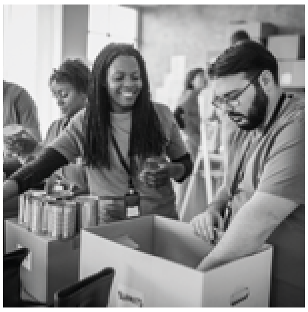
# SUPERCHARGING PHILANTHROPY

## How Government and Givers can Unleash a New Wave of Philanthropic Funding

**March 2025**


CSJ The Centre for Social Justice

CSJ The Centre for Social Justice FOUNDATION

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# About the CSJ and the CSJ Foundation

The Centre for Social Justice (CSJ) is an independent think-tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst multiple disadvantages and injustice every possible opportunity to reach their full potential.

The CSJ established the CSJ Foundation in December 2021 to support and magnify the fantastic work done by grassroots charities across the UK. Our mission is to put social justice at the heart of British philanthropy. Sitting in a unique position between frontline charities, philanthropists, and policymakers, the CSJ Foundation aims to revolutionise the way local grassroots charities are seen and funded.

We oversee an Alliance of more than 700 grassroots charities and social enterprises spread across the UK. These charities have been vetted by our team and represent the very best small, community-based charities. The insights we gain from these charities feed directly into the Centre for Social Justice's policy work, providing vital intelligence about the nature of poverty and social deprivation in the UK and providing some of the best solutions to deep rooted social problems.

We have a growing network of regional offices that are embedded in their local community. Working in a specific region, dedicated CSJ Foundation staff build strong relationships with the most effective poverty fighting charities and organisations. Through these offices, we make sure frontline voices are heard loud and clear in national discussions about poverty. We make the case for forgotten regions, showcasing their innovations and successes, not just highlighting their problems.

We also direct much-needed funding to frontline charities. Our deep understanding of small, grassroots charities and the communities that rely on them, which means we are able to provide practical and informed guidance to philanthropists seeking high impact giving. In our first three years, we have helped to direct over £14 million to frontline charities – through advising private donors and administering trusts and foundations. Each charity within the CSJ Alliance is reviewed and assessed by us to ensure their work is making a significant impact in tackling poverty. This means that a modest philanthropic investment will have a transformational impact on the lives of the poorest people in our society.

# Acknowledgments

This research and our six ‘Big Listen’ events were supported by a grant from the Charities Aid Foundation (CAF). We are hugely grateful to them for enabling this work.

We are also grateful to Tony Bury, Andrew and Belinda Scott, Nick Maughan, Turcan Connell, The Reed Foundation, The Witheren Foundation and others for their generous support of this project.

# Methodology

This report is drawn from conversations held at 'Big Listen' events convened by the CSJ in six cities, with over 220 attendees from across the country, between October and December 2024. The events were held in Liverpool, Leeds, Newcastle, Bath, Loughborough and Edinburgh. Each Big Listen gathered grant givers, trusts and foundations, philanthropists and experts in the philanthropy world. The individuals and organisations we spoke to across our 6 Big Listen events represent around £2 billion of combined annual philanthropic giving.

We are grateful to the organisations listed below who were represented at our Big Listens, in addition to a number of individual philanthropists and experts, who are not listed.

## Liverpool

- Action Tutoring
- AllChild
- AP Coaching
- Aret Foundation
- Brabners LLP
- Charities Aid Foundation
- Community Foundation for Lancashire
- Community Foundation for Merseyside
- Cumbria Youth Alliance
- Eric Wright Charitable Trust
- John Haynes Foundation
- John Moores Foundation
- LawWorks
- New Beginnings Foundation
- PH Holt Foundation
- Place Matters
- Power2
- Pro Bono Economics
- RCB Brewin Dolphin
- Right to Succeed
- Salford Community & Voluntary Services
- Sir John Fisher Foundation
- St Andrews Community Network
- Steve Morgan Foundation
- Stewardship
- The Fore
- The Oglesby Charitable Trust
- The Trusthouse Charitable Foundation
- Why Philanthropy Matters

## Leeds

- Better Connect
- Coalfields Regeneration
- CVS Alliance
- EY Foundation
- Greenfield Connection
- Keith Howard Foundation
- Leeds Building Society
- Leeds Community Foundation
- Lincolnshire Community Foundation
- Nova Wakefield District Limited
- Our Common Good
- Parag Support
- Prosper Wakefield
- The Rank Foundation
- South Yorkshire CF
- Sovereign Healthcare
- Theatre Royal Wakefield
- Two Ridings Community Foundation
- University of Bradford
- Womble Bond Dickinson
- The Woodsmith Foundation
- Yorkshire Building Society
- The Philanthropy Office North

## Loughborough

- Action Tutoring
- Business Innovation - Community Enterprise Engine
- Charities Aid Foundation
- Charity-Link
- Children in Need
- East Midlands Funders
- Foundation Derbyshire
- Hanley Trust
- Heart of England Community Foundation
- Himmah
- Leicester City Council
- Leicestershire and Rutland Community Foundation
- Leicestershire County Council
- Locality
- Love4Life
- Randal Charitable Foundation
- Richard Mackay Charitable Trust
- The Samworth Foundation
- Shama Women's Centre
- The Jabbs Foundation
- The Phoenix Way
- The Severn Trent Water Charitable Trust Fund
- Voluntary Action LeicesterShire
- Zinthiya Trust

## Edinburgh

- Association of Charitable Foundations
- Bank of Scotland Foundation
- Church of Scotland Seeds for Growth Fund
- Edinburgh Futures Fund
- Edinburgh Tattoo
- Environmental Funders Network
- Foundation Scotland
- The Fyrish Foundation
- Green Spaces Scotland
- Karen Napier Trust
- Northwood Trust
- People's Postcode Lottery
- Scottish Enterprise
- Scottish Schools Pipes and Drums Trust
- Social Investment Scotland
- The Blackford Trust
- The Corra Foundation
- The Murray Sharp Foundation
- The Rank Foundation
- The Rocco Charitable Trust
- The Stafford Trust

## Newcastle

- Achieve Good
- Action Homeless Leicestershire
- Back On the Map
- Badur Foundation
- BBC Children in Need
- Charities Aid Foundation
- Citizens Advice Gateshead
- Connected Voice
- Fundify
- How Might We Community
- Muckle LLP
- National Lottery Community Fund
- North East Combined Authority
- Northern Powergrid Foundation
- Northstar Venture Capital
- Point North
- RBC Brewin Dolphin
- Sir James Knott Trust
- The Auckland Project
- The Ballinger Charitable Trust
- The Community Foundation in Tyne & Wear and Northumberland
- The Greggs Foundation
- The Kings Trust
- The Recruitment Junction
- The Roseline Foundation
- The Shears Foundation
- VODA
- Voluntary Organisations' Network North East
- William Leech Charity
- William Leech Research Fund
- Womble Bond Dickinson
- Young Women's Outreach Project

## Bath

- 3SG
- Association of Charitable Foundations
- Achieve Good
- Avon Mutual
- Bath and North East Somerset Council
- Bath City Council
- Bath City FC Foundation
- Bath Festival
- Bath Rugby Foundation
- Bath Women's Fund
- BBC Children in Need
- BBRC
- The Beacon Collaborative
- Better Society Capital
- Bristol & Bath Regional Capital
- Bristol Refugee Rights
- Charities Aid Foundation
- The Charity Commission for England and Wales
- Common Capital
- Department for Digital, Culture, Media and Sport
- Good Faith Partnership
- Kineara
- Prior Park School
- Quartet Community Foundation
- Ralph Allen School and Palladian Academy Trust
- The Roper Family Charitable Trust
- Rotary Club of Bath
- St Monica Trust
- St. John's Foundation
- Stone King
- Support And Mentoring Enabling Entrepreneurship
- The Human Edge
- The Medlock Charitable Trust
- The Music Works
- The National Lottery Community Fund
- The Nisbet Trust
- The Trusthouse Charitable Foundation
- University of Bath
- Wessex Water
- West of England Combined Authority
- Woman Kind Bristol

## Big Listen Locations


We are grateful to Liam Eagleston, Josh MacAlister OBE MP, Lia Nici, Paul Donovan, Dr Nik Kotecha OBE, Rt Hon Baroness Nicky Morgan of Cotes, Jonathan Ruffer DL, Jane Ruffer, Rt Hon Darren Jones MP, Mark Roper, David Sanderson and Alex Cole-Hamilton MSP for speaking at our Big Listens. Each speaker brought their own ideas and perspectives on philanthropy, highlighting innovative approaches and best practice.

Finally, we are grateful to Rory Brooks CBE, Philanthropist; Jessica Brown, Chair, Association of Charitable Foundations; and Cath Dovey CBE, Co-founder, The Beacon Collaborative who shared their expertise.

Please note that the views, findings and recommendations presented in this report are those of the CSJ alone and not necessarily those of any organisation or individual who has fed into or enabled our research.

# Foreword: "We stand ready to respond"

We stand ready to respond to the direction set by Government to unleash a new wave of philanthropic giving across the UK. Philanthropy has an important part to play in the next chapter of this country. Firstly, to put additional resource to shift the dial on key national missions and secondly to enable small and medium sized charities to get the support and stability they need to continue their work of community transformation. Philanthropy can do far more than the sum of its parts, taking risks and driving innovation in a way that taxpayers' money cannot.

The UK has a long history of innovation being driven by philanthropic giving – from the great philanthropists of the Victorian age through to the present day – a tradition we feel has even more significance in the 21st century.

We ask the Government to set the policy parameters to enable this new generation of giving. If the Government provides clear vision, leadership and certainty, we will respond with generosity, creativity and innovation. The Government should make good on its promise to 'recognise the enormous power of investment, philanthropy and purpose driven business.'[1] We ask them to make these commitments clear and to act on the recommendations of this report.

Philanthropy – and philanthropists – have a huge contribution to make to propel this nation forward. If Government build the solid banks of the river, we will work together to make the water flow.

Signed:

- Mark Adlestone OBE
- Keith and Tania Black
- Tony Bury
- Rory Brooks CBE
- Paul Donovan
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- John Roberts
- Stuart Roden
- Jonathan DL and Jane Ruffer
- Sir Brian Souter
- John Spiers
- Sir Peter Vardy DL
- Andy Wates

1 Rt Hon Lisa Nandy MP, Secretary of State for Culture, Media and Sport, writing in Impacting Investing Institute, *The UK Impact Investing Market*, 2024, p.6

# Executive Summary

This is the moment for Government to set a bold vision for philanthropic giving across the nation. This report is drawn from conversations with over 220 philanthropists, trusts and foundations, and grant givers from across the country, with the foundations alone representing a combined annual giving power of at least £1.6 billion. They were clear: philanthropists stand ready to give if the Government will set a clear vision of what can be achieved and the road map of how to get there.

Philanthropy contributes more than the sum of its parts. It can provide a launch pad for innovation, trailblaze new approaches and take risks in a way taxpayers' money cannot be used. Private giving can commit to longer spending cycles than which governments can shoulder and turbocharge some of the most impactful players in civil society – small charities – to reach left behind communities in a way no statutory service can. This country has drawn together public and private partnerships for some of its most successful ventures - whether that be OnSide Youth Zones to provide community owned youth services, Regional Employment Boards to get prisoners into work, or our groundbreaking academies programme that drove up education standards. Now is the time to identify the next wave of privately backed projects to solve some of the biggest social challenges of the nation.

> *The UK is second only to China for the highest number of millionaires leaving the country with 10,800 millionaires leaving in 2024, up 157 per cent from 2023.*[8]

Without clear leadership from Government about the power, purpose, and potential of philanthropy, charitable giving is in danger of tailing off. The statistics paint a worrying picture. Last year, the number of non-Government grants[2] fell to just over 31,000, down from nearly 100,000 in 2023.[3] Corporate giving from the FTSE100 has dropped leaving an estimated £164 million in lost charitable contributions.[4] Giving is artificially inflated by a very small group of dedicated High Net Worth Individuals (HNWI)[5] who contribute a disproportionately large share in aggregate terms, although only a third of the wealthiest 100 give more than 1 per cent of their wealth.[6] The UK's wealthiest collectively dropped their donations by £200 million last year.[7] The UK is second only to China for the highest number of millionaires leaving the country with 10,800 millionaires leaving in 2024, up 157 per cent from 2023.[8] At the same time many foundations and grant givers have paused giving or are spending down their endowments.[9]

2 CSJ analysis of 360Giving data only. This does not include charity Annual return data for 2024. Analysis covers only grants captured by 360Giving dataset and excludes Government grants. Grants of £0 are included in totals, but not in regional breakdowns (and mainly consisted of crowdfunding efforts or PhD studentships). Negative grants were removed. Grants benefitting organisations or individuals that were clearly outside of the UK or issued in currencies other than GBP were excluded although undetermined beneficiary locations were included.

3 CSJ analysis of non-zero GBP grants on 360Giving data. See note above for methodology.

4 CAF, *Corporate Giving Report 2024: The FTSE 100 and Beyond,* September 2024

5 Defined as an individual with liquid assets of at least $1 million.

6 The Sunday Times, *The Sunday Times Giving List*, 2023

7 The Sunday Times, *The Sunday Times Giving List*, 2023

8 Henley and Partners, *The Henley Private Wealth Migration Dashboard*. Accessed via: www.henleyglobal.com/publications/henley-private-wealth-migration-dashboard/top-10-country-outflows

9 Jo Jeffrey, *The List - Changes to Trust and Foundations in the UK*. Accessed via: docs.google.com/spreadsheets/d/1rjf-OU1NzBdOw_rNsDH0KLANpaWHuYtX3K-B46qZAkes/edit?usp=sharing

There is also clear regional inequality in giving. London receives £18.11 per capita in grants, with the next highest, the South West, coming in at about half of London at £9.34 per capita.[10] London receives over a tenth (11.5 per cent) of non-Government grants across the country,[11] showing that while private giving may redistribute wealth within regions it fails to do this effectively across the country. If London is removed from the national picture philanthropic grant funding per capita falls by almost a third.

> *London receives over a tenth of non-Government grants across the country* [11]

The COVID-19 pandemic showed a clear appetite for Government led match funding. Through the Community Match Challenge, the Government pledged to match up to £85 million of funding to support the most vulnerable.[12] Givers responded on mass and the fund was more than oversubscribed.[13] It wasn't just big-name philanthropists who responded with generosity, the Government also match funded £37 million in public donations through the BBC's *Big Night In*.[14] Matched donations are, on average, 2.5 times higher than unmatched donations.[15] As one philanthropist told us, "When there is a match funding opportunity, I tend to give more…It's amazing to see how deep people dig when there is that opportunity."[16] This report calls on Government to increase its match-funding activity and we have identified £3.87 billion – a funding pot drawn from existing Government spend across this Parliament utilising unclaimed gift aid, dormant funds and dormant assets to provide the pot for this match funding.

> *"When there is a match funding opportunity, I tend to give more… It's amazing to see how deep people dig when there is that opportunity."*
>
> **Philanthropist, Big Listen Edinburgh**

Although small amounts should be set towards improving the data capacity of the sector and to support small charities to prove their impact, this report recommends that £3.27 billion of the pot be released into match funding initiatives. If the average of 1 to 2.5 is achieved, then match funding from a willing group of philanthropists could release an additional £8.22 billion of philanthropic funding into the UK.[17]

> *Match funding from a willing group of philanthropists could release an additional £8.22 billion of philanthropic funding into the UK.* [17]

There is money out there. To unleash it, the Government must articulate an exciting vision of what can be achieved, be clear it will be used to good effect, and create the conditions to find it. The Government should start with a National Strategy but not one that just stays with theory and principles, but an ambitious direction that sets numerical targets for giving and galvanises philanthropists to back projects that support the five national missions. It should follow this by appointing National and Regional Champions as well as setting Civil Servants at the heart of every department who are tasked with going out and finding philanthropic partners.

