perpetrator programmes’ in reducing domestic violence. These go beyond creating safe havens for the victims to addressing the root causes of domestic violence through behaviour-change programs, run in small groups, to help men stop being violent and abusive towards their partners and families. Uncertainty about the value of such programs had created an impasse in which few local authorities provided for them, and the major academic funding needed to get evidence of critical success factors and outcomes could not be attracted.

The two foundations jointly granted £500 000 for a pilot research study initiated by Respect, a voluntary organisation co-ordinating perpetrator programs. With their flexible and independent resources, the two foundations were able to ‘go in first’ and take the risks around feasibility and outcomes. As a result of this pilot, a combined team of academics from Durham and London Metropolitan Universities and the London School of Hygiene and Tropical Medicine won £1.5 million from the government-funded ESRC to investigate the effect of perpetrator programs on reducing violence and increasing safety for women and children, particularly where conducted within a co-ordinated family and community response to domestic violence. The research ends in 2014 and the ultimate aim of this multi-partner initiative is to increase the provision of effective local perpetrator programs across the country.

4.6 Barrow Cadbury Trust – Transition to Adult Pathway: Neglected needs of young adults in the criminal justice system

The Barrow Cadbury Trust has a long history of engagement in the issues of young people in the criminal justice system. Some of its recent work culminates this year in the launch of a major three-year national research and development program around the delivery of interventions to this group.

The ‘T2A (Transition to Adult) Pathway’ will be delivered by multiple partnerships between the voluntary and statutory sectors, working with 16-25 year olds, a group vastly over-represented in the criminal justice system. While 18-24 year olds account for around 10% of the general population, they represent around a third of the Probation Service’s caseload and a third of those sent to prison each year. The T2A Pathway will help foundations, charities and the public sector to collaborate in evidence-based innovation in service delivery.
In addition to driving and servicing the partnership of organisations involved in the T2A Pathway, the Trust commissioned independent four-year formative, summative and economic evaluations of early pilot projects, which generated evidence on delivery and economic and social impacts. The pilots showed how services can work effectively with young adults throughout the criminal justice process and link them back to a crime-free life and thus benefit them and their communities and lead to reduced offending and increased employment. The T2A Pathway builds on the evidence of the pilots, and the Trust has commissioned an evaluation of the new program from the Hallam Centre for Community Justice at Sheffield Hallam University. This will support the twelve delivery organisations in establishing baseline data, data collection systems, and data analysis.
5 Conclusions

5.1 Summary of findings

Our research has shown that many UK foundations dedicate a part of their funding to research and/or innovation and allocate significant expenditure to these purposes, although only a small group of large scientific, academic and medical foundations and charities prioritise research and innovation and place it at the heart of their work.

Innovation is less commonly funded than research. However, while almost all respondents supported research, just over a third supported innovation. Foundations often believe it is important for them to fund innovation and the more risky development activities which the public sector cannot support. In the medical and health fields, philanthropic organisations, particularly those that raise funds directly from the public, play an important role in translational activities, in order to ensure that research findings are translated directly into new products which benefit patients. Reflecting the predominance of a small group of large medical, scientific and academic foundations in research in the UK, there was a significant skew towards medical science in research and innovation spending, with 71% of respondents reporting expenditure in this area. The vast majority of research expenditure (88%) was devoted to direct research, and just 12% to research-related activities. This focus is also likely to be related to the academic and scientific nature of the main research-funding foundations, and it is not surprising to find that over two thirds of respondents (67%) allocated their research and innovation grants to public higher education foundations, and 42% to research institutes.

Social and behavioural activities and the humanities are priority areas for grants by foundations in the UK, but these attract much less research and innovation support than the medical sciences. Fewer than half of the respondents currently support research and innovation in the social and behavioural sciences (42%), and just 29% in the humanities. Foundations’ preferences here may be strongly related to the nature of charitable purposes in the UK, which uniquely bestow and legitimate charitable status, and in which relief of poverty and education historically are two of the four core areas historically. Some foundations feel strictly constrained by charitable purposes. However, the regeneration of foundations’ interest in tackling the root causes of social problems such as poverty and in preventive approaches is prompting some foundations to take a wider view. There is a growing awareness that investment in research and an evidence base and in innovative ways of addressing problems, can represent an important contribution to establishing effective long-term interventions.

