

Grant-making trusts in the Jewish sector

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The **Institute for Jewish Policy Research** (JPR) is an independent think-tank that informs and influences policy, opinion and decision-making on social, political and cultural issues affecting Jewish life.

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1 Introduction

After a 1997 seminar where representatives of leading communal agencies considered Margaret Harris's paper on the future of the Jewish voluntary sector (Harris 1997), the Institute for Jewish Policy Research (JPR) established a four-year programme, Long-term Planning for British Jewry. The project is designed to provide—through analyses of financial resources, governance, human resources, service and delivery systems and 'market' needs—the first strategic assessment of the UK Jewish voluntary sector. The first of the project's reports, *The financial resources of the UK Jewish voluntary sector* by Peter Halfpenny and Margaret Reid, is being published simultaneously with this one; the need for research into grant-making trusts (GMTs) emerged out of the initial findings of that study.

Underpinning JPR's Long-term Planning for British Jewry programme has been the establishment of a

definitive database of communal organizations. With information drawn from the Board of Deputies' Jewish Community Information Database, the Charity Commission's lists of organizations with an interest in 'Jewish affairs' and various directories of social services, the database contains details of the 2,231 financially independent organizations that constitute the Jewish voluntary sector.¹ Initial analysis of these organizations revealed that 27 per cent were GMTs. In 1998 the Charities Aid Foundation (CAF) indicated that only 5 per cent of the national total of 186,000 registered charities was made up of GMTs. Given these initial findings, and the potential importance of GMTs to the Jewish voluntary sector, JPR decided to examine these trusts in greater depth. This paper represents the first ever analysis of the giving of money to Jewish causes by GMTs.

¹ Including subsidiaries, such as local branches of national associations, there are approximately 3,700 Jewish voluntary organizations.

2 Grant-making trusts

GMTs provide funds for charities and individuals to carry out specific projects that fall within the parameters of their particular concerns. GMTs are givers rather than doers, their primary purpose being to make funds available to other organizations, not to embark on specific projects themselves. These moneys are usually generated from funds set aside in perpetuity, and GMTs rarely grant more than their annual income in any one year. The original trust founders usually lay down statements of purpose (usually in the form of so-called articles of association) which provide for the organization's management framework and the

type of projects to be supported. GMTs are typically founded by families with strong ideas about how money should be spent, although more established organizations are often run by a second- or third-generation of trustees that interprets and adapts the original founders' wishes. GMTs range in size from small family-run trusts that give out a few hundred pounds each year to large multi-million pound foundations. GMTs represent a key part of the United Kingdom voluntary sector, and give large sums of money to good causes, usually on a regular and fairly predictable basis (Hedley and Rochester 1993).

3 Methodology

For the establishment of the organizational database, JPR had information from the Charity Commission on incomes, assets and grants made by some of the 596 organizations identified through their title or stated remit as being grant-makers to Jewish causes. Nonetheless, information was far from complete, with the initial data provided by the Charity Commission containing no indication of where, or to whom, grants were being given. Moreover, information was lacking on a large number of trusts that had not submitted their accounts to the Charity Commission, or that had not done so for a number of years.² To improve, expand and update information on GMTs' patterns of income and expenditure, further investigation was needed.

Three methods were used to obtain up-to-date information on GMTs. Trustees of 172 GMTs were telephoned in order to explain why the research was being undertaken, and to ask them to forward a copy of their latest accounts. JPR decided to concentrate its resources on an examination of those GMTs with an annual income greater than £100,000 (so as to gain information on where the

largest grants were going), although a number of smaller trusts were also approached (see Table 2). Nonetheless, despite follow-up calls and trustees being reminded of their legal requirements, responses were limited (particularly for organizations with an income of less than £10,000), and so two other methods were used to update the database. The first was to review the directories of grant-making trusts published by the Directory of Social Change and CAF, which contain financial and general information about most of the larger organizations (FitzHerbert *et al.* 1995; Brown and Casson 1997; Bevan *et al.* 1999). The second was to look at the Charity Commission's records, which allowed for a more in-depth inspection of the accounts of 159 GMTs. Of these, some 50 GMTs had not filed their accounts since 1994 or earlier; and of those that had, several had not analysed their grants as required. The Charity Commission's Charity Support Division was sent a sample list of non-compliers, but the response was legalistic and defensive. Nonetheless, JPR has obtained information on the income of 512 of the 596 GMTs, and has analysed the grants made by 239 organizations.

² Since April 1996 registered charities with an annual income over £10,000 have been required to submit their accounts to the Charity Commission every year, and also to identify to whom their top fifty grants had been allocated. On request, they are obliged to send their most recent set of annual accounts within two months of the initial enquiry being made, although they can insist on it being made in writing and may charge a reasonable fee (the Charity Commission regards £5 a set as acceptable).