10 CSJ analysis of 360Giving data. Excludes Government grants.

11 CSJ analysis of 360Giving data. Excludes Government grants.

12 UK Parliament, Hansard, *Community Match Challenge, Commons, Written Statements*, 20 July 2020

13 National Audit Office, Department for Digital, Culture, Media and Sport, *Investigation into Government Funding to Charities During the COVID-19 Pandemic*, March 2021, p.22

14 National Audit Office, Department for Digital, Culture, Media and Sport, *Investigation into Government Funding to Charities During the COVID-19 Pandemic*, March 2021, p.22

15 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK and Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.3

16 Funder, Big Listen Edinburgh

17 See methodology on page 29.

> *"We need all the functions of the state to ask, 'What could I do with philanthropic partnerships?'"*
>
> **Rt Hon Darren Jones MP, Chief Secretary to the Treasury**

The country needs a 'think philanthropy' approach to government projects. Funding submissions to HM Treasury should be required to show evidence of seeking philanthropic partners for suitable projects, seeing this model as the norm not the exception. This report responds to the charge from Rt Hon Darren Jones MP, Chief Secretary to the Treasury, speaking at our 'Big Listen' event in Bath: "We need all the functions of the state to ask, 'What could I do with philanthropic partnerships?'"

The mechanisms of giving need to be smoothed out, whether that be through simplifying Gift Aid, boosting legacy and payroll giving, or releasing the full potential of charity lotteries. The Charity Regulators across all four nations can also play a part in preventing duplication amongst small charities and should be resourced to fill in the gaps of data mapping the sector to enable givers to be better informed.

There is also a charge for grant givers to step up. Those distributing funds, be they trusts and foundations or individuals, should ensure their applications and reporting requirements are proportional to the money being given out. Grant givers should do more to collaborate with other funders, provide stability in their funding cycles and recognise the unique value and worth of small charities and community groups. This will enable charities receiving the funds to be more efficient, making philanthropic giving stretch even further.

This report lays out 39 recommendations on how the Government can get serious about supercharging philanthropy. Very few require funding, and where they do, they have been costed, and funding sources have been identified. The report also lays out principals for how grant givers can enable their giving to stretch further through good practice and collaboration.

If the Government is bold in setting clear ambition, direction and policy parameters, philanthropists up and down the country are poised ready to respond.

# The State of Philanthropy in the UK

Much of modern Britain has been built on the backs of philanthropists.

Our proud history of philanthropy can be traced back as far as 597 A.D., with the establishment of the UK's oldest surviving charity – The King's School, Canterbury – by Saint Augustine.[18] The 19th century saw the industrial revolution matched by a boom in philanthropy,[19] with many of the UK's now most renowned charitable institutions established by business-backed philanthropists. Philanthropists founded schools, hospitals, education programmes, entire towns, housing projects and healthcare initiatives. George Cadbury and Joseph Rowntree created decent homes for their workforce, [20] George Peabody set up The Peabody Donation Fund (now Peabody Group)[21] and personally donated over £7.3 million to causes on both sides of the Atlantic,[22] social legislation pioneer Lord Shaftesbury established The Ragged School Union (now the Shaftesbury Society), [23] and the Scottish born Andrew Carnegie emigrated to US setting the foundations for much of US philanthropy.[24] The UK is also home to the Bridge House Estates, a charitable trust that has existed continually since 1282.[25] Philanthropic giving in the 21st Century has built up many of the institutions and programmes that have become central to British life: from supporting our world leading universities, forging a new way of approaching education through the academies programme, and turbocharging the Government's response to the COVID-19 pandemic. As the Charity Commission Chair, Orlando Fraser KC, stated, "charity and charitable acts are woven… into the very fabric of our society."[26]

A cursory glance at giving trends in the UK paints an optimistic picture of philanthropic giving. Despite the drop in donations in 2020/21 (for the first time since 2001), charitable income and overall voluntary sector income has steadily risen since the turn of the millennium.[27] The majority of giving to the voluntary sector is covered by the public who, buoyed in particular by HNWIs, are estimated to cover around 48 per cent of voluntary sector income.[28] HNWI giving has risen from a median of £1,040 per giver in 2020 to £5,600 per giver in 2023, with HNWIs donating an estimated total of £7.76 billion to charitable causes during 2022. [29] In 2023/24, 67 per cent of adults (approximately 30.6 million adults in England) said they had

18 S.S. Bubb, *The History of British Charity,* Lecture, New College, Oxford, July 2017, p.5

19 R. Davies, *A Timeline of Modern British Philanthropy,* 2020. Accessed via: sofii.org/article/a-timeline-of-modern-british-philanthropy; Bubb, *The History of British Charity*, p.15

20 Joseph Rowntree Foundation, *Background and History.* Accessed via: www.jrf.org.uk/background-and-history; Bournville Village Trust, *The Bourneville Story,* 2010, p. 1. Accessed via: www.bvt.org.uk/wp-content/uploads/2011/03/The-Bournville-Story.pdf.

21 Shaftesbury Group, *FAQ: Who was Lord Shaftesbury.* Accessed via: www.shaftesburygroup.org/about-us/we-are-shaftesbury-announcing-our-new-name/; Peabody, *Our founder, George Peabody.* Accessed via: www.peabodygroup.org.uk/about-us/our-history/our-founder-george-peabody/.

22 Ibid.

23 Shaftesbury Group, *FAQ: Who was Lord Shaftesbury*. Accessed via: www.shaftesburygroup.org/about-us/we-are-shaftesbury-announcing-our-new-name/; Peabody, *Our founder, George Peabody*. Accessed via: www.peabodygroup.org.uk/about-us/our-history/our-founder-george-peabody/.

24 Carnegieuk, *History & Investment*. Accessed via: carnegieuk.org/who-we-are/history-and-investment/

25 Tower Bridge, *The History of City Bridge Foundation*. Accessed via: www.towerbridge.org.uk/about-us/city-bridge-foundation-history

26 GOV. UK, *Philanthropy Past, Present and Future: Charity Commission Chair gives Dame Shirely Lecture at University of Kent*, 2023. Accessed via: www.gov.uk/government/speeches/philanthropy-past-present-and-future.

27 NCVO, *UK Civil Society Almanac 2024,* 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

28 NCVO, *UK Civil Society Almanac 2024,* 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

29 The Beacon Collaborative, *Scoping the High-Net-Worth Philanthropy Market*, September 2023, p. 4

given money to charitable causes in the last four weeks, with an average amount of £29, in line with the previous year.[30] From a long way off, then, philanthropic giving may look to be thriving.

However, the detail tells a different story of the true state of philanthropy within the UK. While overall giving is up, the UK is peppered with holes of missing funds and failures in giving. Corporate contributions from the FTSE100 have fallen from £1.85 billion to £1.82 billion, which adjusted for inflation represents an 8.3 per cent fall - worth an estimated £164 million in lost charitable contributions.[31] The percentage of people giving to charity has dropped steadily, from 69 per cent in 2016 to 58 per cent in 2023. [32] This is particularly felt by small and micro organisations:[33] the proportion of income coming from the public has fallen by 29 percentage points in just a year.[34] Second to the public is the Government who contributes around a quarter of the income of the charity sector, which is down from 30 per cent in 2020/1.[35]

Although average donations have grown, charities are increasingly dependent on a pool of regular HNWI donors. HNWIs have been donating proportionally less both as a percentage of their income when compared to the least affluent and also as a proportion of their own income. Most of the top earners who declared charitable donations gave less than 0.2 per cent of their income and only a third of the top 100 give more than 1 per cent of their wealth. The UK's wealthiest gave £200 million less in 2023 than 2022.[36] The Law Family Commission calculated that if the top 1 per cent of earners increased their donations to 1 per cent of their pre-tax income, it could generate up to £1.4 billion a year of giving.[37] If HNWIs across the board in the UK gave at the same rate as those in the USA, another £18 billion would go to charitable causes each year.[38]

The pool of HNWIs is also shrinking. The UK is second only to China for the highest number of millionaires leaving the country with 10,800 millionaires leaving in 2024, up 157 per cent from 2023.[39] New World Wealth, a wealth intelligence firm, project that 10 per cent of the UK's centi-millionaires[40] would have left the country by the end of 2024.[41] The research identifies the UK's high tax rates (particularly capital gains tax and estate duty rates), the Labour Government's first budget, and the previously announced increase in tax for non-domiciled individuals as prompts for individuals to consider leaving.[42] The OBR estimates that between 12 and 25 per cent of non-UK domiciled individuals (non-doms) may leave the country,[43] who have given an average of £5.8 million to good causes.[44]

There has also been a rise in the number and value of funds managed by Donor Advised Funds (DAFs). DAF providers are umbrella charities that manage funds on behalf of donors. Putting funds into a DAF allow donors to make charitable contributions, receive immediate tax benefits and recommend recipients for the fund. Charitable assets in DAFs totalled £2.8 billion in 2023, an increase of 10.7 per cent from the

30 Calculation excluding those who donated more than £300. Department for Culture, Media & Sport, *Community Life Survey 2023/24: Volunteering and Charitable Giving*, 4 December 2024.

31 CAF, *Corporate Giving Report 2024: The FTSE 100 and Beyond*, September 2024

32 Coutts and Co, *Charitable Donations Have Declined in Recent Years*, December 2024

33 Defined here as with an annual income of less than £100,000.

34 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

35 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

36 The Sunday Times, *The Sunday Times Giving List*, 2023

37 Law Family Commission on Civil Society, *Unleashing the Power of Civil Society*, January 2023, p.53

38 Environmental Funders Network, *Exploring the Role of Wealth Advisors in Green Giving*, November 2024, p.8

39 Henley and Partners, *The Henley Private Wealth Migration Dashboard*. Accessed via: www.henleyglobal.com/publications/henley-private-wealth-migration-dashboard/top-10-country-outflows

40 Defined as individuals with liquid investable assets of at least $100 million.

41 New World Wealth, Henley and Partners, *Wealthy Brits Exit UK for EU Ahead of Budget*, 22 October 2024. Accessed via: www.henleyglobal.com/newsroom/press-releases/uk-wealth-exodus

42 New World Wealth, Henley and Partners, *Wealthy Brits Exit UK for EU Ahead of Budget*, 22 October 2024. Accessed via: www.henleyglobal.com/newsroom/press-releases/uk-wealth-exodus

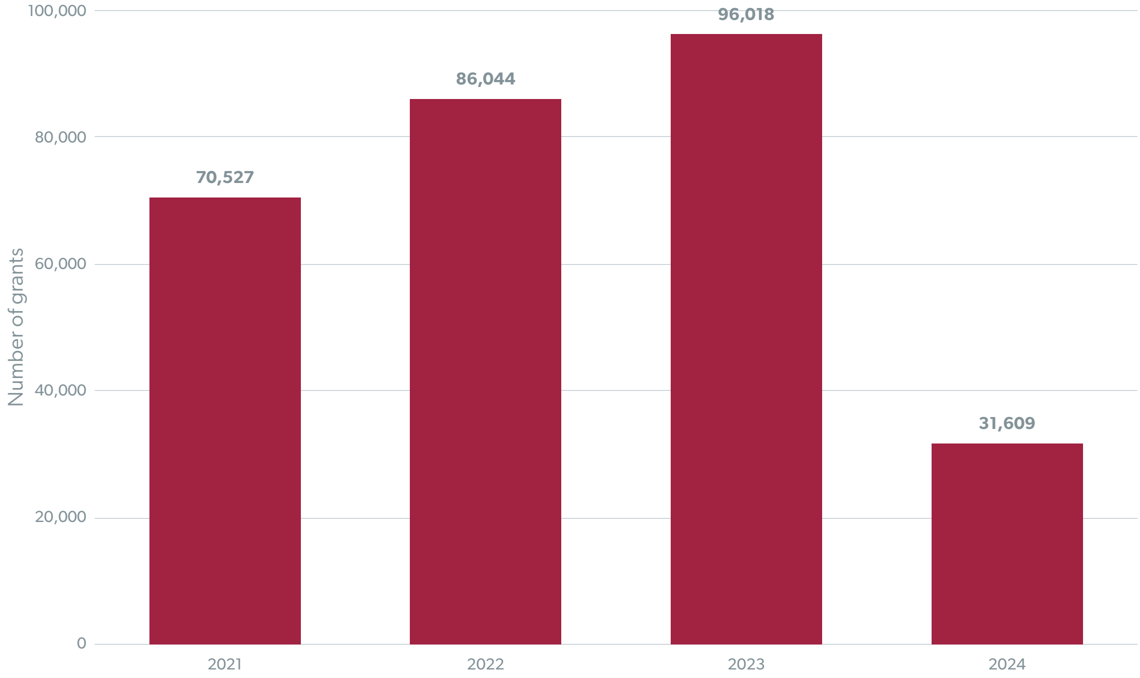
43 OBR, *Economic and Fiscal Outlook – October 2024*, 30 October 2024

44 Oxford Economics, *Assessing the Impact of Proposed Reforms to The Non-Dom Regime A Report For Foreign Investors For Britain*, September 2024, p.4

previous year.[45] Grants from donor-advised funds to other charities were £645.4 million, up 16.4 per cent from the 2022.[46] 2022 marked the tenth year in a row of growth in contributions to donor-advised funds.[47] While rising in use, the development of DAFs in this country still remains well behind the US, where charitable assets total $228.9 billion, a rise of almost two fold since 2018.[48] The use of DAFs in the UK is predicted to continue to grow and incorporate more non-cash assets. Alongside this is a growing philanthropy advice sector, offering the benefits of structured advice on how to engage systematically and thoughtfully in giving and the challenge of the need for transparency and consistency across the advice sector.

In addition, many foundations and grant givers have paused or spent down their donations,[49] citing need for breathing space in the face of increased demand, a revisionist approach to traditional philanthropy[50], or poor investment returns. In 2024, 360Giving data shows 31,609 grants were issued by lottery or grant making organisations within the UK in contrast to 2023 which saw more than triple that at 96,018, as shown in Figure 1.[51]

## Figure 1: Number Of Non-Government Grants Issued in the UK, by Year




Source: CSJ Analysis of 360Giving Data

45 National Philanthropic Trust UK, *The 2024 DAF Report*. Accessed via: www.nptuk.org/reports/daf-report/

46 National Philanthropic Trust UK, *The 2024 DAF Report*. Accessed via: www.nptuk.org/reports/daf-report/

47 National Philanthropic Trust UK, *The 2023 DAF Report*. Accessed via: www.nptuk.org/reports/the-2023-daf-report/#:~:text=Donor%2Dadvised%20funds%20continue%20to%20grow%20in%20all%20key%20metrics,support%20to%20their%20favourite%20charities.

48 National Philanthropic Trust, *2023 Donor-Advised Fund Report*, p.16

49 Jo Jeffrey, *The List - Changes to Trust and Foundations in the UK*. Accessed via: docs.google.com/spreadsheets/d/1rjf-OU1NzBdOw_rNsDH0KLANpaWHuYtX3K-B46qZAkes/edit?gid=0#gid=0

50 Third Sector, *Charitable Foundation To 'Dismantle, Close' and Redistribute £134m*, 10 July 2023. Accessed via: www.thirdsector.co.uk/charitable-foundation-dismantle-close-redistribute-134m/social-enterprise/article/1829422

51 CSJ analysis of 360Giving data of non-zero GBP grants.

Contributors to our Big Listen events suggested this drop off in 2024 could be a result of grant givers condensing their funds following the surge in demand due to the COVID-19 pandemic and the following cost of living crisis. It also could reflect a shift towards a more targeted funding method with higher value grants directed to fewer recipients. The other thing to note is that 360 Giving Data is shared voluntarily and donors who chose to publish their data can also choose what data they share, so may choose to only publish some of the grants they award. Whatever the cause, the considerable apparent drop off between 2023 and 2024 indicates a change in the grant giving landscape which merits further examination.

