Sharing the Learning on Spending Out - what Gower Street has been up to in the sector

In November 2022, Gower Street co-ran a panel at the Association for Charitable Foundation's (ACF) annual conference. The theme of this conference was "Courage: leadership in the next decade" and the theme we wanted to talk about was spending out. Gower Street is spending out and planning to close by 2030, as a sign of our commitment to the urgent and overwhelming need to tackle climate change. This session was part of our commitment to share our learning and encourage others philanthropists to take bolder action on the urgent issues facing us all.

Since that session, Tessa and Sally have published a paper in the academic journal Voluntary Sector Review sharing our reflections on deeper trends in philanthropy that spending out feeds into. In this piece we summarise some of what we found in our research for this paper. We learned about practice that related to three broader trends in the sector that are linked to spending out. Those were the drive to spend more, give more flexibly and to shift power.

Spending more runs contrary to the traditional approach of trusts which is to prioritise maintaining or growing the value of assets rather than accelerating the value of grant making (ACF, 2013). With over £70bn currently held in endowment by UK grant making trusts and just £3.4bn given away annually, an increasing number of trusts are opting to take radical action. Picking up from forerunners like the Tubney Trust, we are in the good company of trusts including the Polden Puckham Charitable Foundation, Sir Ernest Cassel Educational Trust and Lankelly Chase which are all navigating the journey to spend out and closure. There are also arguments from within philanthropy for regulation to require trusts to spend more each year which could release a 'missing billion' for the sector (Keidan, 2023).

Giving more flexibly is also something there are increasingly clear calls for from within philanthropy. For a long time, unrestricted funding has been considered the 'holy grail', characterised as such because of the flexibility and security it can give to charities but also because of its rarity (Firth et al, 2021). The case for unrestricted funding was given a boost during Covid-19, when many trusts saw the need to quickly un-restrict and increase their funding to frontline charities to help support their response to the pandemic (NPC, 2021). The commitment to more flexible giving is becoming more institutionalised in the sector through networks such as the Institute for Voluntary Action Research's Open and Trusting grant-makers network (Firth et al, 2021).

The third trend, shifting power in philanthropy, is concerned with the social justice argument that underpins good grant making practice. This is typified by a growing recognition of the often socially and racially unjust origins of trusts' assets. Trusts such as the [Joseph Rowntree Charitable Trust] have publicly acknowledged the unethical origins of some of their assets. Alongside the idea that the accumulated wealth and power of trusts rests on historical injustice are three other facets of injustice that some in philanthropy see trusts as guilty of perpetuating. The first is that of race and class-based injustice, with trusts relying on those with the time and resources to act as voluntary trustees for their governance, and a broader failure to diversify boards and staff. The second is the continued holding back of power, in the form of money, from the charities that trusts fund. Anecdotally in our work we heard this characterised as trusts holding water back behind a dam when it could be replenishing a parched valley. The third is that holding back funds does not reflect the urgency required in crises having devastating and socially unequal impacts today, including climate change.

The two trusts we studied typified the first two of these themes in that they had decided to spend out completely and in so doing make their funding much more flexible. We also found that by properly resourcing themselves to spend out the trusts became more representative of the sectors they serve, although there is more progress to be made in this. We finished the paper with a set of questions for anyone involved in grant making trusts which encourages them to ask whether their trust truly needs to exist in perpetuity, whether it's grant making reflects more what the sector needs than what they want to give and whether their internal structures are representative of the communities they support.

Our work with spend out trusts is ongoing and we are going to encounter lots of unexpected challenges on the way but we will be guided by the positive perspective on spending out which thinks of it not as a dwindling of opportunity but rather, as Ladha and Murphy, put it as 'spending in' to the social ecosystems we seek to serve (Ladha and Murphy, 2022).

Sally and Tessa's paper can be read as an early view in the Voluntary Sector Review.

References

Firth, L., Buckley, E. and Rooney, K. (2021b) Towards More Flexible Funding: Practical Ideas From Open and Trusting Grantmakers, London: IVAR, https://www.ivar.org.uk/publication/towards-flexible-

Keidan, C. (2023) The Missing Billion, Civil Society, https://www.civilsociety.co.uk/voices/charles-keidan-the-missing-billion.html

Ladha, A. and Murphy, L. (2022) Post Capitalist Philanthropy: Healing Wealth in the Time of Collapse, New York: Transition Resource Press.

Lankelly Chase (2023) Lankelly Chase to Wholly Redistribute its Assets Over the Next Five Years, London: Lankelly Chase, https://lankellychase.org.uk/news/lankelly-chase-to-wholly-redistribute-its-assessts-over-the-next-five-years/.

NPC (2021) Shifting your funding practices during Covid-19, new philanthropy capital, https://www.thinknpc.org/resource-hub/covid-funding/.