

UK Giving 2009

An overview of charitable giving in the UK, 2008/09



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Charitable giving is a critical source of support for organisations, from the largest charities to the smallest community groups. Causes, ranging from cancer research to the arts, depend on charitable giving. So, at a time of economic uncertainty for many charities and voluntary organisations, what do we know about the state of charitable giving in the UK?

How many people give to charity? How much do they give? What causes do they support? These, and other questions, are answered in *UK Giving 2009*, the most up-to-date and reliable source of trends and statistics on charitable giving in the UK. Now in its fifth year, *UK Giving* is based upon survey research that uniquely enables direct comparison with earlier years, making it possible to show reliable trends. This year, *UK Giving* is complemented by briefings on a range of related issues, and these can be found online¹.

¹ www.ncvo-vol.org.uk/research/giving
www.cafonline.org/ukgiving

Key findings

- **Charitable giving matters**

Over half of all adults in the UK donated to charitable causes in 2008/09. The total amount given by individuals stands at £9.9 billion; a significant proportion of the UK economy and vital to the work of charities operating in areas from overseas aid to debt counselling.

- **The recession has hit giving**

The economic downturn has coincided with an 11% decrease in the total amount given in the UK. The proportion of people giving and the average donation have declined to 2006/07 levels. This is a significant reduction in real-terms when compared with 2007/08.

- **There are fewer large donations**

Part of the decline in charitable giving can be attributed to fewer large donations being made in 2008/09. A noticeable fall in average donations by higher-income earners and those in professional occupations has accounted for some of this decline.

- **Donors are giving to the same causes**

It appears that the recession has not affected the types of causes that people support. Medical research continues to be the most popular cause in terms of the number of supporters. Religious charities take the largest share of the total amount given.

- **Regular giving is increasing**

The methods by which people choose to donate to charity have remained relatively stable. Most people give cash donations, although larger amounts tend to be given via direct debit. The use of regular giving methods is increasing, which may provide more stable and predictable levels of support to charities able to capitalise on this.

- **Gift Aid usage has levelled off**

The uptake of Gift Aid for small donations remains poor, while overall usage of Gift Aid is relatively static. Given the shortfall in donations in 2008/09, it is increasingly important that Gift Aid is made use of wherever possible.

Background to the survey

UK Giving 2009 reports on charitable giving over the period that began as the 'credit crunch' and then turned into a recession. The results presented in *UK Giving* are based on survey data gathered by the Office for National Statistics in three waves between April 2008 and March 2009². There has been considerable concern that charitable giving will fall. An economic downturn is likely to affect individuals' perceptions of wealth whilst some evidence suggests that donation levels and participation rates are affected by reduced income levels and rising unemployment. In contrast, evidence from previous recessions and from overseas suggests that whilst charitable giving may decline with the wider economy, such a decline is likely to be short-term and moderate³.

The recession has led to a fall in the proportion of people who give...

The majority of adults in the UK gave to charity in 2008/09: 54% donated in a typical month, equivalent to 26.9 million adults. The proportion of adults giving is two percentage points lower than in 2007/08. The recession has effectively driven the participation rate back to 2006/07 levels. In real terms, this decline in participation equates to 774,000 fewer donors in a typical month.

Individual giving in the UK 2006/07 – 2008/09

	2006/07	2007/08	2008/09
Proportion of adults giving (%)	54	56	54
Total number of donors (millions)	26.8	27.7	26.9
Estimated total annual amount donated, inflation adjusted (£billion)	10.3	11.2	9.9
Mean amount per donor	£29	£33	£31
Median amount per donor	£10	£11	£10

Source: CAF/NCVO

...whilst the 'average' amount given has also fallen

The average, or mean, donation amount was £31 per donor in 2008/09, a decrease from 2007/08 of £2. However, the mean may not be the most helpful indicator of the typical gift, as a small number of very large donations have a big impact on average values. As a result, changes in the mean gift are driven by a small number of donors. The median monthly donation – arguably a better indicator – has remained relatively

² In the survey respondents are asked whether they have donated in the past four weeks. The survey is run as part of the Opinions Omnibus survey and data is collected in June, October and February. Results are combined to estimate giving in an average month. Results are based upon a sample of 3,316 people, representative of the UK population aged 16 years and over.