In addition, regional differences are stark, which will be examined in more detail on page 35 onwards.

At the same time the need is greater than ever. Small and medium sized charities and community groups report increased demand and squeezed resources while operating in an uneven playing field: 85 per cent of all charitable income in England and Wales goes to just 4 per cent of registered charities.[52] Small and medium-sized charities (under an income of £1 million) account for 97 per cent of charity closures in the last 10 years.[53] Charities in the North East and Scotland were over represented within the cohort of dissolved nonprofits.[54] While big charities are more able to shoulder a decrease in the numbers of people donating, small charities[55], who make up 96 per cent of the charity scene,[56] and are more reliant on public donations than big charities, will suffer. This gap between the small players in the charity world and the giants looks set to only widen, as Government investment in charities under £1 million in income fell by £413 million from 2013 to 2020, while half of small charities receive no public sector income at all.[57]

> *"The difference it makes to give to small charities is massive – you can give more money to big charities, but it has less impact."* [59]
>
> **Charitable Foundation, Big Listen Liverpool**

Small and medium sized charities are often better placed than large national charities to know their communities and to deliver meaningful, lasting change in people's lives. Their size often means they can be more agile in responding to their community's needs, spend a lower proportion of income on fundraising and lobbying, and crucially do not just deliver a service but a relational approach that sees lasting transformation. As one CEO of a small charity in the North West put it, charities such as theirs "need the tools to do the change [but] people change people."[58] One staff member of a charitable foundation in the Liverpool City Region said, "the difference it makes to give to small charities is massive – you can give more money to big charities, but it has less impact."[59] The public tend to agree. 76 per cent say that small, grassroots, charities know their communities better than larger, national, charities and 74 per cent are concerned that too much of the money donated to charities is spent on administration costs rather than service delivery.[60] Our political leaders are also clear on the unique contribution of the smaller players in the third sector.

52 The Charity Commission, *Registered Charities in England and Wales,* 2024. Accessed: register-of-charitiescharitycommissiongovuk/register full-register-download

53 The Charity Commission, *Registered Charities in England and Wales*, 2024. Accessed via: register-of-charitiescharitycommissiongovuk/register full-register-download

54 Global Development Institute, University of Manchester, *To Die a Good Death: The Story Of NGO Closures, 18 October 2023*

55 Defined here as with an income of under £1 million.

56 NCVO, *UK Civil Society Almanac 2024,* 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

57 Small Charities Data, *Government Funding to Small Charities.* Accessed via: smallcharitiesdata.org/topic/government-funding-to-small-charities/#:~:text=Small%20charities%20received%20%C2%A32%2C041,income%20from%20the%20public%20sector.

58 Charity, Big Listen Liverpool

59 Charitable Foundation, Big Listen Liverpool

60 A representative sample of 2,082 adults from across the UK were surveyed between the 12th and 14th April 2024. Data were weighted to be representative of all UK adults. Polling was commissioned by CSJ and conducted by Whitestone Insight.

> *"It's people on the ground, people with skin in the game, who understand the problems best and have the best answers. The glue that bridges the gaps and binds government, business, and communities together. They reach into the places that the public and private sectors can't."*[61]
>
> **Sir Keir Starmer, then Leader of the Opposition, January 2024**

> *"The Government has moved in a promising direction regarding the potential power of philanthropy indicated by the Secretary of State for Culture, Media and Sport, Rt Hon Lisa Nandy MP. She wrote that, "This Government recognises the enormous power of investment, philanthropy and the difference that purpose driven business can play…we want a new partnership with investors, business and charity."*[62]
>
> **Rt Hon Lisa Nandy MP, Secretary of State for Culture, Media and Sport, 2024**

However, there is still much more to be done.

61 Sir Kier Starmer, *Speech to Civil Society Summit*, 22 January 2024.

62 Rt Hon Lisa Nandy MP, Secretary of State for Culture, Media and Sport, writing in Impacting Investing Institute, *The UK Impact Investing Market*, 2024, p.6

# Supercharging Philanthropy: The Role of Government

## Provide National Leadership and Vision

### A National Strategy

A starting point would be for a more vocal and positive voice about the role that philanthropy can play in the UK. The reasons behind the current reticence to not speak openly about philanthropy are multifaceted.

Firstly, many givers are reluctant to be public about their private decision to give. This desire for privacy should be respected. However, Charities Aid Foundation (CAF) research found that when respondents were asked how they felt when others shared about their charitable giving, a third of people (32 per cent) said it had made them feel pride and respect for the person.[63] The term philanthropy can also conjure up images of something reserved only for those over a certain income bracket. One social enterprise said, "Philanthropy sounds very much like something rich people do, and oh that's not me."[64] However philanthropy – at all levels – should be more widely discussed and celebrated. Many funders contributing to our Big Listen discussions pointed to international examples such as the United States of America where philanthropy is seen as a source of pride, rather than a cause of embarrassment. One philanthropist at the Big Listen Newcastle said that it was one thing to speak peer-to-peer about philanthropy from a business perspective, but another thing to speak about it on a national scale. However, analysis of interviews with 35 HNWIs regarding giving to environmental causes showed that HNWIs benefit from hearing from others who are already involved in giving and being connected to each other.[65] Contributors to our Big Listen events said they felt there were not many avenues of recognition for the good that philanthropists contribute coupled with a low awareness from the public about how much is already being done. There were suggestions that the honours system, or a new system of recognition such as an annual medal of achievement, could be a means of boosting the profile of philanthropy across the country and increasing the cognisance of philanthropy with the public.

Secondly, there may be a perception issue which could stem from a suspicion of where philanthropic money has been made, or where it is spent. A former Government employee spoke freely to the CSJ saying, "I used to work in government and you had to be so careful because the politician can be criticized for supporting something."[66] Another representative of a funding network said, "With individuals there is the concern about funding things with their money because they may be criticized for how they got their money."[67] Philanthropy itself can also be subject to misunderstanding or viewed with suspicion as a vehicle for those with wealth to influence or get close to policy makers. Public trust in where

63 CAF, *UK Giving Report*, March 2024, p.7

64 Social Enterprise and Charity, Big Listen Edinburgh

65 Environmental Funders Network, *Exploring the Role of Wealth Advisors in Green Giving*, November 2024, p.25

66 Social Enterprise and Charity, Big Listen Edinburgh

67 Funder, Big Listen Edinburgh

money appropriated for charitable purposes has been spent has been influenced by high profile scandals such as that surrounding The Captain Tom Foundation and Fashion for Relief.

Thirdly, government and other statutory services can be concerned that if they promote the value of philanthropy, they may open themselves to criticism that they are leaning on private funding for services that the public expect government to deliver. In the current financial environment, there is a danger that philanthropy is viewed as a means of plugging financial gaps in government's spending plans, rather than being viewed as an additional launch pad for innovation to be used in ventures and with approaches that taxpayers' money cannot be used. Some funders that the CSJ heard from said that reduced statutory funding and increased need was being reflected in the applications they were receiving. A family foundation with a presence in the North West and North East stated, "We're being approached for funding for things the state would have funded before."[68] A national organisation that fosters partnerships between the private and public sector reported that those they support had "strayed into things like funding alternative education. Is this ok? It started as a one off, and now [there is] another one off."[69] A placed based funder in the South West gave the example of an advice centre that six years ago was 96 per cent funded by statutory funding, which has now dropped to 14 per cent. They were frustrated that "grant makers are giving more to help plug this gap, but it's just that – plugging a gap – it's not enabling charities to do more."[70]

> *"People's understanding of philanthropy maybe needs to be changed. It's a good opportunity to support a new innovative idea or a riskier idea that could make a real difference because otherwise it may not be funded."*
>
> **Association of Charitable Foundations**

Philanthropy should be complementary to government mechanisms, with different aims and capabilities to what can be achieved through taxpayer funded spending. It should not be a replacement for government spending, but a means through which to make this spending go further. A representative from the Association of Charitable Foundations (ACF) illustrated the different approaches philanthropic funded backing can bring saying, "people's understanding of philanthropy maybe needs to be changed. It's a good opportunity to support a new innovative idea or a riskier idea that could make a real difference because otherwise it may not be funded."[71] In addition to the financial value, private and public sector partnerships can bring together some of the most creative thinkers in business, high profile brands and individuals and a convening power beyond what governments alone can achieve.

It was clear there was appetite from givers and charities for the Government to be vocal about the positive potential for philanthropy, to encourage others to give, and to introduce philanthropic involvement as a normal part of the conversation on policy making and governing, while explaining clearly its remit, potential and limitations. One representative of a network of funders summarised it well by saying, "Government could talk more about philanthropy generally."[72] The current approach to philanthropy represents a missed opportunity which the Government needs to grasp.

Given this appetite there is the space for national leadership and strategic direction on how to increase domestic philanthropy across the UK, especially to ensure that philanthropic giving is effective and reaches under resourced parts of the UK and the smaller players in the charitable sector.

We propose, therefore, that the UK Government creates a national strategy for philanthropy. There is precedent for a government-led impactful national strategy set by the Republic of Ireland who published *National Philanthropy Policy, 2024-2028* in December 2023.

68 Charitable Foundation, Big Listen Newcastle
69 Funder, Big Listen Newcastle
70 Charitable Trust, Big Listen Bath
71 Association of Charitable Foundations, Big Listen Edinburgh
72 Funders Network, Big Listen Edinburgh

CASE STUDY

## The National Philanthropy Policy, 2024-2028, Government of Ireland

In December 2023, the Government of Ireland published a national philanthropy policy mapping out its intentions to increase philanthropic giving for the next five years. The policy was 'a recognition by Government of the value of philanthropy and a statement of intent to collaborate and support the development of philanthropy to maximise its potential for public good.'[73] The policy set out how the Government could stimulate corporate philanthropy amongst both domestic and international businesses as an added dimension to its government spending commitments.[74]

The document identified starting points for action and the relevant government body responsible for implementation and delivery. The action points were grouped into short term actions (to be completed by end of 2024), medium-term actions (to be completed by mid-2026) and long-term actions (to be completed by the end of 2028, or beyond).

These action points included:

- Initiate and support the development of a national communication strategy illustrating the positive impact of philanthropy and encouraging philanthropic giving.
- Identify and champion appropriate fiscal measures to facilitate the growth of philanthropy.
- Identify and activate measures to encourage professional advisors such as tax advisors, accountants, solicitors and other advocates to discuss philanthropy with clients.
- Build on existing national and local government co-funding models including match-funding, co-granting and co-investment mechanisms.

A key part of the action plan was to integrate regular impact monitoring to measure the success of the strategy, including the publication of annual updates by the National Philanthropy Policy Implementation and Monitoring Group. This was alongside a commitment to publish the baseline and trend data emerging from the implementation of the policy. The publication of the first report evaluating the success of the National Philanthropy Policy, 2024-2028 will provide a unique opportunity to assess the impact that national Government strategy setting can have on increasing philanthropy.

It is worth noting that the Republic of Ireland has a different tax regime to the UK, which may influence philanthropic giving. According to the International Tax Competitiveness Index 2024, the Republic of Ireland has a Corporate Tax Rank of 5 (with 1 being the most competitive and 38 the least), whereas the United Kingdom is ranked 28.[75] The Republic of Ireland has the second lowest top marginal corporate income tax rate in the OECD at 12.5 per cent although it does have high personal income and dividend taxes (the highest in the OECD at 51 per cent) and a relatively narrow VAT base.[76]

73 Government of Ireland, *National Philanthropy Policy, 2024-2028*, December 2023, p.7
74 Government of Ireland, *National Philanthropy Policy, 2024-2028*, December 2023, p.35
75 Center For Global Tax Policy, *International Tax Competitiveness Index 2024*, p.3
76 Center For Global Tax Policy, *International Tax Competitiveness Index 2024*, p.7

The UK Government should follow the Government of Ireland and publish a strategy that sets an ambitious numerical target for philanthropy for the next five years and embed a regular evaluation of the effectiveness of the strategy in achieving its stated aims. The UK strategy should learn from the first annual report on the *National Philanthropy Policy, 2024-2028*, to ensure the UK Government strategy builds on the successes of other strategies and learns from the challenges already identified.

Driving philanthropy across the nation must result in giving reaching the right recipients and not just fixate on a numerical target, although metrics must also play a part, to ensure measurable impact is tracked. In order to ensure small and medium sized charities are supported by a national campaign to increase philanthropic giving, the national strategy must include a tracking mechanism for increasing philanthropy to small and medium sized charities, rather than meeting national targets simply by increasing income for large national charities that are already dominating the sector.

**RECOMMENDATION 1**

The Department for Culture, Media and Sport should lead other Government departments to create a national, cross-Government strategy on how to increase domestic philanthropic giving. The strategy should include a specific approach for the plan to increase philanthropic giving to small and medium-sized charities, alongside an ambitious numerical target for national giving in the next five years.

## Focus Philanthropists towards a National Mission

A national strategy should be laser focused on solving particular burning social issues, rather than channelling more giving to already well-resourced causes. The strategy should not be content to just build generic principles but be the focal point around which to galvanise a core group of philanthropists committed to seeing impact on the five national missions. A clear direction for potential givers from the Government, through the strategy, should act as a springboard for individuals to drive this initiative and give them confidence and certainty to give generously, knowing the cause they are supporting is a Government priority and therefore that the machinery of Government and political energy will row behind the initiative to ensure maximum impact.

There are precedents of the Government successfully identifying areas for action that brought together public spend and private investment to solve a social issue. In these instances, a clear strategic priority set out by the Government provided a focus for those seeking to give, showing how philanthropists and social investors respond well to a clear policy framework and Government direction around which to galvanise.

CASE STUDY

### Academies: A Successful Public Private Partnership

First introduced in March 2000, and later expanded via the 2010 Academies Act, the Academies programme was instigated to improve low-performing secondary schools. The model is based on the premise of private-public partnership, where the academies were owned and run by nonprofit private trusts with charitable status, but are simultaneously financed and controlled by the government.[77]

At their design capital costs were covered by businesses, individuals, churches, or voluntary bodies. The private sector typically contributed up to £2 million per school with the remaining start-up costs generally costing the government £25 million.[78] As academies developed, trusts were instituted by the sponsoring bodies, which subsequently entered a contracted funding agreement with the Secretary of State for Education.[79] From 2009 the financial obligation on trusts to meet academy capital costs was permanently removed.

The Government's Budget in October 2024 committed to 'mobilise private investment to deliver positive social impacts through the development of a social impact investment vehicle.'[80] Led by the Chief Secretary to the Treasury, working with DCMS, the social impact investment vehicle will be focused on delivering the key missions of the Government and bring together 'motivated investors, the voluntary sector and government to tackle complex social problems.'[81] The Budget promised the new vehicle would be designed and developed through engagement with the sector and that further details would be announced at Phase 2 of the Spending Review indicated to be late spring 2025. For the social impact investment vehicle to be successful the Government must broaden its understanding of public value to include what genuinely benefits communities and not focus on cost-efficiency alone.[82] Our Big Listen conversations demonstrated an appetite from the philanthropy sector for social investment models which they could lean into. An impact investing organisation in the South West said, "the social investment market is small and growing, but they are desperately trying to get more private money into the sector."[83]

The Prime Minister has identified five national missions which he argues are needed to see the country move forward and thrive. This provides an opportunity for private investment to play a vital part in turbocharging these missions. Given the areas covered by these missions are likely to form the consistent backbone of policy decisions over the next five years, the national strategy should set out priority areas tied to these national missions.