In spite of the concentration of expenditure on medical and scientific research and innovation foundations as a whole, however, most respondents devoted a portion of expenditure to important related areas which either support or disseminate research output. A large majority (89%) allocated expenditure to the dissemination of research, and over half (53%) to infrastructure and equipment. Other areas such as tech-
nology transfer, civic mobilisation and advocacy, research mobility, and career development all attracted support from over a quarter of respondents.

5.2 Strengths and opportunities in foundations’ support for research and/or innovation

In general our research revealed that research and innovation activities among foundations in the UK were in a relatively strong position. All the respondents supported research and more than a third supported innovation. Almost two fifths had research and/or innovation as the exclusive or main focus of their activities. Overall, respondents allocated 70 % of their expenditure to research and/or innovation. All the respondents had endowments and were able to make commitments over the longer term. The vast majority supported direct research activities. The respondents’ activities had a broad geographical distribution, from local to international. Based on the research findings a number of conclusions can be drawn about strengths and future opportunities.

5.2.1 Strengths

• UK foundations allocate significant expenditure to research and innovation, and it has an important place in their charitable expenditure and activities, even though it is not a priority for all foundations.

• Many foundations demonstrated complementary, collaboration and partnership in research and innovation, both within the foundation sector and across public, private and charity sectors.

• The medical sciences had a dominant presence in foundations’ research and innovation funding, which appears to be growing, and this was strengthened by a developing cross-sector infrastructure which enables global and long-term thinking and knowledge-sharing.

• Foundations focused on effective, innovative and impactful interventions within limited resources and were increasingly using research and evaluation as a tool. This may create an opportunity for more research and innovation to be funded.

5.2.2 Opportunities

The main challenge is that within the foundation sector support for research and/or innovation has focused on the medical sciences, while support for other fields – natural science, social and behavioural science, agricultural science and the humanities, which was at a lower level – appears to have declined over time. In an era of social, economic and political turbulence, there is an opportunity to increase the contribution of foundations to new approaches and solutions.

• Funders’ interest in supporting research and innovation might be stimulated if they had more information about funding options and about how individual contributions can add value; if they had better communications with academics and researchers; and if they had a better understanding of the value of research and innovation as an investment for the future.

• There is a stronger role for the EU in facilitating or inhibiting research and innovation in certain fields, both at the national and European levels.
5.3 Recommendations

‘Pure research funding will continue from the foundations which are well-established in their fields, but we need to make it easier for new entrants to find their place in academic and research funding. After the few top foundations we struggle to get gifts which are in double figures.’

(Public sector interviewee)

It is not possible to make detailed recommendations about a field as wide and diverse as that studied in this research, whose focus was mainly descriptive. Moreover, foundations in the UK are largely private and independent institutions, and it is not appropriate for governments and others to prescribe their behaviour. However, a number of important points relevant to different key stakeholders emerged from the qualitative research, and the main ones are set out below.

**Government:** If government wants to encourage foundations’ support for research and innovation, it needs to ensure ongoing opportunities for dialogue with foundations, so that they understand each other’s capacities and the most effective way to complement each other, co-fund or work together.

**European Union:** The EU needs to simplify and streamline its funding procedures and to ensure full, timely and wide consultation of all relevant partners when introducing policy, directives and legislation.

**Recipients:** Higher education and research institutes seeking research and innovation funding need to open communications and build relationships with potential donors to ensure as much access as possible. They need to be clear about what can be achieved by different kinds of funding and be honest with donors about the sustainability of funded projects.

**Foundations:** More foundations, especially the majority for which research is not their primary focus, could consider the positive contribution that research can make to their activities in ensuring that precious funding is targeted where it will have the most positive impact, lessons are learned, value for money is achieved, and beneficiaries receive the greatest benefit.