³ A review of the evidence on the impact of the recession on the voluntary sector can be found at [www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Research/Background_paper_for_recession_summit\(1\).pdf](http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Research/Background_paper_for_recession_summit(1).pdf)

stable over the past three years and stood at £10 per month in 2008/09. Nevertheless, the recession is likely to prompt donors to reassess their giving; a recent survey of online donors suggested that 8% of respondents were considering making significant reductions in their level of giving⁴.

Fewer large gifts are driving the fall in average monthly donations

A small drop in the mean monthly donation, but no change to the median amount, suggests that much of the fall in giving is due to a reduction in the size of larger donations. Overall it seems that people are still trying to give what they can, but that they are able to afford less than in the previous year. Recent research into the giving habits of high net worth individuals may substantiate this; while the majority of wealthy donors planned to either maintain or increase their level of giving, almost a third were planning to decrease their charitable expenditure⁵.

This combination of factors means the total amount given has fallen

The estimated total annual amount donated stands at £9.9 billion, an 11.4% reduction in real-terms from 2007/08. This is a substantial reduction in absolute terms: over £700 million less than in 2007/08. It is important to note that our estimate for 2007/08 was unexpectedly high: in effect, our findings indicate that after adjusting for inflation the UK public are giving the same amount as they did in 2006/07.

Are other countries experiencing a similar decline?

We don't yet know; comparison with other countries is limited by different methodologies and limited data. We do know that – like in the UK – in the period leading up to the economic downturn many countries experienced a steady rise in individual giving⁶. Less is known about trends since the downturn, but a recent study in the United States is helpful: individual giving was found to have declined by 6.3% in real terms between 2007 and 2008⁷. US research also suggests that donors with lower incomes may stop giving when their financial situation worsens, while higher income earners are more likely to reduce the amount they give rather than to stop giving altogether⁸.

⁴ 'Donor attitudes to giving in the credit crunch: the second monthly monitor' Just Giving, March 2009

⁵ 'Tomorrow's philanthropist' Barclays Wealth, July 2009

⁶ 'The impact of recession on charitable giving in the UK' NCVO/CAF publication, in press

⁷ 'Giving USA 2009: the annual report on philanthropy for the year 2008' Giving USA Foundation, 2009

⁸ 'Weathering an uncertain economy – what effect will the U.S. economy have on charitable giving as nonprofits gear up for the year-end giving season and 2009?' The Centre on Philanthropy at Indiana University, 2008

Higher-level donors matter the most...