4 Patterns of income and grant-making

The following table, based on accounts for the 1997/8 financial year, shows the income distributions of British-based GMTs that give some or all of their money to Jewish causes. Overall, GMTs included in the sample have an annual income of £120 million (24 per cent of the £500 million total income of the UK Jewish voluntary sector), although this figure includes a number of large trusts that give only a relatively small proportion of their funds to Jewish causes (see Table 3). Table 1 indicates a relatively normal distribution of incomes, although the presence of 180 GMTs earning over £100,000 indicates that there are a large number of organizations with substantial sources of money.

The following two tables map out the pattern of GMT grant-making. Table 2 shows the frequency of grants made, which also has a fairly normal distribution, although again there are a large number of trusts (152) giving out more than £100,000 annually. Nonetheless, the table also shows

Table 1: 1997/8 incomes of GMTs giving moneys to Jewish causes

Income received (£)	Frequency of GMTs per income band
Not known	84
1 - 9,999	92
10,000 - 49,999	145
50,000 - 99,999	95
100,000 - 999,999	145
1 million - 10 million	33
>10 million	2
Total	596

Table 2: 1997/8 grants made to Jewish causes by GMTs

Grants made (£)	Frequency of GMTs per grant band	Analysed by JPR
Not known	232	0
1 - 9,999	38	7
10,000 - 49,999	99	58
50,000 - 99,999	75	58
100,000 - 999,999	124	90
1 million - 10 million	26	24
>10 million	2	2
Totals	596	239

a lack of information on the grants made by a large number of GMTs (232), demonstrating the difficulty of gaining information on this sector, particularly with regard to small organizations. Overall, JPR was able to analyse the grants made by 239 GMTs. On the basis of the financial information available, and to ensure confidentiality by not showing grants made by individual GMTs, the following categories were created:

- Israel-related: grants made to causes connected with Israel
- Strictly Orthodox: grants made to causes relating to strictly Orthodox groups and communities (excluding any grants made to Israel)³
- Religious mainstream: grants made to the main synagogue groups (excluding the strictly Orthodox)
- Education: grants made for all educational purposes (excluding those of the strictly Orthodox and Israel-related sectors)
- Welfare: grants made for social and health-care services
- Law, advocacy and politics: including, for example, grants made to communal representative bodies
- Culture: including grants made to institutions such as museums, literary societies or musical groups
- International: all grants made abroad, other than those to Israel
- Jewish other: grants falling outside the above categories
- Non-Jewish: grants made to non-Jewish causes

³ Because of the problems of acquiring information from the strictly Orthodox sector, it is impossible to isolate with any degree of accuracy the distribution of grants within this category.

Table 3 provides a breakdown of the distribution of moneys, together with the mean and median figures of the grants. Almost £112 million was distributed in grants in 1997/8 by the 239 GMTs examined, with approximately £70 million going to Jewish causes, and a further £42 million to non-Jewish causes. 130 GMTs gave money solely to Jewish causes but, of the 109 that also gave money to non-Jewish causes (note that many GMTs give to more than one type of cause), nearly £30 million was given away by only 20 GMTs. These latter GMTs are typically very large, often giving the majority of their money to non-Jewish causes, and perhaps

might not strictly be best classified as 'Jewish organizations'. Nonetheless, our analysis includes all GMTs giving grants to Jewish causes, as they are all important contributors to the sector. It is also worth noting that, with the exception of the category of 'non-Jewish', Israel-based causes and institutions constitute the major recipient of GMT moneys (over £27 million). In addition, the size and number of grants for the strictly Orthodox sector show that community to be a salient example of one that has found GMTs to be a prime source for the funding of activities ranging from religious observance and education to the provision of welfare services.

Table 3: Grant-making in 1997/8 by the 239 GMTs analysed by JPR

Category	Grants made (£000s)	Number of grants	Mean (£000s)	Median (£000s)
Israel-related	27,413	138	198.6	21.2
Strictly Orthodox	18,658	117	33.7	13
Education	10,654	113	165.1	32
Welfare	3,953	100	105.4	6.5
Jewish other	3,813	87	43.3	11.4
Culture	2,351	66	35.6	4.9
Law, advocacy and politics	1,593	58	10.7	2.3
International	838	43	19	5
Religious mainstream	644	41	37.9	5
Total Jewish sector	69,917			
Non-Jewish sector	41,897	109	384.3	39.7
Total	111,814			