Below are three examples of different models of philanthropic support that could drive forward just one of the national missions: Break Down Barriers to Opportunity. Similar initiatives should be identified across all five national missions.

77 D. Wolfe and A. West, *Academies, the School System in England and a Vision for the Future*, June 2018, p. 13

78 The Guardian, *What is an Academy?* Accessed via: www.theguardian.com/education/2010/may/26/what-is-an-academy?utm_source=chatgpt.com BBC News, *Why The Fuss Over City Academies?* Accessed via: http://news.bbc.co.uk/1/hi/education/4357383.stm

79 D. Wolfe and A. West, *Academies, the School System in England and a Vision for the Future*, June 2018, p. 8

80 HM Treasury, *Autumn Budget 2024: Fixing the Foundations to Deliver Change*, October 2024, Section 3.24, p.67

81 HM Treasury, *Autumn Budget 2024: Fixing the Foundations to Deliver Change*, October 2024, Section 5.172, p.143

82 Government Outcomes Lab, *Achieving the Potential of The Chancellor's Social Impact Investment*, October 2024. Accessed via: www.bsg.ox.ac.uk/blog/achieving-potential-chancellors-social-impact-investment

83 Impact Investing Organisation, Big Listen Bath

## 1) Reform Children's Social Care by using Social Bridging Finance

The Impact Economy Collective have identified the potential for impact investors to address the shortage of high quality, in-area children's residential care homes. In 2023/4, £12.2 billion was spent on children's social care an increase of 5 per cent from the previous year.[84] Between 2015/16 and 2021/22, the amount spent on children's residential care increased by 66.2 per cent in real terms, driven by both supply constraints and demand pressures, including a fall in foster families.[85] More than 80 per cent of children's homes are run by for-profit companies, a rise of over 20 percentage points since 2010.[86] In 2021/2, 19 of the 20 largest independent providers of children's social care made collective profits of £310 million.[87]

There is an opportunity for philanthropists to step into this space, and, by not requiring a financial investment return but being driven instead by social outcomes, to improve the lives of the most vulnerable children and young people across our nation.

A funding model that could be deployed to achieve this is Social Bridging Finance. MCR Pathways' model of Social Bridging Finance in Scotland is one example of innovative philanthropy being deployed to solve a key problem in children's social care.

CASE STUDY

### Children in Care: Social Bridging Finance

In 2016, The Robertson Trust, Scotland's largest independent funder, wanted to find a way to drive partnership between the third Sector, the Government and philanthropy to make changes to social policy.  It developed a hybrid model using the best of the Social Impact Bond (SIB) and Public Social Partnerships (PSP) approach called Social Bridging Finance (SBF).

The SBF model intentionally involves third sector delivery partners earlier and more deeply in the commissioning of services and works on the expectation that those services which evidence their success will be sustained, with no requirement for payback to the investor as the trial funding comes from philanthropy. The model also requires the inclusion of a contractual commitment from the public sector to sustain services only if the charity achieves the pre-agreed outcomes during the initial trial phase.

Social Bridging Finance enables grant funding from independent funding sources to support the initial demonstration phase of an evidence-based service, whilst also ensuring that public money only sustains those services which are successful.

How Does It Work?

1. *Design* A working group is formed between a public sector body, a third sector organisation and an independent funder to replicate an existing evidence-based service model which has been trialled successfully elsewhere, or at a small-scale in the existing geography. The service should enable a move from reactive to preventative services and meet an identified need which the public sector body is prepared to fund longer term. Very importantly the partners need to agree the success criteria in advance.

84 Children's Charities Coalition, *Struggling Against the Tide: Children's Services Spending, 2011-2023*, September 2024, p.3

85 Institute for Government, *Performance Tracker 2023: Children's Social Care*, October 2023. Accessed via: www.instituteforgovernment.org.uk/publication/performance-tracker-2023/childrens-social-care#:~:text=Higher%20residential%20care%20costs%20are,retrieved%2021%20September%202023%2C%20p.

86 University of Oxford, *Evidencing the Outsourcing of Social Care Provision In England*, October 2024, p.1

87 Revolution Consulting, *Profit Making and Risk in Independent Children's Social Care Placement Providers*, September 2023, p.10

2. *Contract* A binding contract is signed between the partners to commit the public sector organisation to sustaining funding for the service for a specified period of time, if the agreed success criteria are met. This pro forma contract is just 12 pages. In contrast that of a SIB can run to several hundred pages.
3. *Demonstration* After an allowance for an initial set-up phase the service is delivered for an agreed period of time, usually 2 years. During this trial stage, which is grant funded (this can be from a range of sources, including Trusts and Foundations and individual philanthropists), partners can adjust how the interventions are delivered to ensure the best chance of meeting the agreed success criteria. A Project Board is established with senior representatives from all the partners to ensure strategic level oversight of the progress.
4. *Evaluation* An 'audit' is commissioned by the partnership and paid for by the independent funder at the outset of the trial period. This 'audit' will make an informed judgement as to whether or not the agreed success criteria have been met at the end of the trial. It is not an evaluation of the service.
5. *Sustainability* If the external 'auditor' determines that the agreed success criteria have been met, then the contract determines the length of time for which the public sector organisation will go on to pay for the service. If the trial period has not been successful, all partners ensure that they take learning from the process and walk away, thus the public sector commissioner faces no risk from the trial as this is carried in full by the grant funder.

To date, the model has been used six times. In all but one case the model has worked extremely well with the independent evaluation stating the SBF 'can enhance the sustainability of public services which it was designed to do.'[88]

**Example: MCR Pathways**

From 2010, over a period of five years, the charity MCR Pathways developed a mentoring programme in six schools in the north east of Glasgow. The programme worked in school with young people in the care system and provided a carefully matched adult volunteer who met with them once a week. The impact of this one good adult was highly significant and transformed the educational attainment of the young people. MCR approached a consortium of funders highlighting a close working relationship with Glasgow City Council (GCC). The Council wanted to roll the model out further but didn't have the finance to do an extended trial.

The funders together gave £1 million for a three year no risk trial to help MCR move from 6 to 12 schools in Glasgow. Using the Social Bridging Finance model, the funders were able to get GCC to sign a contract which said that if MCR delivered the desired educational outcomes in the 12 schools by the end of three years, GCC would then roll the model to all of its 29 schools and sustain the funding for a further five years.

Eighteen months into the trial period, Maureen McKenna the Executive Director of Education at GCC, asked that the trial be stopped, not because it had not worked but because the model was working so well she felt it would be remiss of her not to roll it out to the other schools. She also agreed that she would not sustain it for just five years but would change her systems and embed the model as business as usual for educational provision in Glasgow.

88 Iconic, Glasgow Caledonian University, *Social Bridging Finance Model: Evaluation*, p.38

She said of the model, "The Social Bridging Finance model has worked exceptionally well for us in Glasgow. We wanted to transform the way we provided support for young people. We needed support to move from where we were to where we wanted to be. This model has allowed us to create a new approach which is now business as usual."

Not only has MCR now expanded out to 29 schools in Glasgow, the then Education Secretary at the Scottish Government, John Swinney, took the model and funded an £18 million roll out across 200 schools in Scotland.

From those involved in the other trials, the feedback has been equally positive. For example, Kate Rocks, when Head of Children's Services and Criminal Justice at East Renfrewshire Council said of the model "It allows you permission to be brave and to test what is required … it gives you freedom." Paul Clancy when Executive Director of Children and Family Services at Dundee City Council said "It's changed our approach and the intensity of the work we're involved in. It bridges you to a new place…"

Social Bridging Finance is not a silver bullet for changing public services, but by using philanthropic money it can help de-risk change for the public sector. The model plays to each of the three partners strengths; the public body can scale and sustain, the charity can deliver impactful flexible services, and the funder can provide the initial risk capital to make it all happen.[89]

## 2) Safeguard The Future of Youth Provision

There has been a real terms cut of £1.1 billion (a 74 per cent decrease) in local authority spend on youth services in England in the decade up to 2020/21.[90] Local authorities in Wales (excluding the Isle of Anglesey) oversaw a 32 per cent real-terms decrease over the same time period.[91] Net spend per young person has shrunk from an average of £136 to around £54 since 2011.[92] These cuts have translated into the demise of over 4,500 local authority youth service jobs and the closing down of 760 youth centres between 2012 and 2019. [93]

Research from the All-Party Parliamentary Group for Knife Crime and Violence Reduction in 2020 found a correlation coefficient of -0.7 between youth centre closures and increasing knife crime, meaning every decline in the number of youth centres is associated with an increase in knife crime.[94]

In the wake of the decimation of youth provision there has sprung up a business-backed response to the lack of Government provision - OnSide Youth Zones.

89 A previous version of this case study was published on Reform Scotland's website and is replicated here with permission.

90 YMCA, *Devalued: A Decade of Cuts to Youth Services*, February 2022, p.3

91 YMCA, *Devalued: A Decade of Cuts to Youth Services*, February 2022, p.5

92 National Youth Agency, *Time's Running Out: Youth Services Under Threat and Lost Opportunities for Young People,* September 2021, p.6

93 Unison, *Youth Services at Breaking Point,* 2019, p.2

94 All-Party Parliamentary Group on Knife Crime & Violence Reduction, *Securing A Brighter Future: The Role of Youth Services in Tackling Knife Crime*, March 2020, p.6

CASE STUDY

## OnSide Youth Zones: Match Funding

OnSide Youth Zones are purpose built, state-of-the art, Youth Zones situated in the most deprived areas across the UK. They are designed to give young people aged 8–19 (or up to 25 for those with a disability), 'somewhere to go, something to do and someone to talk to', occupying their bodies and minds with engaging activities, helping them develop new skills and socialise in a safe, positive and accessible environment.

Each site is designed in conjunction with local community members with a minimum of 20 activities available on any given night spanning sports, arts, crafts, music and informal 'chill out' spaces. On average 60 staff and 100 volunteers support over 3,000 young people accessing each Youth Zone. The Zones open when schools don't, meaning they open from 3pm until 10pm on weeknights, and on both Saturdays and Sundays.

OnSide Youth Zones carry key business principles into the charity world. OnSide Youth Zones is the overall controlling charity, made up of executives who have operated at the most senior levels of global business, charity and policy. This organisation plots the vision, sets the values and drives quality assurance of the individual Youth Zones. They also plan and pursue the set-up of new sites, including landing the required investment, scoping out geographic areas and building local stakeholder engagement. Each individual Youth Zone is then built as its own charity, where their governance board is made up of each of the key local stakeholders (council, business, local services). Young people actively participate in the Youth Zone's ownership through entry fees and membership and give the Youth Zone its own name and identity. The model allows the Youth Zone to reflect the demographic of the neighbourhood and respond to local need.

Each Youth Zone seeks buy-in from their local authority alongside financial backing from business partners, individuals and philanthropists. OnSide's goal is to operate a mixed receipt finance method, where each part of the local community has a buy-in and all foot the bill together which means that any money from the Government is match funded and multiplied by corporates, individuals and those giving their time.

The cost of building and fitting out an OnSide Youth Zone is £8 million.

| | | |
|---|---|---|
| £7 million | Capital | Planning, architecture, building. |
| £0.75 million | Infrastructure | Networking, raising funds, community engagement. |
| £0.25 million | Talent academy | Recruiting, employing and training staff a year before open date. |

The finance is roughly half borne by investors (business, philanthropy and trusts and foundations), and half borne by the Local Authority. As part of this, the Foundation find an initial 40 founder patrons who sign up to give a minimum of £25,000 for three years to kick start the running costs coverage. OnSide have an impressive track record of raising the capital required, with £170 million raised so far. Historically it takes 24 months from conception to opening, although this could be sped up by economies of scale.

The average annual running costs for an OnSide Youth Zone is £1.3 million, although this can vary by area.[95]

95 OnSide Youth Zones, *Support a New Youth Zone*. Accessed via: www.onsideyouthzones.org/supportus/support-a-new-youth-zone/

## 3) Roll out Family Hubs Nationally

Championed by the CSJ since 2007, Family Hubs are one stop shops for family support. They provide wrap around services drawing in both the statutory and voluntary sector for families with children aged 0-18 (or up to aged 25 for children with SEND). Family Hubs provide both universal and targeted services and provide a place to go that families can just walk into. Although each Family Hub is different and responsive to the needs of their community, services can include co-located health visitors, midwives, speech and language therapists, parental conflict resolution, substance misuse support, parenting and relationship support, and domestic abuse assistance. Family Hubs are designed and delivered in the community and can be led by community groups, schools, faith groups, charities, local authorities or even businesses.

In 2021, the previous Government introduced the family support programmes: Family Hubs and Start for Life. These programmes are open to any family at point of access but target 75 local areas with the highest levels of deprivation. In the same year, the £301.75 million Transformation Fund drove the establishment of more Hubs. The new Government has set out a commitment to address disadvantage through its Opportunity Mission, with the intention of strengthening efforts on supporting children in their Early Years and £69 million in the 2024 Autumn Budget to continue delivering Family Hubs.[96]

There are now 388 Family Hubs across 88 Local Authorities.[97] However, the vision is that every family who needs it would have somewhere to go to access family support and there are still at least 200 Local Authorities without provision of Family Hubs. With the exception of Essex, none of the Family Hub teams the CSJ met had considered engaging local businesses or philanthropists as potential sources of funding for either capital expenses or programmes, but philanthropic partnership provides an opportunity to accelerate the roll out to every local authority.

CASE STUDY

**Family Hubs: Social Investment**

There are early findings of the benefits of Family Hubs. Ecorys125 conducted a cost benefit analysis of between £36,694,368 and £133,356,284 across the Family Hubs in Essex. They stated however that 'given the lack of high-quality data available, these figures are likely a significant underestimate of the true potential cost savings the Family Hub model can provide.'[98] Sheffield Hallam University conducted an analysis of Family Hubs in Doncaster and found a statistically significant positive impact on the Early Years Foundation Stage Profile, with family hub pupils 1.06 times more likely to attain a 'Good Level of Development' and 1.02 times more likely to be 'Working at the Expected Level' for their Year 1 Phonics assessment.[99]

Investment in parenting interventions demonstrate good value for money.[100] Capital spending or ongoing core funding for Family Hubs could be an attractive prospect for philanthropists looking to utilise a social investment model to make a long-term mark on the future of the nation's children.

96 HM Treasury, *Autumn Budget 2024: Fixing the Foundations to Deliver Change*, October 2024, Section 4.11, p.84

97 CSJ, *Family Hubs: An Interim Review*, October 2024, p. 4

98 National Centre for Family Hubs, *Evaluation Innovation Fund: Summary Findings*, December 2023. Accessed via: www.nationalcentreforfamilyhubs.org.uk/ncfh_resources/4838/

99 National Centre for Family Hubs, *Evaluation Innovation Fund: Summary Findings*, December 2023. Accessed via: www.nationalcentreforfamilyhubs.org.uk/ncfh_resources/4838/

100 Filipa Sampalo, Camilla Nystrand, Inna Feldman, Cathrine Mihalopoulos, *Evidence for Investing in Parenting Interventions Aiming to Improve Child Health: A Systematic Review Of Economic Evaluations, European Child and Adolescent Psychiatry*, 3 March 2022

Potential projects, such as the above, should be identified for each of the five national missions across every Government department. The task of identifying potential projects and securing philanthropic partners should be driven by a Civil Servant in each Department at Director level. Based on the average salary level of Civil Service Directors this would cost £2,453,232 per year, but the cost should be offset by the philanthropic giving brought into Government departments.[101]

The United States of America has provided a blueprint for how to drive opportunities for philanthropic giving from the Civil Service. The Law Family Commission highlighted the positive steps that have started to embed a 'think philanthropy' approach into the civil service in the United States of America.

