

Giving in Europe

The state of research on giving in 20 European countries

Barry Hoolwerf and Theo Schuyt (eds.)



Research on Giving in the United Kingdom

The state of research on giving by households, corporations, foundations and charity lotteries to charitable organisations in the United Kingdom



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Research on Giving in United Kingdom

Barry Hoolwerf, Renske Sanders¹⁵⁰, John Mohan¹⁵¹, Cathy Pharoah¹⁵²

Introduction on Giving Research in the UK

Charities in the UK receive funding from different sources. Within subsectors we notice differences in the funding mix of charities of the charity population. The picture is much more complex than might be implied by normative utterances, that charities are simply bodies funded by private donations.

Charities use resources derived from various sources in pursuit of their charitable objectives. There are plenty of studies that can deliver great examples of this in the UK. For example, there are studies of the proportion of the population engaged in giving to charity and the amounts they give, of variations over time and across birth cohorts in household giving (Smith et al., 2011), or of giving to particular causes (Atkinson et al., 2012). Other elements of the funding mix such as major (greater than £1 million) charitable donations (Breeze, 2014), or grantmaking by the UK's largest charitable foundations (Pharoah et al., 2015), have also received attention.

All these studies have in common that they provide informative analyses of significant elements of charitable giving. But they still leave us in the position of not being able to see the whole picture. These studies enable us to identify parts of the size and scope of giving in the UK, but not in a position to comprehend the whole. However, an attempt to estimate the value of total private giving from all sources to charities has been made, estimating it to be worth £19 billion, including gift taxes paid back to charities on gifts (Pharoah et al., 2015).

Additionally, the aggregate statistics in the Annual Almanac of Civil Society (NCVO, 2015) provide a very broad picture of the income sources of charities, below which there is considerable variation between charitable causes and between individual organisations. Hence, the Annual Almanac of Civil Society will be an important source of information for the numbers presented in this chapter, next to the UK Giving of the Charities Aid Foundation.

Giving by individuals

Descriptive statistics of giving by individuals in vivo

“Asking is as old as giving, and therefore found throughout history” (Mullin, 2007), (Sargeant and Jay, 2014). Indeed, a large share of the income of charitable organisations comes in the form of private donations in the income mix of the charitable sector as a whole. These private sources of income include donations, legacies and income from the endowments and investments of charities. Substantial amounts are generated in this way – individual donations to English and Welsh charities were estimated to be around £10 billion (€ 11.75 billion) per annum in 2012/2013, with a further £2 billion (€ 2.35 billion) received by charities in the form of legacies in a typical year, as well as some £3

¹⁵⁰ Center for Philanthropic Studies, Vrije Universiteit Amsterdam

¹⁵¹ Third Sector Research Centre, University of Birmingham

¹⁵² Centre for Charitable Giving and Philanthropy Research at Cass Business School, City University of London

billion (€ 3.525 billion) in investment income from charities' assets (NCVO, 2015) (£1.00 GBP = € 1.175).

Mohan also finds considerable variations both between charitable causes, and between individual charitable organisations (Mohan and Breeze, 2016). In an analysis of who benefits from charitable expenditure, Mohan draws on the sample data for the financial year 2009-10 for some 7 000 English and Welsh charities with incomes greater than £500,000 (€ 580,000) (£1.00 GBP = € 1.16). This threshold is as such because of the reporting requirements of charities of this size; we can expect a robust and consistent classification of financial information (Morgan, 2010, 2011) in accordance with the Statement of Recommended Practice (SORP) prepared by the Charity Commission. This sample is representative of charities which, collectively, account for over 90 % of the total income resources of English and Welsh charities.

Table 24.1 Uses of donations by households 2009/2010 in € millions

International classification of nonprofit organisations	Household donations in million EUR	Share of total household donations %
Primary and secondary education	271	2.9%
Social services	1 670	17.6%
Housing	289	3.0%
Religious congregations	1 647	17.3%
International activities	1 264	13.3%
Culture / arts	405	4.3%
Grantmaking foundations	941	9.9%
Employment / training	61	0.6%
Medical research	1 093	11.5%
Hospitals / rehabilitation	539	5.7%
Other health services	358	3.8%
Nursing homes	588	6.2%
Environment	329	3.5%
Other education	43	0.5%
Total¹⁵³	9 500	100%

Another important source of information on giving in the UK is *UK Giving 2014*. *UK Giving* has been published by the Charities Aid Foundation since 2004/2005. Due to differences in methodology, accounting years and definitions, a direct comparison between the years is not straightforward.