5 GMTs and strategic planning in the Jewish voluntary sector

In the 1995 report, *Social and political attitudes of British Jewry*, JPR argued that there is a 'paucity of research data about the community and the consequential lack of understanding of its social, political and religious dynamics' and, furthermore, that 'British Jewry is not good at strategic planning or the formation of planning' (Miller *et al.* 1996). This problem appears to apply to the voluntary sector as a whole: non-profit organizations tend to have a bias for 'action' rather than 'thought', and seem to have difficulties combining autonomy and innovation with 'consistency, strategic corporate planning and efficiency' (Leat 1993). The data above show that 39 per cent of grants made to the Jewish sector go to Israel, 27 per cent to strictly Orthodox causes, 15 per cent to education and the remaining 19 per cent to other causes. Arguably the key question for trustees of present (and future) GMTs, as well as those with a communal interest in the Jewish voluntary sector, is whether this allocation adequately reflects funding needs and requirements. Answering this question is beyond the remit of this report, but the data provided here offer the first objective analysis upon which such an answer might be based. Nonetheless, the presence of such a large number of GMTs giving money to Jewish causes, together with the often very large sums involved, does suggest possibilities for greater collaboration and co-operation between organizations with similar aims and objectives. To explore these possibilities, JPR consulted a number of professionals in the field who suggested reasons both for maintaining the *status quo* and for increasing collaborative efforts.

Maintaining the *status quo*

Provided grant-makers comply with their GMT articles of association, they are, of course, fully entitled to decide how their money is spent. Some professionals who work in or have a thorough knowledge of the voluntary sector also suggest that GMTs often have no interest in being part of a network or even in finding out more about what is happening elsewhere. Contact between GMTs might occasionally occur through personal friendships or when mutual support is needed, but such cases are rare. A lawyer acting for a number of Jewish GMTs argued that decisions about grant allocations are often made subjectively. Possibilities for collaboration might be eclipsed by individuals' interests, quirks, personalities or their desire for recognition. In this lawyer's experience, the directors of many major trusts are knowledgeable people, able to assess

priorities, who prefer to act on an individual basis rather than as part of a consensual group. Smaller GMTs are typically strongly influenced by the personal wishes of the founders, and are thus even less likely to allow themselves to be represented by umbrella organizations.

Collaboration

In an article on voluntary sector infrastructure, Lucy Ball and Julia Unwin advocate the creation of a formal or informal network of GMTs:

For those funders with an interest in seeing a strong and coherent voluntary sector, there was real merit in supporting the leadership of that sector. Proposals for funding were likely to be better grounded if they had the support of similar organizations in the field. They were much more likely to benefit from the knowledge and skills available. Furthermore, they were likely to be better prepared, and have more chance of success . . . Without it many funders would find their route through a complicated environment even more difficult to chart (Ball and Unwin 1997: 28-9).

In the United States, Jewish foundations have recognized the need to confront such concerns. In 1990 the Jewish Funders Network was established to create a forum for 'swapping ideas on new initiatives and shared concerns about being wealthy, Jewish and part of a philanthropically inclined family'. More recently, at a 1999 conference, over 250 leaders of private foundations discussed the benefits of working together. Accepting the findings of a contemporary study that argued that, 'for all their philanthropic activity, Jewish foundations have few guides for building partnerships, for determining communal needs and for learning about programs, institutions and ideas to support', they concluded that a national system for collecting and disseminating relevant information should be established (Goldman 1999).

In Britain, collaboration between (non-Jewish) charities has been successful, with the Disasters Emergency Committee providing a good example of major organizations working together to offer aid when international disasters occur. The National Council for Voluntary Organisations (NCVO) is currently examining potential collaborations within the sector so as to create 'alliances short of merger'. Accordingly, they are

looking for ways to complement organizations' particular strengths, and an umbrella body of eighteen charities, known as the Future Foundation, has been established to examine the viability of collaboration.

In the UK Jewish voluntary sector collaboration is infrequent. One relatively successful example was

that of the Central Council for Jewish Community Services, a non-executive umbrella body founded in 1976, which for a number of years facilitated co-operation between Jewish social service organizations. Following the amalgamation of many Jewish social services under Jewish Care, the Council's influence declined and it was dissolved in 1999.

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Recommendations

A number of important policy issues have emerged from this research. To help Jewish community organizations address them, the following recommendations are made.

- 1 Information about GMT patterns of fund distribution should be disseminated to grant-makers, grant-seekers and key policy-makers in the Jewish voluntary sector so as to encourage more effective patterns of fund distribution.
- 2 More information about Jewish communal needs is required to enable priorities to be determined. This would help GMTs, amongst others, to assess which causes they wish to support. To facilitate a more informed and needs-led distribution of funds, an effective forum should be established to agree upon and implement a community-based strategy.
- 3 Trustees of, in particular, major and mid-range GMTs should establish informal networks to enable them to collaborate on policy, administration, organization, financial and project management as well as investment policy.
- 4 Guidance on good practice should be made available to help compliance with Charity Commission and Inland Revenue laws, regulations and requirements.
- 5 A dialogue between, and within, different sectors of the community should be encouraged so as to promote best practice. In particular, a dialogue with the younger generation might usefully be started so as to establish future needs, and to discover what contributions to the sector young people are likely to make.