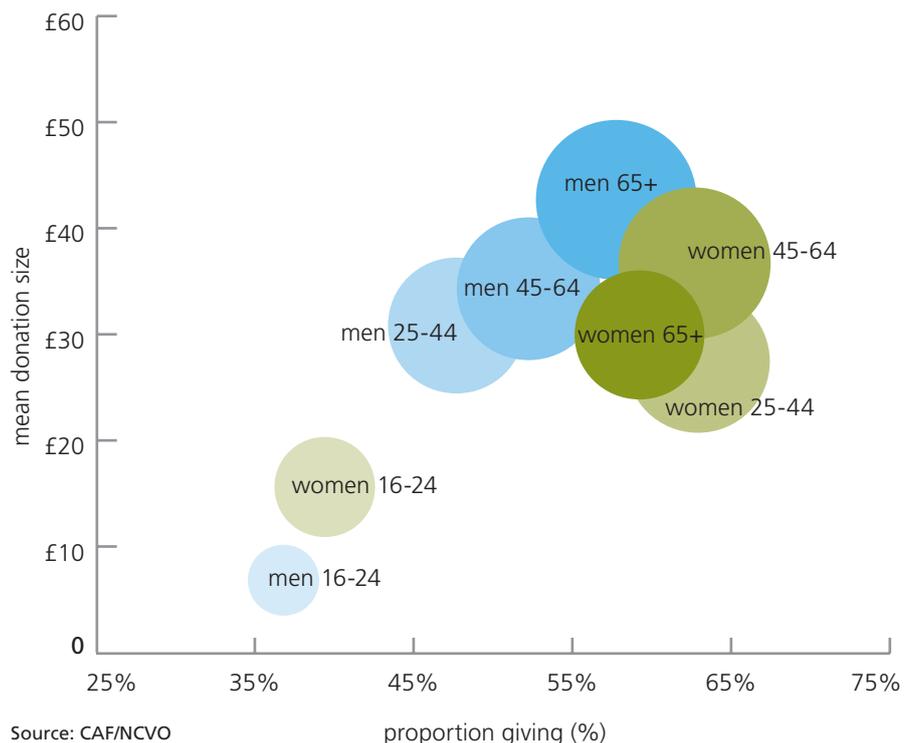
A small number of donors continue to generate a large proportion of the total amount donated, a pattern evident since the survey began in 2004. In 2008/09, 2 million people (7% of donors) gave more than £100 per month, but these donors generated almost half (49%) of the total amount given to charity. The work of many charities is clearly reliant on these higher-level donors.

Conversely, most donors gave much smaller amounts: 11.3 million people (42% of donors) gave under £10 in a typical month. Whilst this is a significant number of donors, these donations comprise only 5% of the total amount given.

...more women are donors ...but men give larger amounts

Overall in 2008/09, 58% of women gave to charity compared to 49% of men. Within all age groups women were more likely to donate than men. On average, men tend to give larger amounts than women (mean amount given: £32 compared to £30 per month, respectively), but, as the chart below illustrates, this trend does not hold for each age group. For example, in the youngest age group women donate on average twice as much as men, with the mean amount given £16 for women compared to £7 for men.

Average donation size (£), by demographic group, 2008/09



Older people are more likely to be donors

Our evidence suggests that the likelihood of giving increases with age. In 2008/09, the biggest increase in the proportion of people giving was in the over-65 age group, up by four percentage points to 58%. This age group now has the highest proportion of people donating. This is much higher than the youngest age group, where 38% of people donate to charity.

Proportion giving to charity by age group, 2006/07 – 2008/09

	2006/07	2007/08	2008/09
16 – 24	41%	40%	38%
25 – 44	56%	54%	55%
45 – 64	59%	62%	57%
65+	52%	54%	58%

Source: CAF/NCVO

We have already highlighted the importance of higher-level donations that constitute a disproportionate amount of total giving. Our evidence suggests that those aged 65 and over are most likely to be higher-level donors (10%), followed by 45-64 year olds (9%), 25-44 year olds (7%) and 16-24 years olds (2%).

Giving by professionals has declined

There has been a decline in the proportion of people giving who are employed in managerial and professional occupations, down by 2% since 2007/08. This is coupled with a significant decrease in the median monthly donation for this group. Donations from managers and professionals account for a significant amount of the total given (61%), so any decrease in giving by this group will impact disproportionately. There has also been a 4% decline in the proportion of donors in routine and manual positions. Conversely, there has been a 5% increase in donors from intermediate occupations⁹ over the same time period.

Low-income earners are still giving to charity

Analysis of donors' income by quartiles¹⁰ highlights the relationship between income and charitable giving. Note that those in the top quartile earn £26,000 or more, and therefore we are not able to look at giving by high net worth individuals. Over half of the individuals in each income band donate to charity, but there is a clear trend that as income rises the

⁹ 'Intermediate' occupations include administrative, clerical, technical and sales roles.