CASE STUDY

### Federal Liaisons and Offices of Strategic Partnership

The US Government has over 40 Federal Liaisons who are civil servants who work directly within a government department. They have responsibility to facilitate information exchange between the department and the philanthropy sector, incubate projects on which the philanthropy sector and the state could collaborate and train departmental staff to identify opportunities to increase philanthropic engagement in community partnerships.[102]

The aim is that in time all federal departments will have a small team of liaisons in place to leverage the benefits of philanthropy.

A growing number of cities and states also have Offices of Strategic Partnership who work to establish partnerships and collaboration between the city or state and the philanthropy sector, although each Office structures its approach differently.[103]

Some of the successes include:

- Leveraging $400 million in New York including $100 million of private money to design, create, and run the High Line which has sparked an estimated additional $2 billion of private development in formerly industrial sections of New York;[104]
- Brokering $150 million of investment in Michigan;
- Raising $220 million from private donors in match funding for Millennium Park Inc. in Chicago, Illinois.[105]

### RECOMMENDATION 2

The Government should appoint a Director of Philanthropy in each department, a Civil Servant with responsibility for identifying opportunities for philanthropic partnerships, linked to each of the five national missions.

101 Based on calculation of average salary of £102,218 across 24 Ministerial departments.

102 Civil Society Commission, *Seizing the Philanthropic Prize the Role of The UK Government in Growing Philanthropy*, June 2022, p.9

103 Law Family Commission on Civil Society, *Unleashing the Power of Civil Society*, January 2023, p.62

104 Philanthropy Roundtable, *Friends of the High Line*. Accessed via: www.philanthropyroundtable.org/almanac/creation-of-the-high-line/#:~:text=Diller%20and%20von%20Furstenberg%20have,made%20large%20gifts%20as%20well.

105 US Department of Transportation, Center for Innovative Finance Support, Project Profile: Millennium Park, Chicago, Illinois. Accessed via: www.fhwa.dot.gov/ipd/project_profiles/il_millennium_park.aspx

## Create a Government Funding Pot for Match Funding

This report has identified £3.87 billion of funding drawn from existing Government spend across this Parliament utilising unclaimed gift aid (see recommendation 25), dormant funds (see recommendation 35) and dormant assets (see recommendation 36) to provide the Government with seed funding for a new match funding initiative to solve some of these key social issues in the long term.

The total funding pot that could be made available to all four nations of the UK over the course of this Parliament is below.

| Funding Pot | Recommendation | Amount released in 1 year average | Number of Years Available across this Parliament | Total Amount Released |
|---|---|---|---|---|
| Unclaimed Gift Aid | 25 | £ 585,000,000 | 5 | £ 2,925,000,000 |
| Dormant Funds England and Wales average year | (See recommendation 35) | £ 12,500,000 | 5 | £ 62,500,000 |
| Dormant Funds Scotland average year | (See recommendation 35) | £ 1,250,000 | 5 | £ 6,250,000 |
| Dormant Assets | (See recommendation 36) | £ 880,000,000 | 1 | £ 880,000,000 |
| | | | **Total 1** | **£ 3,873,750,000** |

Although small amounts should be set towards improving data capabilities (see recommendation 27) and to support small charities to prove their evidence of impact, (see recommendation 28) the remaining pot could amount to up to £3.27 billion which could be released into match funding initiatives, see calculation below.

Therefore, the total released into the National Mission Innovation Fund (Total 2) would be calculated as follows: Total 1 (£3,873,750,000) - 1 year of unclaimed Gift Aid (£585,000,000), - 20 per cent of Dormant Funds Projects (£2,750,000). (T2 = T1 – Y – Z, as set out below).

| | Source | Recommendation | Total Amount Released |
|---|---|---|---|
| T1 | Total 1 | | £ 3,873,750,000 |
| Y | 1 year of Unclaimed Gift Aid | (See recommendation 28) | £ 585,000,000 |
| Z | 20% of Dormant Funds projects for 5-year Parliament across Scotland, Wales and England | (See recommendation 27) | £ 2,750,000 |
| | | **Total 2** | **£ 3,286,000,000** |

As proposed in recommendation 7 of this report, we are calling for the appointment of a National Philanthropy Champion to spearhead much of the work in this area. The National Philanthropy Champion should work with the DCMS and the 12 Regional Philanthropy Champions (see recommendation 8) to ensure the projects supported by the match funding are distributed in areas that are currently underserved by philanthropic giving and that small and medium sized charities are part of the delivery plan.

**RECOMMENDATION 3**

The Government should use the launch of the National Philanthropy Strategy to commit to £3.27 billion of match funding into a National Mission Innovation Fund (a registered UK charity) to galvanise philanthropists to bring public spend and private investment together to turn the tide on achieving social projects that serve the five national missions. The match funding should be delivered through the new social impact investment vehicle and should deploy a range of models including Social Bridging Finance and Social Impact Bonds.

## Unlock Match Funding

Match funding has the potential to increase the size of philanthropic giving beyond the sum of its parts. Analysis of match funding shows that it encourages generosity beyond just the 'match' offered: a survey of The Big Give donors found that matched donations are, on average, 2.5 times higher than unmatched donations.[106] In a survey of donors to the Big Give, 84 per cent of respondents felt that they were more likely to give to a charity appeal because of the matching offered while over one third (36.5 per cent) said that they only gave to a matched funded appeal because of the match funding.[107] Major donations (£500-£5,000) were found to be more responsive to matching than smaller donations (£5-£20).[108]

> *"When there is a matched funding opportunity I tend to give more. We work with the Big Give a lot. It's amazing to see how deep people dig when there is that opportunity."*
>
> **Philanthropist, Big Listen Edinburgh**

Funders the CSJ heard from were positive about the power of match funding with one representative from a funding network making it clear, "When there is a matched funding opportunity I tend to give more. We work with the Big Give a lot. It's amazing to see how deep people dig when there is that opportunity."[109] Amongst the donors to the Big Give who were surveyed, match-funding was rated the most likely factor to encourage donors to give more, scoring more highly than emergency appeals, and Christmas or other religious or cultural festivals.[110] Of the attendees of our Big Listen events who responded to our post-event survey half said that the opportunity to match-fund giving with others would encourage them or their organisation to increase their charitable giving.[111] It was the most commonly selected answer to the question of what would encourage them to give more. Analysis commissioned by the Big Give, Charities Trust and RBS recommended three principles for enabling good match funding which were: a match ratio of 1:1; giving the donor examples of donation sizes being given by others similar to them; and making the process as easy as possible.[112]

106 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK And Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.3

107 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK And Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.3

108 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK And Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.6

109 Funders Network, Big Listen Edinburgh

110 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK And Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.7

111 Sample size was small. Circa 33 respondents and not a nationally representative sample.

112 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving in The UK And Unites Funders and Donors in Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.8.

The UK Government has a track record of generous match funding initiatives. During the COVID-19 pandemic, the Government, through the Community Match Challenge, pledged to match up to £85 million of funding to support the most vulnerable and hardest hit by COVID-19.[113] The fund was oversubscribed receiving 35 applications worth £179 million.[114] The Government also match funded £37 million in public donations through the BBC's Big Night In.[115]

Despite the generosity of philanthropists, trusts and foundations, government was not well equipped to deal with the scale of the response, struggled to manage the process and placed onerous contract requirements on the funding partners, rather than seeing them as co-investors in the partnership. Anecdotally, Foundations told the CSJ of each having to employ, at significant cost, legal advice to decipher and comply with the extensive contracts. While there is clear generosity that could be tapped into by Government led match funding programmes, reflecting on lessons learnt in acting as a match funder will be essential to ensure maximum impact for future schemes leveraging the impact of philanthropy.

There have also been successful initiatives for overseas crises distributed through the Disasters Emergency Committee. The Government has committed £98 million in match funding through the Committee since 2013, with the most recent appeal, the Middle East Humanitarian Appeal, still live and so not included in that total figure.[116]

The Republic of Ireland Government has harnessed match funding to meet domestic social challenges to great success.

CASE STUDY

**One Million Strong, Rethink Ireland**

In 2012, the two largest philanthropic foundations operating in the Republic of Ireland who together accounted for 85 per cent of organised philanthropic funding, were winding down and the long wake of the recession was still being keenly felt. As a response, the Forum on Philanthropy and Fundraising was set up which recommended the establishment of a national social innovation fund. With an initial donation of €250,000, the Social Innovation Fund Ireland was established in 2013 (later renamed Rethink Ireland) with a goal to raise €5 million. As of the end of 2023, Rethink Ireland was a €109 million fund, drawing in match funding from a range of Government departments, with an estimated impact reach of one million people. The fund follows a venture philanthropy model, backing both 'high-risk, high-reward investments that have the potential for game-changing results' alongside lower-risk projects, which combined cash grants with business support.[117]

The UK Government launched a successful match funding initiative focused on universities in 2008. The drive not only increased the resource available to universities while the match funding campaign was live but crucially allowed the universities to increase their capacity for fundraising in the long term. This meant that even when the Government-led match funding initiative stopped, philanthropic giving to universities continued. The endeavour demonstrated that match funding has the double benefit of firstly leveraging investment and secondly, permanently increasing capacity in the sector to steward and receive ongoing philanthropic support, solidifying philanthropic partnerships as part of the operating model into the future.

113 UK Parliament, Hansard, *Community Match Challenge, Commons, Written Statements*, 20 July 2020

114 National Audit Office, Department for Digital, Culture, Media and Sport, *Investigation into Government Funding to Charities During the COVID-19 Pandemic*, March 2021, p.22

115 National Audit Office, Department for Digital, Culture, Media and Sport, *Investigation into Government Funding to Charities During the COVID-19 Pandemic*, March 2021, p.22

116 GOV.UK, *UK Aid Match*, Accessed via: www.gov.uk/international-development-funding/uk-aid-match

117 Rethink Ireland, *One Million Strong: The Journey of A €100 Million Fund, Impact Report, 2016-2023*, May 2024, p.7

CASE STUDY

### UK Universities Match Funding

In England, the government invested £200 million over three years to create a new match funding scheme to boost resources into UK universities.[118] In Wales, a separate matched funding scheme drew on £10 million from the Higher Education Council for Wales (HEFCW).[119] Institutions could receive donations matched by additional funding on a 1:1, 2:1 or 3:1 ratio. As a result, the English scheme made matched funding payments of over £143 million, triggered by around £580 million of giving by donors.[120]

The number of donors to English Higher Education rose from 118,687 in 2007 (prior to the scheme) to 181,955 by 2011.[121] There was also evidence that established universities (founded pre 1960s) that received capacity-building grants grew their relative fundraising success more quickly than those that did not receive such grants.

Universities are now recognised as one of the most sophisticated fundraising sectors in the UK, showing the continued impact of the initial investment injection from the Government. [122]

The funding pot identified above provides a focus point for philanthropists to match the Government's initial seed funding. Rather than the Government matching the philanthropists, the philanthropists should aim to match the Government spend on the average ratio of match funding of 1 to 2:5. The money counted towards the National Mission Innovation Fund would be £3,286,000,000, (see calculations on page 29), which when multiplied by 2.5 equates to up to £8,215,000,000.

### RECOMMENDATION 4

Focused by the Government match funding commitment, the National Strategy should direct and equip philanthropists to add to the National Mission Innovation Fund to unlock £8,215,000,000 in philanthropic funding across the nation.

For context the total assets of the 10 wealthiest charities (many of whom are grant makers) was £67.7 billion for the financial year ending in 2023.[123] Analysis of the top 300 trusts and foundations found that total net assets amounted to £87.3 billion in 2022, up 19 per cent from the previous year.[124]

118 Report to HEFCE by More Partnership, *Review of Philanthropy in UK Higher Education*, September 2012, p.19

119 Report to HEFCE by More Partnership, *Review of Philanthropy in UK Higher Education*, September 2012, p.19

120 Report to HEFCE by More Partnership, *Review of Philanthropy in UK Higher Education*, September 2012, p.21

121 Report to HEFCE by More Partnership, *Review of Philanthropy in UK Higher Education*, September 2012, p.20

122 Council for Advancement and Support of Education, *CASE-Ross Support of Education Survey*, April 2021

123 Civil Society, *Richest 10 Charities See Assets Rise To £67.7bn But Trail Inflation*, 12 December 2024. Accessed via: www.civilsociety.co.uk/news/richest-10-charities-see-assets-rise-to-67-7bn-but-trail-inflation.html

124 Dr Catherine Walker, *Foundation Giving Trends 2022*, 2022, p.29

## A 'Think Philanthropy' Approach

> *"We need all the functions of the state to ask, 'What could I do with philanthropic partnerships?'"*
>
> **Rt Hon Darren Jones MP, Chief Secretary to the Treasury, Big Listen Bath**

The report draft, *Towards a National Strategy for Philanthropy and Charitable Giving,* recommends the Government adopt a 'match first' approach for government grant and spending programmes.[125] This would make it a requirement for the Government to consider the feasibility for a new intervention to attract philanthropic match funding. The consideration of philanthropic partnerships should be part of the normal process of policy making, rather than an optional extra. As Chief Secretary to the Treasury Rt Hon Darren Jones MP stated at the CSJ's Big Listen in Bath, "We need all the functions of the state to ask, 'What could I do with philanthropic partnerships?'"

HM Treasury should mandate a 'match first' approach to all government grant and spending programmes across all government departments, to consider philanthropic opportunities as a matter of course for new spending ventures. The question should be why philanthropic opportunities have not been sought (with exceptions for matters relating to national security for example), rather than justifying why they have.

**RECOMMENDATION 5**

Applications to HM Treasury from other government departments should have to provide evidence they have sought match funding as part of their application or explain why it was not appropriate.

## Clear Ministerial Responsibility

To drive the National Strategy, it is important that there is a clear champion sitting in Government tasked with increasing philanthropic giving. Currently the brief sits under The Minister for Sport, Media, Civil Society and Youth in the Department for Culture, Media and Sport. The current role holder, Stephanie Peacock MP, has taken an active interest in increasing philanthropy across the nation as did the Rt Hon Lucy Frazer KC when she was Secretary of State for Culture, Media and Sport, showing widespread acknowledgement across the political spectrum for the potential that philanthropy could contribute to the country. However, in order to ensure the drive is not dependent on the interests of the individual a clear responsibility of increasing philanthropic giving should be added to the breakdown of Ministerial responsibilities.[126]

**RECOMMENDATION 6**

The Minister for Sport, Media, Civil Society and Youth in the Department for Culture, Media and Sport should have increasing philanthropic giving added to their portfolio as a specific area of responsibility.