The choice facing GMTs as regards the Jewish voluntary sector is between an increase in collaborative efforts or a continuation of the present, unco-ordinated funding patterns. If those who give money want it to be used effectively in the interests of the larger community, then GMTs may have to make changes in the way they operate. Left alone, GMTs will continue to support good causes, but not necessarily the right ones at the right time.

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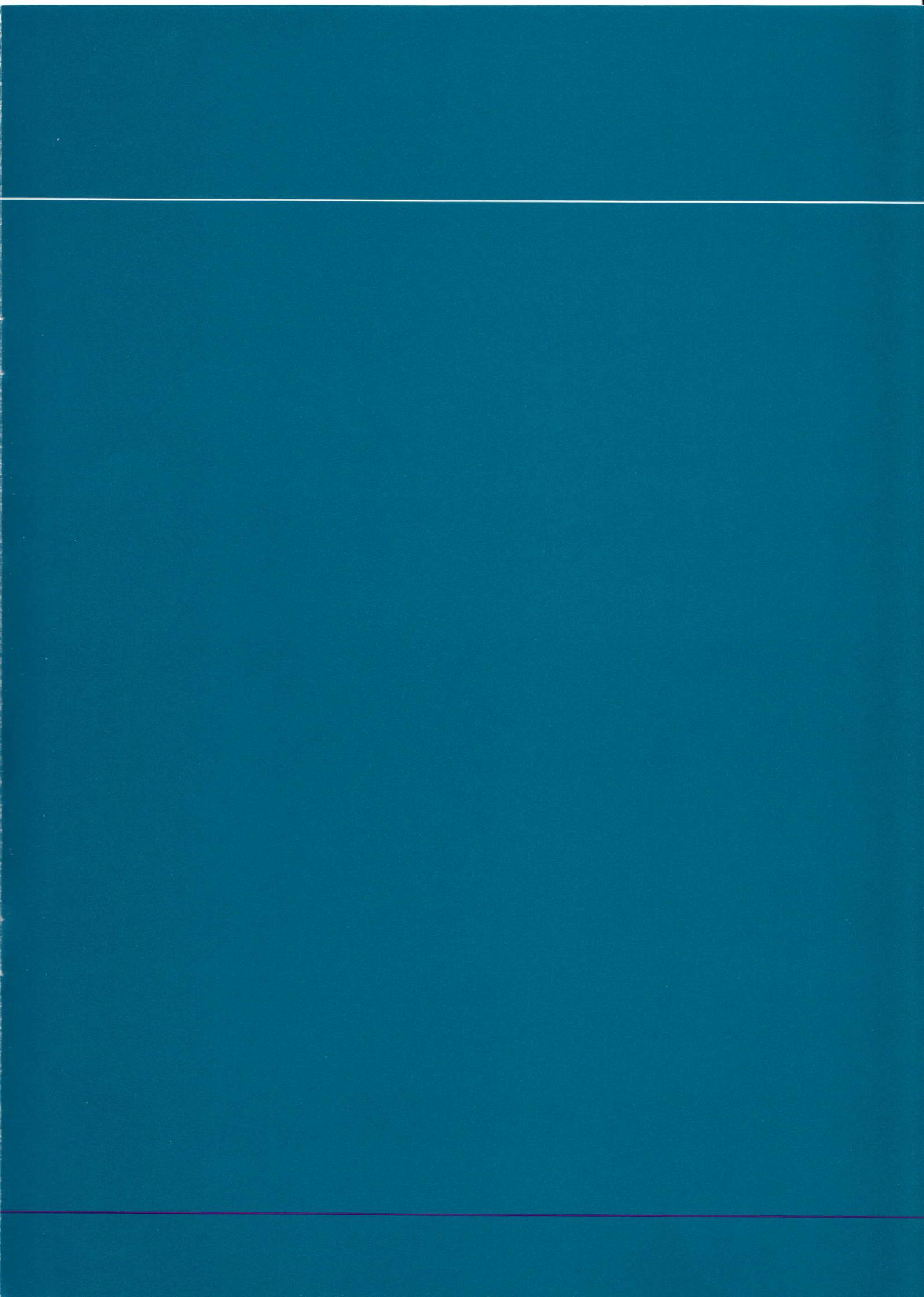
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