¹⁰ The lower quartile includes income under £7,279; second quartile £7,280 to £13,519; third quartile £13,520 to £25,999; upper quartile £26,000 and over.

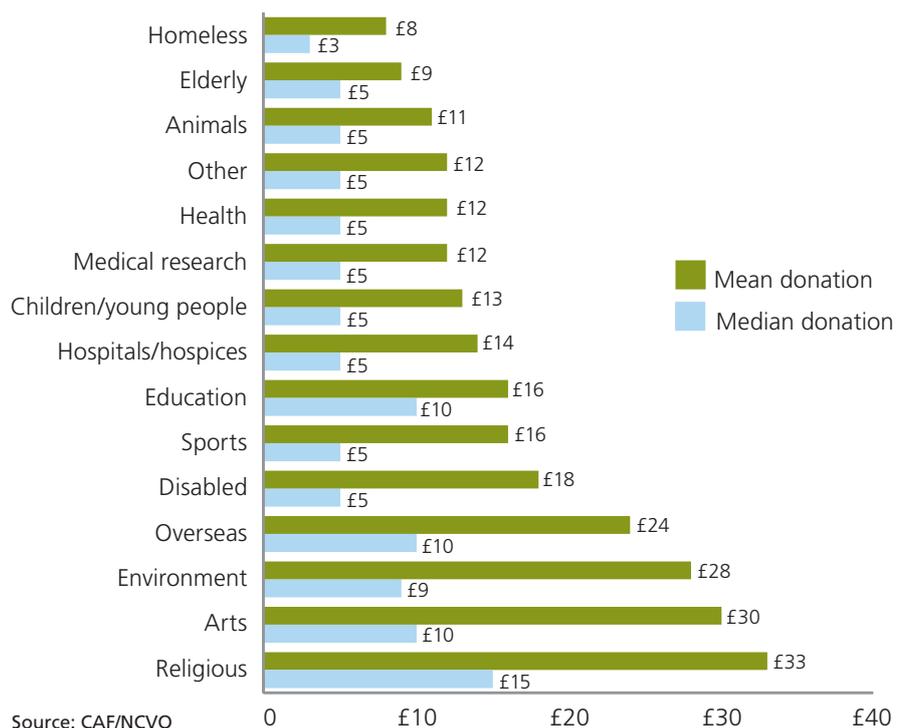
likelihood of giving also tends to increase: 52% in the lowest income band gave to charity compared with 62% in the top income band. The proportion of donors in the bottom half of the income distribution has remained steady, while in the top half the number of donors has declined. For the top income band there has been a 6% fall in the proportion giving, down to 62%, reflecting the decline in giving among managers and professionals.

Despite this fall, donors on higher incomes still give larger amounts on average. The mean amount per donor in the top income band was £43 in 2008/09, compared with £21 in the lowest income band. For the top three income bands, there has been a fall in the mean amount given since the previous year, which is indicative of fewer large donations being made. In the top income band the proportion of higher-level donors (those donating over £100 in a month) has decreased by four percentage points since 2007/08, down to 11%.

The recession has not changed the causes that donors choose to support

The top three causes donors support are medical research (20%), hospitals and hospices (15%) and children and young people (14%). The proportion giving to these causes has remained relatively stable over the past few years, suggesting that the recession has had little or no impact on the popularity of these causes.

Mean and median monthly donations, by cause, 2008/09



The number of people supporting a cause does not necessarily equate to the level of financial support received; in other words, some causes are more effective at turning popular support into hard cash. There is a wide range in the average gift size given and some causes are more likely to attract high-level donations (see chart opposite). Religious causes take the greatest share of donations, accounting for 15% of the total amount. Medical research, hospitals and hospices, overseas and children and young people also account for a large share of the total. Together these five causes account for almost two-thirds (64%) of the total amount donated.