125 Draft, *Towards a National Strategy for Philanthropy and Charitable Giving*, unpublished, Action 1G, p.11

126 Current responsibilities are listed as: Sport, Media, Civil society, Youth, Ceremonials, Legislation and corporate, Gambling (in the House of Commons) in Gov.UK, Transparency data, List of Ministerial Responsibilities. Accessed via: www.gov.uk/government/publications/government-ministers-and-responsibilities/list-of-ministerial-responsibilities-html#department-for-culture-media-and-sport

## An Independent Philanthropy Champion

A Ministerial drive on philanthropy is not in itself enough to reset the national conversation. Bringing together public and private partnerships sits at the heart of philanthropy and must be mirrored at the national strategy level. There is an opportunity for a critical but supportive independent voice to sit adjacent to the Government, to inject energy and vigour into the campaign to increase philanthropic giving, to lead by example and to co-ordinate other givers.

CASE STUDY

**Lessons from the First Ambassador for Philanthropy**

Dame Stephanie Shirley became the UK's first government appointed Ambassador for Philanthropy in May 2009. The role was created with the aim of fostering a wider culture of charitable giving both within the UK and abroad.

Shirley's ambassadorship was spent collating expert opinions and data through convening philanthropists, cultivating ideas, and giving philanthropists a voice.[127] However, in her own words, the role suffered from being "ill-defined,"[128] and Dame Stephanie's term lasted only a year. The position was not renewed by the Coalition Government.[129]

While the execution may have been poor, the concept was correct and thus the UK should consider renewing the role of a centrally appointed government advocate. In order to learn from the first trial of a national advocate for for philanthropy it is essential that the role is clearly defined and that metrics for success are set and measured.

The National Philanthropy Champion should have a track record of generous domestic philanthropy and be well connected across a national network of HNWIs. The National Philanthropy Champion should have clear objectives to meet over a five-year term which include:

- Shape the national cross-government strategy to increase philanthropic giving;
- Positively change the perception of philanthropy in the view of the public and prospective philanthropists.
- Identify and reach a national numerical target for philanthropic giving across a five-year time horizon;
- Identify and reach numerical targets for giving to small and medium sized charities across a five-year time horizon;
- Recruit 12 Regional Philanthropy Champions. Details below in Recommendation 8.

**RECOMMENDATION 7**

The Department for Culture, Media and Sport should create a voluntary position of an independent 'National Philanthropy Champion' with the task of meeting set financial metrics of philanthropic giving across each region of the UK, with additional metrics for ensuring small and medium sized charities are receiving philanthropic giving.

127 C. Hartnell, *Interview - Dame Stephanie Shirley and Robert d'Eustachio*. 12 Jan 2012. Accessed via: www.alliancemagazine.org/interview/interview-dame-stephanie-shirley-and-roberta-d-eustachio ;

128 C. Hartnell, *Interview - Dame Stephanie Shirley and Robert d'Eustachio*. 12 Jan 2012. Accessed via: www.alliancemagazine.org/interview/interview-dame-stephanie-shirley-and-roberta-d-eustachio ; D. S. Shirley, *Ambassadors for Philanthropy?* Accessed via: www.ambassadorsforphilanthropy.com/index.php?cat=7

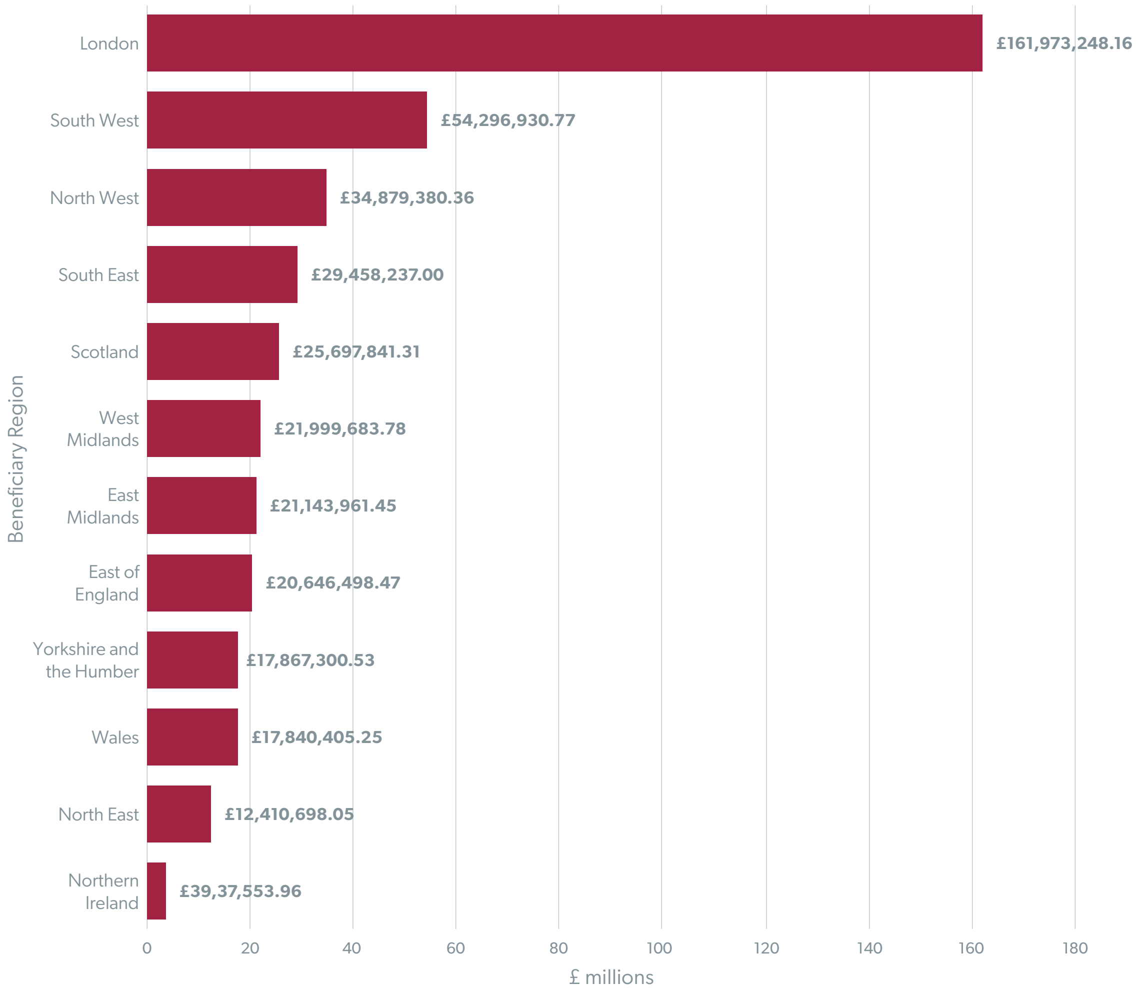
129 S. Shirley, *The Dame Stephanie Story*, Accessed via: www.steveshirley.com/story/

# Rebalance Regional Philanthropy

There is a clear regional imbalance in philanthropic giving across the nation.

CSJ analysis of 360Giving data shows that London received almost £162 million of grants (excluding government grants) in 2024 - the highest amount of any UK region.[130] This is out of a total of £1.4 billion grants, meaning London receives over a tenth (11.5 per cent) of non-government grants. The South West benefited from £54 million, followed by the North West (£35 million), South East (£29 million), and Scotland (£26 million). Grant recipients by region appear to map to GDP, as GDP at current market prices is highest in London followed by the South East, North West, East, South West, and Scotland.[131] This may indicate that grant giving generally redistributes wealth within regions rather than across the country, as the most productive places also benefit from the highest value of grants.[132]

Figure 2: Total Value of Non-Government Grants Per Region, 2024




Source: CSJ Analysis of 360Giving Data, 2024

130 See footnote 2 for full methodology.

131 ONS, *Regional Economic Activity by Gross Domestic Product*. Accessed via: www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/regionaleconomicactivitybygrossdomesticproductuk/1998to2022

132 It is worth nothing that in 2024 £980 million went to undetermined beneficiary locations.

When examining the total grants received per capita, the London skew persists. London receives £18.11 per capita in non-government grants, with the next highest being the South West at £9.34 per capita and Wales at £5.64 per capita.[133] If London was removed the national average spend per capita falls by almost a third, from £6.19 to £4.39.[134]

## Table 1: Non-Government Grant Spend Per Capita

| Region | Spend per capita (£) |
|---|---|
| London | £18.11 |
| South West | £9.34 |
| Wales | £5.64 |
| Scotland | £4.72 |
| North West | £4.59 |
| North East | £4.58 |
| East Midlands | £4.24 |
| West Midlands | £3.61 |
| `Yorkshire and The Humber | £3.19 |
| East of England | £3.19 |
| South East | £3.11 |
| Northern Ireland | £2.06 |
| **Average** | **£6.19** |

Source: CSJ Analysis of 360Giving Data. ONS Population Estimates 2022 (Northern Ireland, Wales and Scotland) and 2023 (Regions of England).

Breaking down by grant giver shows the same skew towards London. Grant making organisations gave over £67 million to London beneficiaries. The next highest beneficiary region was the South West who received £24 million and Scotland which received £15 million. Lottery distributors similarly favoured London which benefited from almost £95 million in lottery grants. The South West was second, benefitting from £31 million, with the North West benefitting from £28 million. The Funders Collaborative Hub, when examining collaborative regional funding ecosystems per region found eight collaborations in London, followed by five in Yorkshire and the Humber and four in the South West.[135]

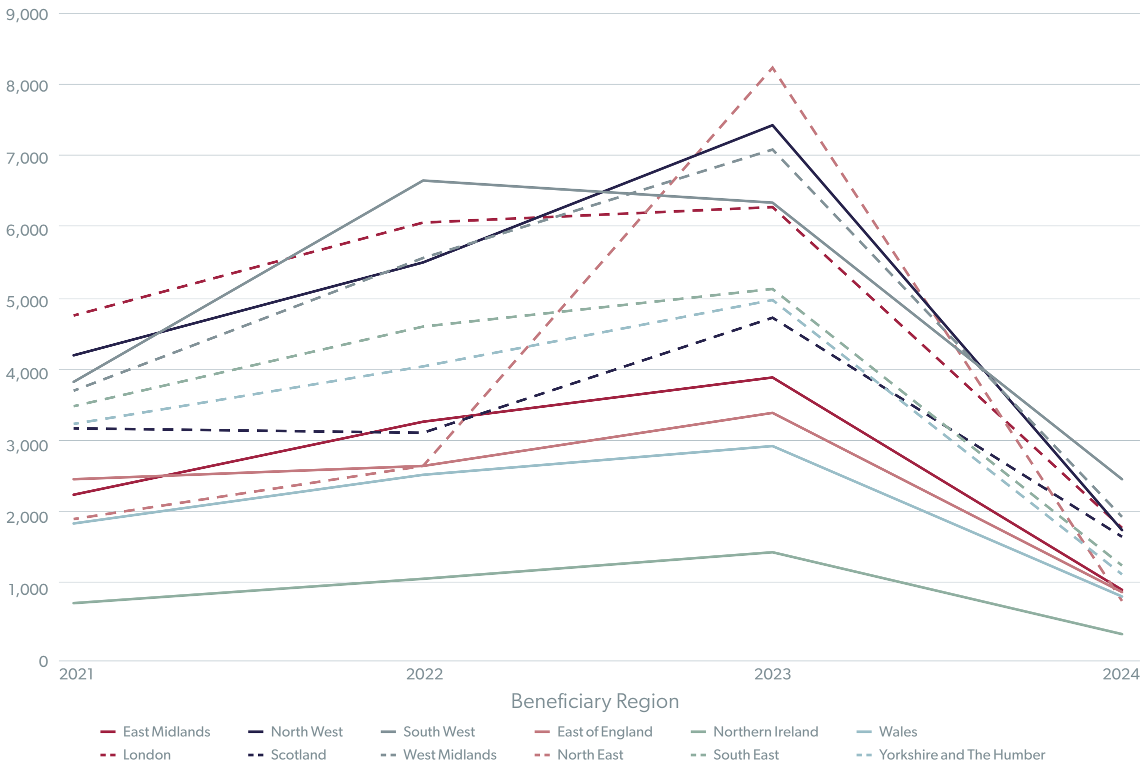
The total number of grants also produces a regional skew, although not the same one as the total value of grants. 2023 saw most regions benefit from a record number of grants. The North East in particular saw more than triple the grants in 2023 than in 2022 and more grants than any other region in that year. In 2024, the South West was the beneficiary of the most grants.

133 CSJ Analysis of 360Giving Data and ONS Population Estimates 2022 (Northern Ireland, Wales and Scotland) and 2023 (Regions of England).

134 CSJ Analysis of 360Giving Data and ONS Population Estimates 2022 (Northern Ireland, Wales and Scotland) and 2023 (Regions of England).

135 Funders Collaborative Hub, *Mapping UK Funder Collaboration – Where Are The 'Hot' And 'Cold' Spots*, 27 May 2022. Accessed via: www.funderscollaborativehub.org.uk/blogs/mapping-uk-funder-collaboration-where-are-the-hot-and-cold-spots

Figure 3: Total Number of Non-Government Grants By Region



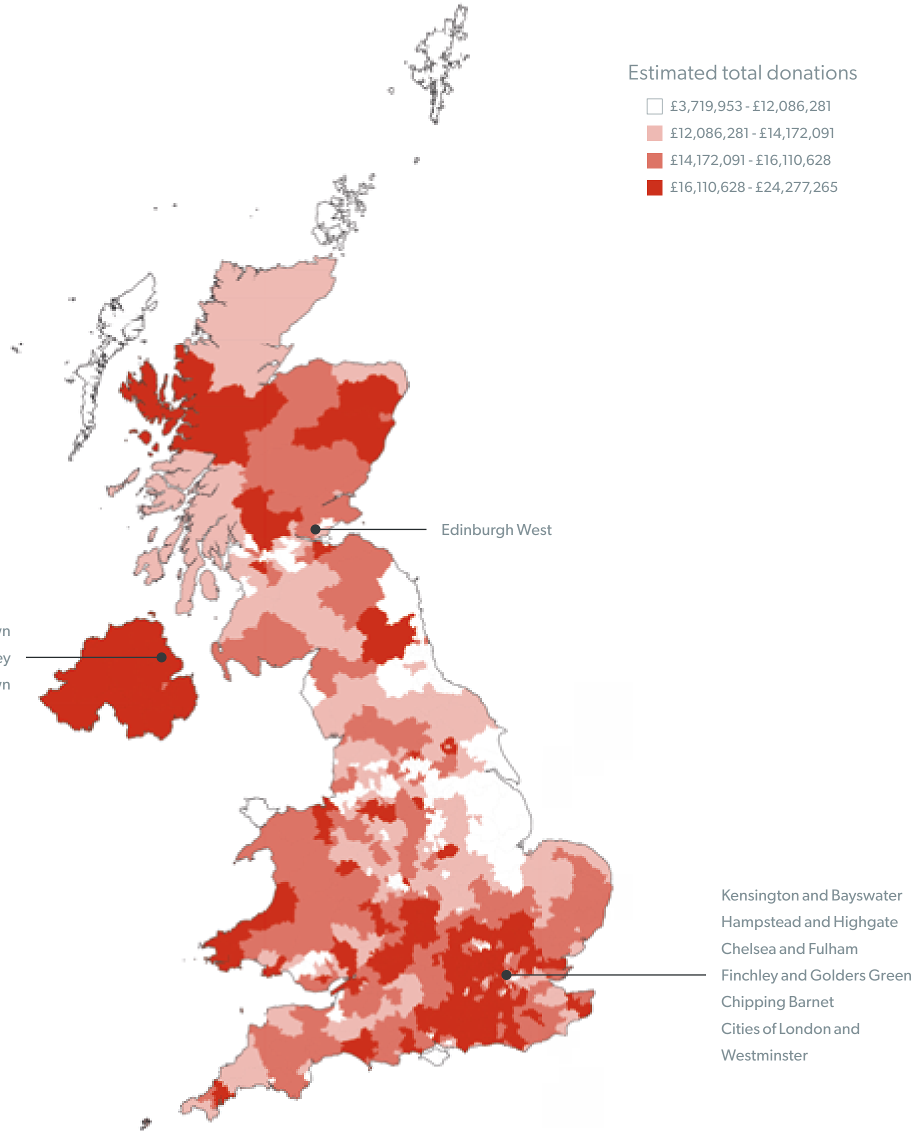

Source: CSJ Analysis of 360Giving Data

CAF's analysis of donations made by individuals and by parliamentary constituency also demonstrates regional disparity. Six of the top 10 constituencies for individual giving were in London, although the number one spot was in Belfast.[136] Adults from the South East and South West (both 71 per cent) were more likely to have given to charity in the four weeks before completing the survey, while those from London and the North East (both 64 per cent) were less likely to have given to charity than average for England.[137]