The data in the *UK Giving 2014* survey contain collected information about charitable giving from adults aged 16 and over in the United Kingdom. In 2014 the survey ran in February, May, August and

¹⁵³ 7 000 English and Welsh charities with incomes greater than € 580 000 and only those ICNPO categories which account for at least 2 % of the total income, (£1.00 GBP = € 1.16) in 2010

November as a module on the GfK NOP's face-to-face omnibus study. 5 068 face-to-face interviews were conducted in 2014. The interviews were carried out in peoples' homes using Computer-Assisted Personal Interviewing (CAPI).

The GfK NOP face-to-face omnibus employs a quota sample of individuals with randomly selected sampling points. The sample is a three-stage design, sampling first parliamentary constituencies, then the output areas within those selected constituencies, and finally the respondents within the output areas. The sample is based on 175 sampling points. Within each selected constituency, an output area is selected for each wave. These output areas are selected at random, but with some stratification control so that the sample of areas drawn is representative of the sample of constituencies, and therefore of the United Kingdom in demographic terms. For each selected output area, a list of all residential addresses is produced. This listing is taken from the Royal Mail's Postal Address File, which is a list of all addresses in the United Kingdom, and is updated monthly. The interviewer will then interview a target number of individuals within each output area, adhering to demographic quotas which determine the sort of people spoken to. The sample will, if necessary, be weighted in order to ensure that it is fully representative in terms of the known population data on age, sex, social class, number of adults in a household, working status and region.

Those interviewed were asked about their charitable giving and social actions over the previous year, and for each occasion that they recalled doing so, were then asked if they had participated in that activity during the previous four weeks. All those donating money and/or sponsoring someone for charity were asked further questions about the causes donated to and the amounts given. To identify the causes given to, the respondents were shown a card which lists fifteen different causes, and the respondents/donors assigned charities themselves to a cause group from the list according to their own judgement. The respondents were then asked how much they donated to each cause. Those donating directly to charity were also asked about the method they had given with.

The data collected from respondents are checked carefully before an analysis is carried out. The data are amended where appropriate to remove obvious reporting/recording errors. Checks are made on particularly high value donations and to remove any outliers or potential over-claims. For example, those saying that they had given to charity in the last 4 weeks, but cannot remember *either* the cause or the amount given.

The *UK Giving 2014* report suggests an estimated total amount donated to charity by UK adults in 2014 of £10.6 billion (€ 13.88 billion)¹⁵⁴, which is similar to levels calculated previously from the *UK Giving* data.

Clearly the changes to the survey methodology were wide-ranging, with the questionnaire, data capture periods and annual definition all being subject to change. As such the previous waves of *UK Giving* are not directly comparable. We have, however, undertaken a recalibration exercise in an attempt to retain a broad historical trend in order to put the 2014 results in context.

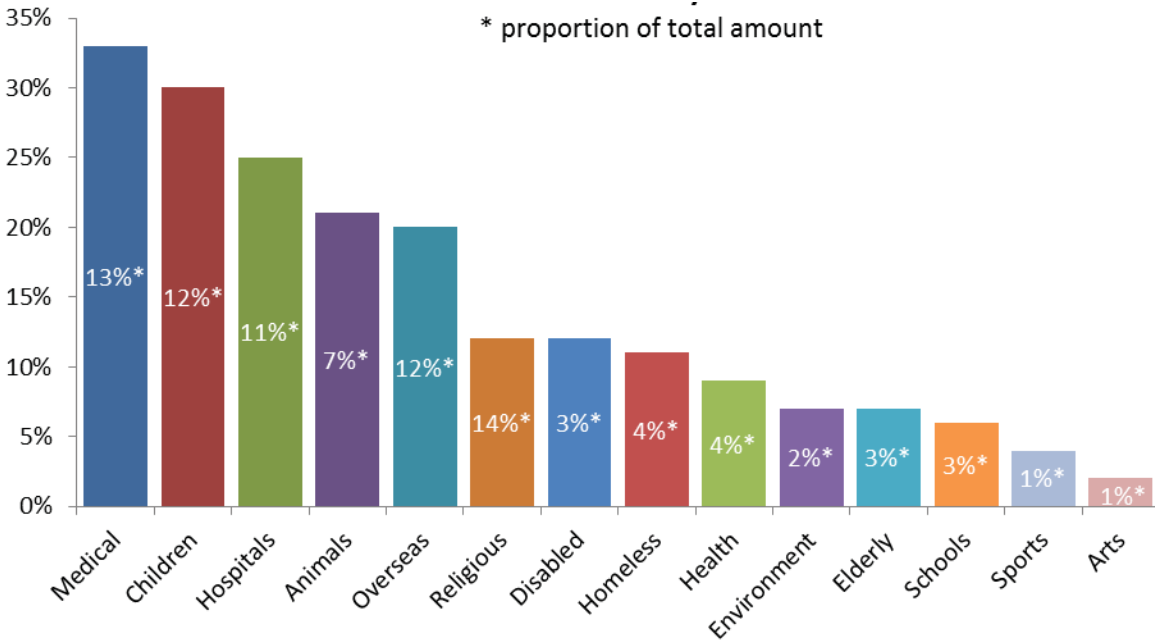
The *UK Giving* analysis provides the following picture for individual giving in the UK for 2014:

¹⁵⁴ Conversion rate GBP to EUR 2014 : £1.00 GBP = € 1.31

- Eight out of ten people (79 %) participated in at least one charitable giving or social action activity in the 12 months prior to interview, with over half (57 %) having done so in the last month.
- In terms of giving money to charity (either directly or through sponsorship of an individual), 70 % report doing so in the 12 months prior to interview, and 44 % in a typical month.
- As identified previously by *UK Giving*, those most likely to give money are female, older and in higher socio-economic strata.
- The typical monthly amount given by a donor in 2014 was £14 (€ 18.30).
- This level is similar to the typical gift recorded over the ten years of *UK Giving*, when it ranged from £10 (€ 13.31) to £15 (€ 19.65)
- As has been the case for the entire lifetime of *UK Giving*, ‘medical research’ is the cause supported by the largest proportion of donors (33 % in 2014), followed by ‘children and young people’ (30 %) and ‘hospitals and hospices’ (25 %)

However, ‘religious causes’ achieve the largest share of donations in terms of total monetary value (14 %), as the typical donation of £20 (€ 26.62) is much higher than the overall average.

Figure 24.1 Proportion of donors giving to different causes and proportion of the total amount donated by cause



Source: Charities Aid Foundation 2015

Finally, in the Giving Trends Top 300 Foundation Grant-Makers 2015 Report, Pharoah et al. (2015) mention a breakdown of private charitable giving. The amount donated by individuals and major donors is estimated at £12.5 billion (€ 16.38 billion). In terms of the differences from other sources, this report includes big donations from major funders to universities, which are not included in charity accounts (because universities are not required to report to the Charity Commission).

Descriptive statistics on giving by bequest

Also based on sample data for the financial year 2009-10 and for some 7 000 English and Welsh charities with incomes greater than £500 000 (€ 580 000), Mohan briefly explores the distribution of legacy income in more detail. Since making a bequest requires a conscious decision embodied in a will, it also implies that individuals have made a considered assessment of their charitable priorities. Therefore, analyses of the distribution of legacy income, and also the way in which the distribution differs from that of other forms of charitable income, offers some important insights into the impact of charitable giving.

On average, some £2 billion (€ 2.62 billion) per annum is received by English and Welsh charities in the form of legacies. Various organisations (English universities, various national museums and galleries) which do not appear on the register of charities are estimated to receive perhaps a further £200 million (€ 262 million) from legacies. If we were to extrapolate these amounts for the entire UK population (including Scotland and Northern Ireland), we could add another 10 %. The relative amount, mentioned in the Civil Society Almanac, is fairly stable, and does not defer much from the estimated amount by Legacy Foresight. This consultancy organisation monitors and estimates total legacy giving and puts the total amount of giving by bequest in 2014 at £2.2 billion (€ 2.88 billion) (Pharoah et al., 2015). By way of comparison, Inland Revenue statistics on the total value of estates at death suggest that in any given year, individuals leave in excess of £50 billion (€ 65.5 billion). Thus, charitable legacies to charities in any given year equate to approximately 4 % of the total value of estates. This proportion is considerably higher than estimates of the proportion of household income given to charity, which typically equates to around 0.5 %. However, as far as can be judged from previous estimates of income from legacies, this proportion has not varied a great deal over time.

There is considerable variation between charities regarding the likelihood of receiving legacy income: animal protection (83 %), nursing homes, hospitals and rehabilitation (both 70 %), and medical research (58 %) are frequently mentioned in a will. Conversely, fewer than 10 % of charities in the fields of law and legal services, economic, social and community development, and employment and training, received legacies.

Approximately half of all legacy incomes received by English and Welsh charities accrues to three categories of charity: medical research, a broad social services category and animal protection. This – particularly the latter – may well accord with popular perceptions of the destination of charitable funds. Eight-figure bequests to donkey sanctuaries have certainly received media coverage, but such bequests are rare. Other fields of activity receiving more than 5 % of the total were nursing homes, hospitals and rehabilitation, religious organisations, and emergency and relief charities, followed by international development (4.7 %).