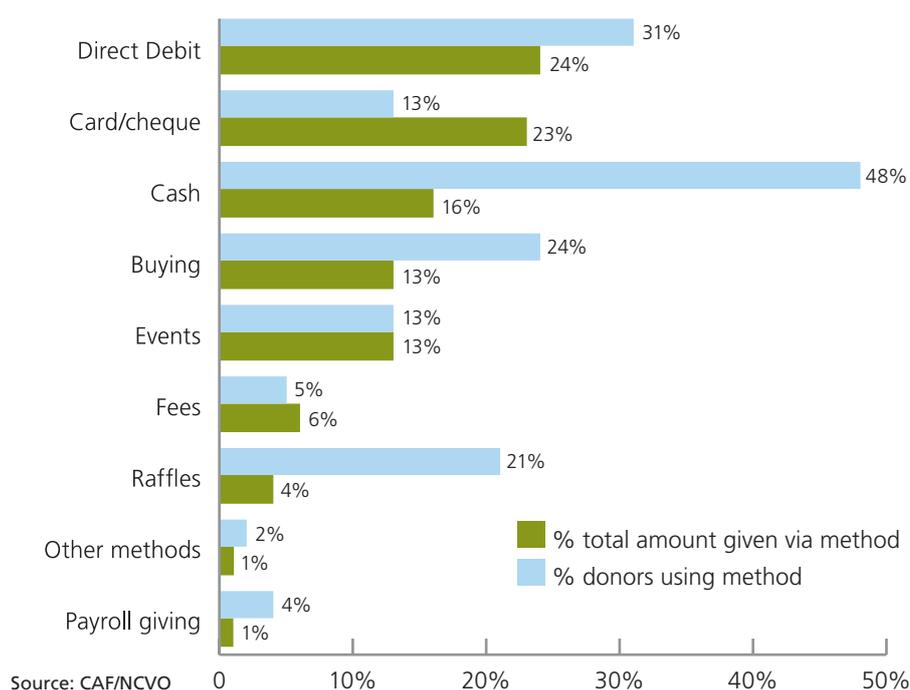
Cash is the most common way to give...

Cash remains the most common way of giving to charity, with 48% of donors using this method (see chart below). Direct debit also remains popular and is used by almost a third (31%) of donors, followed by buying of goods (24%) and raffles (21%). The relative popularity of different methods has changed little over the past three years.

...but larger donations are made through direct debit

Whilst cash is the most popular method of giving, direct debits account for the largest share (24%) of the total amount donated. Direct debits are typically used for larger gifts, with an average donation of £24 compared to £10 for cash donations. In terms of the total amount donated, the biggest change proportionally has been in cash donations (up by three percentage points) and the use of card or cheque (down by six percentage points).