136 CAF, *UK Giving Report*, March 2024, p.11

137 Department for Culture, Media & Sport, *Community Life Survey 2023/24: Volunteering and Charitable Giving*, 4 December 2024

## Figure 4: Total Value of Donations, by Constituency




Source: CAF, UK Giving Report, *Mapping Generosity Across The Country*, March 2024

However, when looking at proportion of income given, rather than aggregate amounts, more affluent areas are less generous in comparison to less affluent areas. CAF research has shown that some of the most deprived areas in the UK are among the most generous. Donors in the constituency of Belfast West, one of the most deprived parts of Northern Ireland, give an average of 2.2 per cent of their household income to charitable causes each year.[138] This is likely due to the strong Catholic community living in West Belfast. This follows a national pattern where people with a faith tend to outgive their secular counterparts. For example, Christians give on average £59 more per month than UK citizens as a whole.[139] During Ramadan Muslims donors give an estimated £130 million to charity.[140]

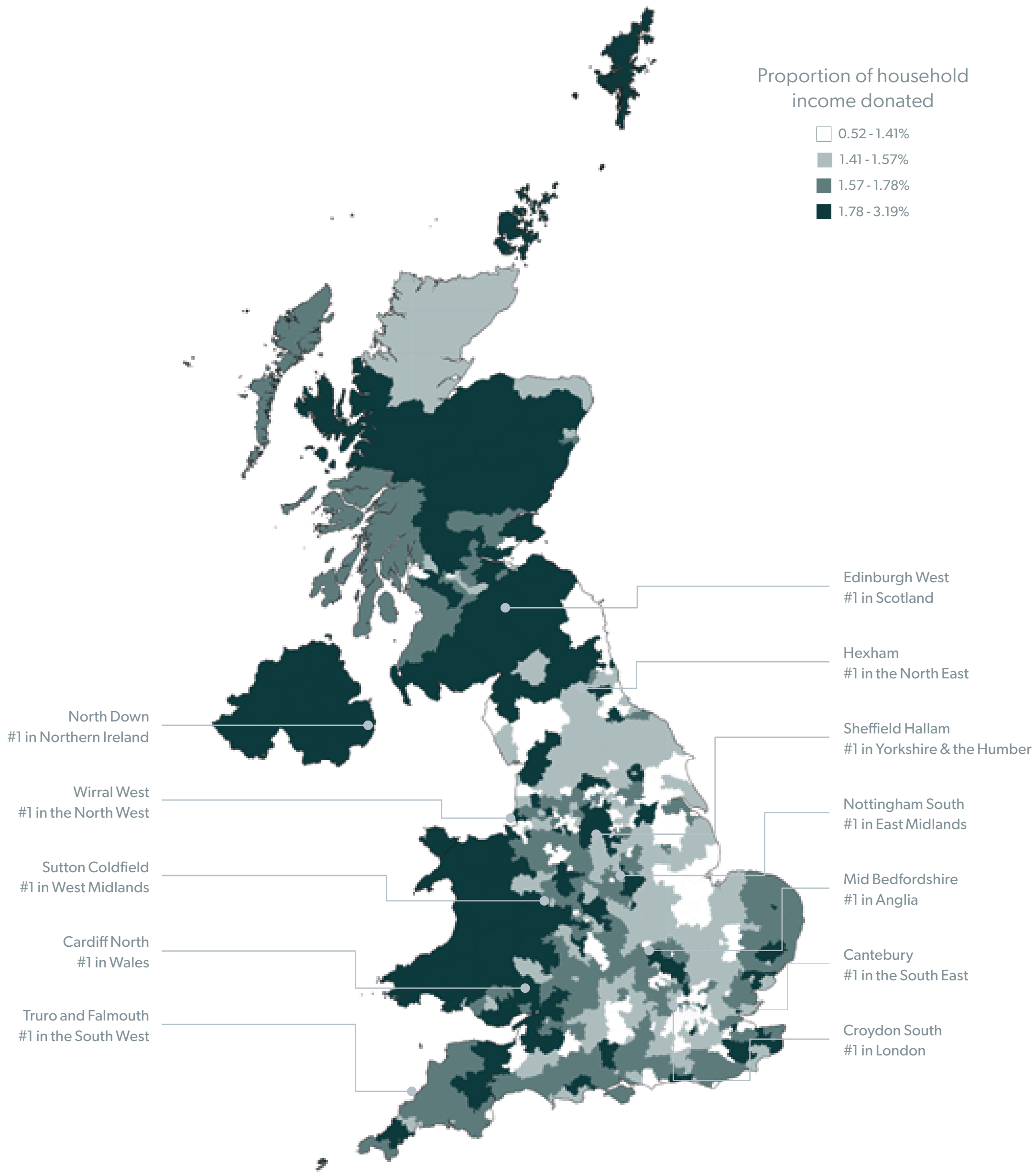
138 CAF, *UK Giving Report*, March 2024, p.12

139 Stewardship, Generosity Report 2025, p.6

140 Gov.UK, *Commission Urges Public to Give Safely During Ramadan*, 8 April 2022. Accessed via: www.gov.uk/government/news/commission-urges-public-to-give-safely-during-ramadan#:~:text=Ramadan%20is%20a%20renowned%20time,during%20the%20holy%20month%20alone.

Inhabitants of the constituency of Kensington and Bayswater in London donate just 0.5 per cent of their household incomes, the lowest in the whole country. As a proportion of income, Londoners give the least, at just 1.3 per cent of disposable income. Those in Cardiff and Belfast are the most generous, donating 2.1 per cent and 2.5 per cent of their incomes respectively.[141]

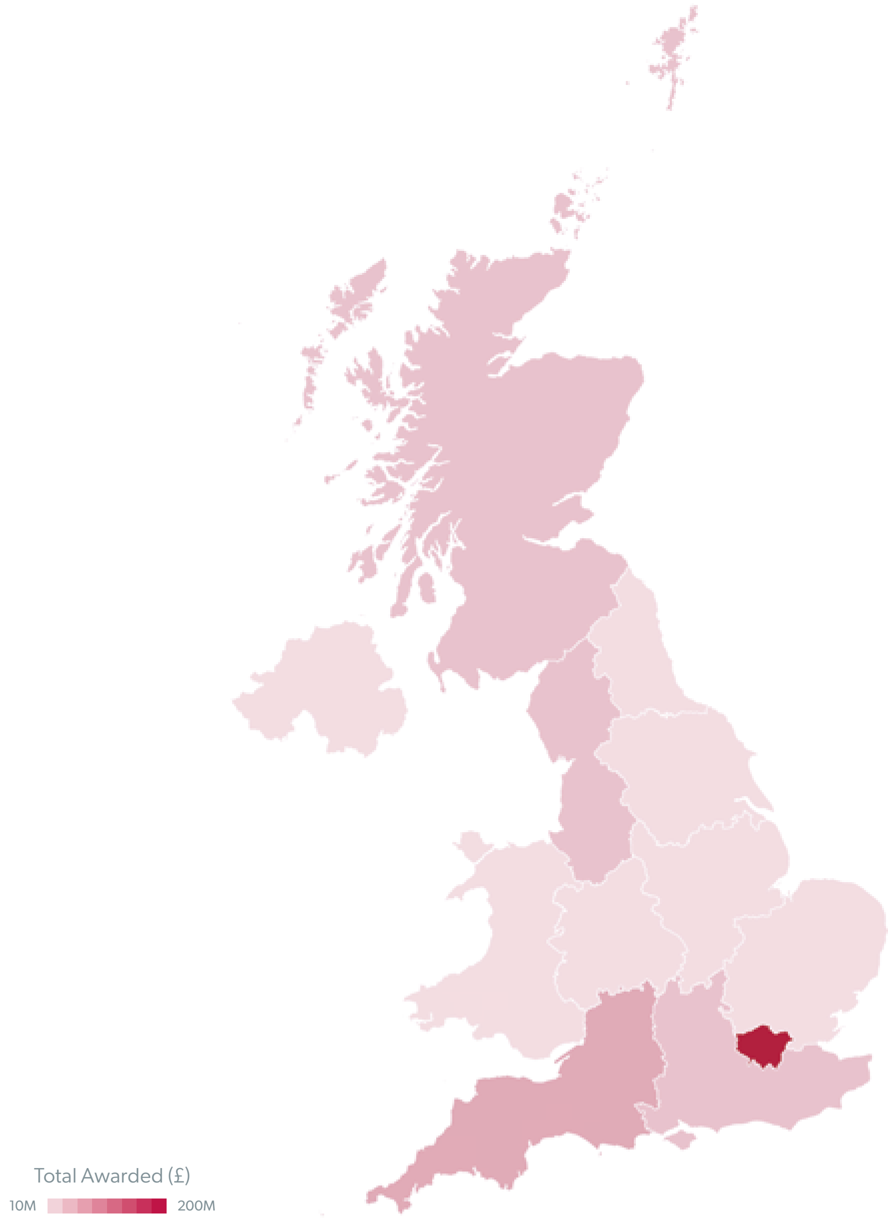
## Figure 5: Donations as a Proportion of Income, by Constituency




Source: CAF, UK Giving Report, *Mapping Generosity Across the Country*, March 2024

141 CAF, *UK Giving Report*, March 2024, p.13

Figure 6: Non-Government Grant Giving, by Region, 2024




Source: CSJ Analysis of 360Giving Data. Country (2021) and Region (2023) shapefiles from ONS.

Although regional analysis has some merit, the impact of giving generated in a particular region may not be felt within the region in which it is given, but rather abroad or by organisations that have a national reach. To address this imbalance any national endeavour to increase philanthropy must have a regional focus, including breaking down the national target for philanthropic giving by region with a particular focus on driving philanthropy in areas that are currently underserved. To quote a family foundation with a presence in the North East and North West, "Any success has to be place based."[142]

> *"Any success has to be place based."*
>
> **Charitable Foundation, Big Listen Newcastle**

142 Charitable Foundation, Big Listen Newcastle

The term 'place based giving' has a variety of definitions. This report will use the definition of the Office for Civil Society commissioned research conducted by Dr Catherine Walker in 2018 which defines place based giving as 'a variety of schemes that involve bringing together resources to benefit the community in a collaborative way in a defined geographic location with the intention of tackling local issues in a new way.'[143] The research found that those involved in philanthropic giving strongly agreed that there wasn't and shouldn't be a single model for place based giving because by its very definition it needs to be tailored to the particular place it is based in, but that there was a strong desire to see more place based giving, as long as place based schemes weren't seen as a 'magic bullet'.[144]

Place based giving matters as each region as a distinct identity and therefore unique challenges and opportunities. The CSJ hosted six Big Listens in six regions across the country. At each Big Listen, grant givers reflected the specific challenges of that region and articulated something of the unique character and identity of the area.

Contributors at the Big Listen Liverpool highlighted the strong sense of identity across the city which could make people suspicious of programmes or initiatives that originated elsewhere. They agreed that true local knowledge was needed, which is not something that all funders, specifically national ones, had. The Big Listen Leeds, which drew in funders from across Yorkshire and the Humber, agreed that cities such as Leeds drew more funding than surrounding cities due to its higher national profile and business investment. They agreed that towns across Yorkshire and the Humber had an even harder time. Funders in Yorkshire felt like the region benefited from the strong sense of local identity, to which many people had a strong emotional tie. This local pride and clearly defined remit helped networks such as the Yorkshire Funders Forum work effectively. On the other hand, areas like Lincolnshire felt torn, striding both Yorkshire and the Humber and the East Midlands and therefore struggling to be fully part of what was going on in each. Across the Midlands, funders felt the lack of a distinct identity put them at a disadvantage and articulated the fact that often Birmingham was seen as synonymous with the Midlands which could have the effect of crowding out other towns, cities and suburbs. When discussing this one funder added, "Try being from Rutland!"[145] The consensus at the Big Listen Newcastle, which drew in funders from across the North East, was that having the lowest disposable income of any region meant that local and place based giving was restricted by having a smaller pool of potential donors from which to draw. Contributors at the Big Listen Bath, which convened funders from across the South West, said they faced the challenge of making the case that there was genuine need and often found themselves trying to correct the perception that the whole region was wealthy. They felt the specific challenges of rural communities were often sidelined, with a focused skewed towards the cities. Those across the South West said that a lot of the HNWIs who lived in the region had relocated there from London for a better quality of life, but didn't necessarily have a particular emotional affinity to where they had relocated to, which could impact their willingness to get involved in local projects.

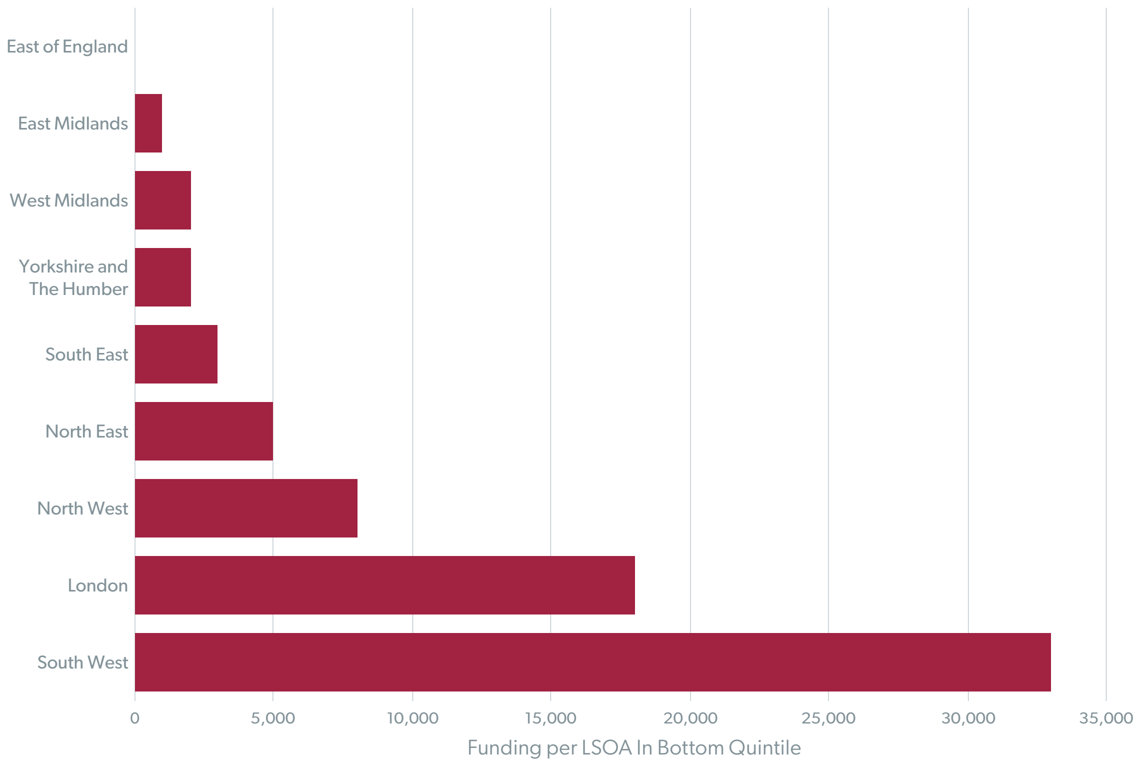
143 Dr Catherine Walker, *Place-based Giving Schemes: Funding, Engaging and Creating Stronger Communities*, 2018, p.7

144 Dr Catherine Walker, *Place-based Giving Schemes: Funding, Engaging and Creating Stronger Communities*, 2018, p4; p.62

145 Grant making charity, Big Listen Loughborough

Place Matters, which maps 114 place based[146] projects across the UK, noted a skew of funding towards London and the North West.[147] However, when looking at projects per million, residents in Scotland had the highest level of placed based projects (as defined by Place Matters) with the East Midlands, East of England and the South East having the least funded populations. Place Matters examined place based funding compared to Lower Super Output Areas (LSOA) in the highest quintile of deprivation and found a skew towards the South West (boosted by centring of activity in Plymouth) and London[148], as shown in Figure 7.