While five out of six charities in the field of animal protection receive legacies, this is not a large field of charitable activity (with the exception of a small number of very large organisations), so this equates to around 200 charities. In addition, we should also consider the relative size of the legacy income received by these organisations, as well as the distribution within each subsector. A small number of animal protection charities – examples might be the Royal Society for the Prevention of Cruelty to Animals, the People's Dispensary for Sick Animals, the Royal Society for the Protection of Birds – dominate the legacy market, regularly receiving in excess of £10 million (€ 13.31 million) per

annum in this way. While a high proportion of animal welfare charities receive legacies, most are small nature reserves or wildlife trusts.

Giving by corporations

Data on giving by corporations can be derived from the corporate giving by the FTSE 100 companies report of the Charities Aid Foundation and/or the Civil Society Almanac of the NCVO. The first estimates corporate giving by the FTSE 100 companies at £ 2.1 billion (€ 2.75 billion), the second estimates UK corporate giving at £ 700 million (€ 917 million).

One possible explanation for this large difference is that a set of large national cultural institutions - e.g. the major museums and galleries in London - are technically non-departmental public bodies. These organisations, as with universities (see individual giving) do not report to the Charity Commission. However, they do get a lot of corporate and major donor support. Second, the difference is because the NCVO figure is only based on financial figures, not estimates of in-kind support. It is drawn from charity accounts and so refers to funds received by charities. There is also an overlap with the FTSE 100 figure because some of that giving takes place through company foundations – e.g. the Wellcome or Leverhulme Trusts (academic research) or the Lloyds Bank foundation (a grantmaking trust, usually supporting small organisations).

What is included as giving by corporations in the CAF report? The CAF report on corporate giving describes the donations made by corporations and private companies towards charitable causes. This can be in the form of a cash or in-kind gift to a charity or community organisation. As such, corporate giving has been defined as the total contribution by a company as calculated by the LBG model – one of the most commonly used methods by corporations. This includes cash and in-kind donations in addition to the value of work hours donated through employee volunteering schemes and any management costs incurred in implementing community investment initiatives. The sum of these donations constitutes the total donation figure, and includes donations made both in the UK and overseas.

The figures used in the CAF report paper are those reported by FTSE 100 companies in their Annual Reports and/or Corporate Responsibility reports from 2009 to 2014. The companies used for this report are those that were constituents of the FTSE 100 as of 15 December 2015. For the sake of continuity, the list has remained unchanged and companies listed on this date have been included regardless of when they joined the FTSE 100.

There are 16 companies in this report that were not in the first report we produced on corporate giving by the FTSE 100 in 2014. These companies have all joined the FTSE 100 since December 2013, when the list for the previous report was taken. Throughout the report, the year refers to the accounting year ending, i.e. 2014 refers to the accounting year 2013/14.

The donation figure produced in accordance with the LBG model has been used where supplied, otherwise the total 'charitable donations' or an equivalent figure has been used. For the majority of companies, this donation figure is not supplied with any further information in the annual reports and/or corporate responsibility reports.

Since a change in legislation in 2013, a total of thirteen FTSE 100 companies have chosen not to specify their corporate donations for one or both financial years. As such, their contributions, if they made any, could not be included in this year's report. These thirteen companies collectively donated £17.2 million (or 0.7 % of the £2.4 billion total) to charitable causes in 2012, the last financial year in which reporting corporate donations was mandatory (Charities Aid Foundation, 2016).

Giving by foundations

There is no distinct legal definition of a 'charitable foundation' in the UK (Pharoah and Zimmeck, 2015). Most frequently, 'foundation' or 'trust' is used to describe charities with private, independent and sustainable income that fulfil their purposes by funding or otherwise supporting individuals or other organisations. In that sense 'foundations' are identified as much by what they do, as by how they derive their funding. This gives rise to great diversity. For example, the Association of Charitable Foundations (ACF) has over 300 members including many large independent foundations; local and community trusts; family trusts; corporate foundations; and broadcasting appeals. The core of the ACF's membership is drawn from grantmaking trusts, although increasing numbers are becoming involved in other types of foundation activity, especially research, policy and influencing work, as well as social investment. Although many foundations support the voluntary sector, foundations have never been restricted to funding charities.

So, for example, foundations fund and support universities, research, education and individuals. They can also support public and private sector bodies to deliver a foundation's charitable goals. The key aim for trustees has always been to find the best way to deliver their charitable purposes.