Donor population and total amount given by method 2008/09 %



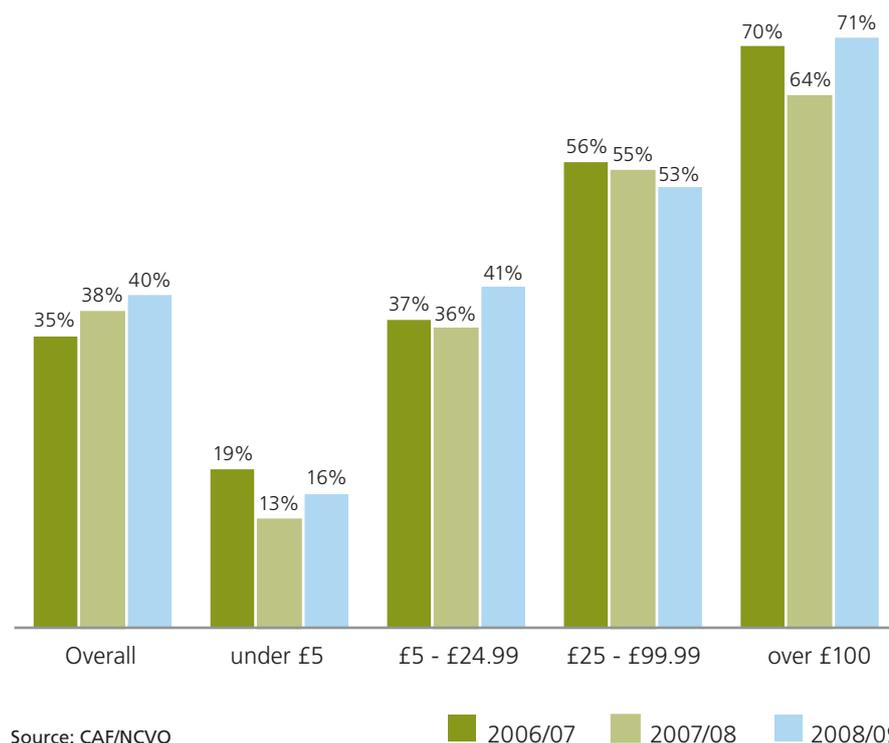
The rise of regular giving

Regular methods of giving (for example direct debit or payroll giving) have increased in popularity; with 37% of donors giving by a regular method in 2008/09, up from 34% in 2006/07. Regular giving is also gradually taking a larger share of the total amount given over the same period, up by two percentage points to 31%.

Gift Aid usage has plateaued

Usage of Gift Aid has increased slightly since 2007/08, with 40% of donors using Gift Aid in 2008/09. People who donate larger amounts are more likely to use Gift Aid: 71% of higher-level donations (over £100) attracted Gift Aid compared to 16% of small donations (under £5).

Proportion of donors using Gift Aid on a donation in an average month by size of donation, 2006/07 – 2008/09



Implications for policy and practice

Gift Aid

CAF estimates that almost £750 million is lost to the sector in unclaimed Gift Aid. Maximising donor usage would compensate for the fall in overall donations of over £700 million.

- Government should work with the sector to raise awareness of Gift Aid among the public through creative widespread campaigns.
- Gift Aid should be reformed to ensure maximum participation by donors, possibly through conversion to an 'opt-out' system.

Encouraging higher earners to give more

Incentives exist within the tax system for higher earners to give; some donors can reclaim tax relief for themselves at 20% of their gross donation or redirect any tax refund to charity. Recent research by CAF revealed that 50% of higher-rate taxpayers were unaware of this tax incentive¹¹. When the unaware respondents were informed of the option, over half said they would be willing to give this personal relief to charity, but the current processes are a barrier to doing so.

Evidence from other countries, including the US, suggests that mechanisms such as 'lifetime legacies'¹² could appeal to an untapped group of donors who may have assets they would be willing to donate, but are concerned about their future financial needs.

- Priority must be given by Government to reform the Gift Aid system as it relates to higher rate tax payers to secure further funds for the sector.
- The Government should continue to work with the sector to explore the case for introducing additional tax-effective giving mechanisms, including lifetime legacies.

Promoting planned giving

Regular methods of giving have increased in popularity and account for a growing proportion of the total amount given. Levels of participation in payroll giving, however, are still low. Regular, planned giving enables charities to predict income and manage funds more strategically, encourages positive relationships between charities and donors, and is more easily made tax-effective.

- Government and the sector should explore ways to promote and enhance planned giving mechanisms.
- Government should work with companies, donors and charities to identify and address obstacles to taking up payroll giving.

¹¹ *The Public Bond with Tax Effective Giving in the UK – A survey of public awareness and usage of tax-effective giving methods* CAF, 2009

¹² A 'lifetime legacy' is a form of split-interest trust that allows donors to make an irrevocable gift to a charity during their lifetime of shares, property or cash, while retaining the benefit of the income or the use of the gift for the term of their life. The donor can make deductions against capital gains tax at the time of the gift and its value is not counted as part of their estate for the purposes of inheritance tax.

This year UK Giving is complemented by briefings on a range of related issues. These can be found online at www.cafonline.org/ukgiving and www.ncvo-vol.org.uk/research/giving

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