Together, these organisations accounted for £ 2.5 billion (€ 3.3 billion) in 2014 (Pharoah et al., 2015). However, it should be noted that this amount does not cover all the funding flowing through foundations, some of which is derived from governments and members, but only on the philanthropic element.

So, instead it focuses on large, independent, charitable foundations, i.e. those that:

- Derive their income from private, philanthropic sources either as ongoing income or in the form of gifts that are invested as endowments;
- devote 50% or more of their charitable spending to making grants;
- are principally grantmaking, and do not provide direct services;
- fall within the top 300 by the value of their annual grants.

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 scrutinizing 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 300), as defined by the value of grantmaking. The Wellcome Trust accounts for one-fifth of the top 300 foundations' grantmaking by value, and the five largest trusts together account for more than two-fifths (Pharoah, 2011; Pharoah and Zimmeck, 2015).

Giving by charity lotteries

Lotteries have long been used to generate funds while providing players with a chance of winning a prize. The most significant of these is the UK National Lottery, launched in 1994, with 28 % of the purchase price of lottery tickets going to 'good causes' – the scheme has so far raised £34 billion, supporting almost half a million projects.¹⁵⁵

The distribution of money to good causes is the responsibility of 12 independent bodies appointed by the UK government. In 2013/14 £1.6 billion^[2] was made available for distribution to good causes and was allocated to the different distributing bodies according to a formula set by the Department for Culture, Media, and Sport – 40 % for health, education, environment, and charitable causes, and 20 % for each of arts, sports and heritage (NCVO, 2016).

However, although the lottery is operated by a limited corporation (the Camelot Group), it is heavily regulated, and the aims of its donations are almost unanimously decided by government-controlled organisations. Therefore, although a major source of income for many charitable organisations in the UK, we will not include the national lottery in the total amount of giving.

¹⁵⁵ Information on the total value of lottery funding for good causes and the number of projects funded is from <http://www.lotterygoodcauses.org.uk/good-causes>

Conclusion

Based on the information as presented, we may conclude that data on philanthropic giving in the United Kingdom are available to some extent, but lacks standardized methods of data collection. This makes it difficult to compare different sets of data. Also, data collection is being conducted from the perspective of the income sources of charitable organisations, and not necessarily from the perspective of donors. This might result in errors when adding the figures to a total amount on the one hand, while missing donations made to organisations that are not part of the sample. The information below must thus be considered as an indication of the UK philanthropy sector, and nothing more. That being said, it is also worth making the point that the estimations are based on a sample of charity accounts covering over 90 % of the economic weight of the sector, measured in terms of income and expenditure (regarding giving by individuals in England and Wales), and are even more comprehensive for the other reports regarding giving by individuals. Underestimations are more likely for giving by corporations and foundations, but following the pareto principle we feel confident that the amounts presented represent the biggest share of charitable sources in the United Kingdom.

Table 24.2 Sources of contributions in millions

Sources of contribution	million EUR	percentage
Individuals		
In vivo(2010 & 2014)	13 880 – 16 380	65 %
Bequests (2014)	2 880	11 %
Corporations (2014)	917 – 2 750	11 %
Charity lotteries	n/a	n/a
Foundations (2014)	3 300	13 %
Total	25 310	100 %

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A stylized map of Europe in white with a drop shadow, set against a blue background. The map shows the outlines of the continents and major islands.

About Giving in Europe

Philanthropy is not an American, but a European invention. 'Giving in Europe' shows: European philanthropy takes itself seriously.

This study is an initial attempt by members of the European Research Network On Philanthropy (ERNOP) to map philanthropy in Europe and presents a first overall estimation of the European philanthropic sector. Containing an overview of what we know about research on the philanthropy sector, it provides data and an assessment of the data on giving by households, bequests, foundations, corporations and charity lotteries in 20 European countries.

Despite the promising signs of an emerging philanthropy sector in Europe, it is still a phenomenon and a sector that is not very well understood. As a matter of fact, besides the anecdotal glimpses from national researchers and the great work that has been carried out on the subdomains of philanthropy, we know little about its actual scope, size and forms in Europe. For a better discussion and assessment of the (potential) role that philanthropy can play in solving societal problems, we need a clear picture of the size and scope of philanthropy. What amounts are donated by households, through bequests, corporations, foundations and charity lotteries, and to what goals? To what extent can we draw a picture of the philanthropy sector in Europe, what is the quality of the data involved?

In answering these questions, this publication aims to stimulate researchers, policy makers and philanthropy professionals in fostering research on philanthropy and to inspire to exchange knowledge and information. For more information visit www.ernop.eu.