## Figure 7: Funding per LSOA In Bottom Quintile




Source: Analysis by Place Matters, *Mapping Place-based Work Across The UK*, October 2024

> *"For Philanthropists the emotional hook is really important."*
>
> **Philanthropist, Big Listen Bath**

For philanthropists, engaging in placed based giving can be very motivating and rewarding, especially when the area is one that means a lot to them, or is where they grew up. Contributors to the Big Listen conversations identified that for many philanthropists it is a clear way to 'give back' to an area that shaped their lives. As one philanthropist in the South West said, "for philanthropists the emotional hook is really important." [149]

146 Place Matters define 'placed-based' as 1) The project is centred on a specific place-based community; 2) The project addresses significant local social and or economic challenges that require wider systemic change 3) The project is delivered and or governed via multisector collaboration with organisations across local systems, for example, residents, combined authorities, local government, NHS, community and voluntary sector and business and 4) There is meaningful engagement with the community/people with lived experience.

147 Place Matters, *Mapping Place-based Work Across The UK*, October 2024, p.6

148 Place Matters, *Mapping Place-based Work Across The UK*, October 2024, p.9

149 Philanthropist, Big Listen Bath

CASE STUDY

### Place Based Giving in Bishop Auckland

The Auckland Project, founded by Jonathan and Jane Ruffer, was created in 2012 following their purchase of Auckland Castle (renamed Auckland Palace) in Bishop Auckland, Durham.[150] Bishop Auckland was chosen by the Ruffers as a place to focus their giving as Jonathan had grown up in the North East and wanted to give back to his home region. The project aims to make the town a 'must-visit cultural destination,' through regenerating the Castle and its grounds.[151] The Ruffers have invested considerable sums into the project since 2013,[152] alongside investment from the National Lottery Heritage Fund.[153] An EY study commissioned in 2016 found that this project would create 1,700 staff and volunteer training opportunities, and £5 million annually as a result of the castle alone.[154] The Project has also created a museum of faith and preserved 12 paintings by Spanish artist Francisco de Zurbarán. In 2025, the project will see the arrival of 'Kynren, the storied land' (to complement 'Kynren, the story of us') a Day Park that is expected to welcome 250,000 visitors per year at the start, rising to 750,000 when complete in 2029. The existing nightshow 'Kynren, the story of us' has become a significant local and national attraction and has generated huge community value, as demonstrated by the 1,000 strong volunteers who help to deliver the show. Jonathan also founded The Jonathan Ruffer Curatorial Grant Programme in 2012 which offers grants totalling approximately £75,000 annually.[155]

In order to ensure a National Strategy and a National Philanthropy Champion is not centred towards regions of the country that are already well resourced with philanthropy, there should be a distinct regional focus of their work, driven on the ground by Regional Philanthropy Champions.

These voluntary champions should be people with a track record of generous domestic philanthropy. Each Regional Philanthropy Champion should have a clear numerical target of increasing philanthropic giving within their region, with the total figure agreed with the National Philanthropy Champion according to the specific challenges and opportunities within that region. Figures contributing to these regional targets should separately calculate giving that directly benefits that region, alongside money raised for international or national causes.

Each Regional Philanthropy Champion should have clear objectives to meet over a five-year term which include:

- Identify and reach a regional numerical target for philanthropic giving in their region across five years;
- Co-ordinate with Community Foundations, local funders and local infrastructure organisations to join up with what is already going on within their region;
- Develop partnerships with philanthropy intermediary bodies to support charities to build their capacity to attract and utilise philanthropic contributions effectively.

150 Auckland Project, *The Story of the Auckland Project*. Accessed via*: ucklandproject.org/about-us/the-story-of-the-auckland-project/*
151 Auckland Project, *Our Story*. Accessed via: aucklandproject.org/about-us/
152 The Times, *Why I've Invested 50,000 Every Day for Ten Years In My Hometown*, September 2023. Accessed via: www.thetimes.com/culture/books/article/why-ive-invested-50-000-every-day-for-ten-years-in-my-home-town-n68qvpk50
153 Lottery Heritage Fund, *Restoring and Reinterpreting Auckland Castle*, April 2013. Accessed via: heritagefund.org.uk/projects/restoring-and-reinterpreting-auckland-castle
154 NewcastleGateshead Initiative, *Economic Impact Survey Shows Potential Of Auckland Castle Trust's Success*. Accessed via: ngi.org.uk/resources/news/auckland-castle
155 Bibli Art Fund, *Jonathan Ruffer Curatorial Grant Programme Guidance for Applicants*, p.2

**RECOMMENDATION 8**

The National Philanthropy Champion should recruit 12 voluntary Regional Philanthropy Champions, one for each region of the UK with clear objectives to meet over a five-year term. Their responsibilities should include:

- Identify and reach a regional numerical target for philanthropic giving in their region across five years;
- Co-ordinate with Community Foundations, local funders and local infrastructure organisations to join up with what is already going on within their region and, with existing partners, develop local philanthropy infrastructure to meet the needs of the community.

## Charity Investment Zones

Given the stark regional inequality of philanthropy across the country, there is a need for Charity Investment Zones[156], based on the model of investment zones for businesses.

Investment Zones for businesses bring together a range of government backed interventions such as tax relief, planning mechanisms and innovation, skills and business support to create conditions for investments and innovation. They are usually located in areas with existing local strengths but that are deemed to have significant untapped potential. The current system is focused on supporting the growth of at least one of five priority areas; advanced manufacturing, creative industries, digital and tech, green industries and life sciences. Business investment zones have estimated that they will attract more than £11 billion in private investment over the next 10 years.[157]

This model should be replicated for charitable purposes. Government provided match funding should direct philanthropic givers, especially HNWIs, to focus their giving to currently underserviced areas. The National Mission Innovation Fund should be focused towards these Charitable Investment Zones to level up philanthropic giving across the nation.

**RECOMMENDATION 9**

The DCMS should identify the 20 areas of lowest philanthropic giving, but great need, and then designate 10 to be Charitable Investment Zones.

156 Charitable Action Zones first mentioned in Onward, *Giving Back Better*, January 2024, p.75

157 House of Commons, *Business and Trade Committee, Fourth Report of Session 2023–24*, April 2024, p.11

## Devolved Governments

Devolved governments such as local authorities, combined authorities and mayoral authorities should also have a responsibility to drive philanthropic giving within their areas.  This is moving with the current Government's direction of travel who see devolved authorities, and in particular metro mayors, as key to delivering the National Mission of growth across the country. In their first meeting after the election, the Prime Minister and Deputy Prime Minister tasked all 12 current mayors with developing 'local growth plans' for their areas to show how each would contribute to the national mission.[158] This is an opportunity for philanthropy to be seen as a key partner in driving growth across the regions.

**RECOMMENDATION 10**

Metro Mayors should be required to include deliverables for incorporating philanthropy into their Local Growth Plans.

## Northern Ireland and The Lottery

Since 2005, the People's Postcode Lottery, which manages charity lotteries on behalf of 20 Postcode Trusts, has raised over £1.2 billion for charities and community groups in England, Scotland and Wales.[159] However, the Gambling Act 2005 does not extend to Northern Ireland regarding lotteries (except the National Lottery). Instead, society lotteries in Northern Ireland are regulated by the Betting, Gaming, Lotteries and Amusements (NI) Order as a devolved matter, which means charity lotteries such as the People's Postcode Lottery are unable to operate in Northern Ireland. Although the National Lottery has made significant contributions to giving in Northern Ireland awarding £290 million of funding to more than 1,900 projects in Northern Ireland since 1994,[160] the country is still missing out on the potential benefit that society lotteries can bring.

The People's Postcode Lottery has calculated that based on average rate of growth and on the estimated 150,000 residents of Northern Ireland they would expect to play, if the People's Postcode Lottery was extended to Northern Ireland, over £7 million of funding to charities and other good causes could be delivered in Northern Ireland within five years.[161] The People's Postcode Lottery identified that 'the opportunity to fund grassroots organisations working in their own cities, towns and villages provides a strong motivation for our player base', identifying that small and medium-sized charities would be net beneficiaries of their operation in Northern Ireland, not just larger national charities.

**RECOMMENDATION 11**

The Minister for the Department of Communities in Northern Ireland should amend the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 to make it lawful for charity lotteries licensed and regulated in mainland Great Britain to operate on the same basis in Northern Ireland.

158 Institute for Government, *Local Growth Plans*, October 2024
159 People's Postcode Lottery, *Untapped Potential: Expanding Charity Lottery Fundraising into Northern Ireland*, October 2023, p.6
160 Heritage Fund, *Northern Ireland*. Accessed via: www.heritagefund.org.uk/in-your-area/northern-ireland
161 People's Postcode Lottery, *Untapped Potential: Expanding Charity Lottery Fundraising into Northern Ireland*, October 2023, p.11

# Model Good Grant Giving

In addition to providing leadership and vision, central and local government can model good giving in their practice as they are both themselves major grant givers. In 2021/22, government remained the second largest income source for the charity sector, behind the public. Income from government to charities amounted for just over a quarter (26 per cent) of the sector's total income, which amounted to £17.97 billion in government spending.[162] £3.7 billion of this government money was in the form of grants, making up over a quarter (26 per cent) of the total government expenditure to charities. The remaining funding constituted contracts to run public services and for fees provided by charities and was £10.6 billion.[163]

Although larger organisations[164] receive the most government income (major and super-major organisations receive 61 per cent of all government funding) smaller organisations are more dependent on government funding. Government funding makes up 37 per cent of all income for micro and small organisations, compared with 26 per cent for all other, larger organisations.[165]

This provides a vast opportunity to ensure both central and local government set the standard in good grant giving, which is unfortunately not currently the case across the board. Conversations at our Big Listens revealed this being a particular issue with local authorities. One funder based in the North West was very clear, "It's an absolute shambles. Local councils need to get ahead of the game and give people longer than 3-month contracts. How can employees trust they even have a job in 6 months time?… it wears the whole sector down. Every so often they'll have millions they need to get rid of, and spend quickly, which is so short sighted."[166]

> *"We've been offered UKSPF but we need to spend it in 6 months - its mad!"*
>
> **Charity, Big Listen Newcastle**

Charities said the short spending timelines they often had to work to for government grants undermined their ability to be thoughtful and measured with their spending. A small charity in the North East echoed this, "We've been offered UKSPF [UK Shared Prosperity Funding] but we need to spend it in 6 months - its mad!"[167] Another recipient of the UKSPF said that however long the distribution process, the charity still had to spend the grant before the end of the financial year, which led to them rushing out the spending. They admitted they had to spend the money "even if not [the] most impactful, otherwise [we] won't get funding again."[168] Not only does this artificial spending timeline result in non-strategic decisions being made, charities were also concerned that it gave a bad reputation to the sector and could deter others from giving if they observed this decision making from the outside without understanding the constraints under which charities were operating.

Despite these frustrations there are examples of Local Authorities being a helpful long term grant giver to small charities, as illustrated below.

162 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

163 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

164 Defined in this instance as those with an income of over £1 million.

165 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

166 Philanthropist, Big Listen Liverpool

167 Charity, Big Listen Newcastle

168 Charitable Foundation, Big Listen Liverpool

CASE STUDY

## New Beginnings Foundation and Stockport Metropolitan Borough Council

### CSJ Award Winner 2024

New Beginnings is a small charity in Stockport with an aim to keep children who are in the child protection system safe from harm by building meaningful relationships based on trust, respect, and honesty, with the goal of supporting parents to break the cycle of intergenerational trauma. New Beginnings specialises in working with parents whose children are subject to the child protection process due to concerns of abuse and neglect, providing intensive support and advocating for their wellbeing.

New Beginnings CEO, Dr Jadwiga Leigh, spoke about the positive relationship the charity has been able to broker with Stockport Metropolitan Borough Council to provide stability in their service offer. This relationship with the Council was initiated by the charity, who offered to run a 6-month pilot with four families for low cost. An independent evaluation of the pilot programme by the University of Sheffield found a cost saving to the Council of £219,500 across just four families over 24 weeks and identified that Children's Social Care involvement with 'all of the families that completed the pilot had been stepped down.'[169] The pilot provided a good opportunity to build positive relationships across the Council.

Dr Leigh identified that beyond the sustainable funding resource, working with the Council widened their reach by broadening access to their referral process, meaning more families could benefit from their support.

A key turning point in making the argument for longer term funding was the strategy put forward by independent consultants who assisted the charity to negotiate a fair cost for the service delivery. The charity developed a short brief of the project idea and a figure for startup funding and involved the Council in the development of the project idea through monthly meetings where tweaks to the delivery programme where agreed.

Dr Leigh said:

"Most local authorities have tender processes which are so hard to navigate. We now have a relationship which makes this so much easier. We have to prove our worth and develop a model, which the Local Authority recognises is important. And we are in a position to be able to show it as a good investment by the Local Authority. As a result, we have three years of funding, without navigating the challenging tender process, all because we have an innovative local authority who know how to support good work.

Councils are cautious in investing in projects that appear expensive but once you get your foot in the door you are one step closer to showing them the great work you can achieve. When they start to see your impact, hear the stories of your beneficiaries [and] see how much money you are saving them, their concerns about cost disappear as they realise they are making an investment that has value and will make a difference."

169 University of Sheffield, *Evaluation: New Beginnings Greater Manchester Pilot Project*, March 2019, p.25; p.11

The multi-year funding cycle to Local Authorities beginning in 2026-27 provides an opportunity for longer term funding commitments to voluntary organisations.

**RECOMMENDATION 12**

All Government Departments and Local Authorities should model good practice in grant giving by:

- Ensuring grant giving and contract delivery timelines to charities mirror the multi-year funding cycles to Local Authorities beginning in 2026-27. Grants should be committed in 3-5 year funding cycles where possible.
- Removing the short spending timeline requirements that serve budget lines rather than project impact.
- Working with small charities and grant recipients to revise the agreed monitoring criteria, that is proportionate to the money being granted and does not place an undue reporting burden on charities with a track record of success.

Some grant recipients pointed out that many government contracts are under-costed, and the small charities are then brought in by the contract recipients to fill the gap. A staff member for a foundation who was also a trustee of an employability charity said that, "What we are actually doing is filling the gap between what the contract costs and how much it costs to actually do it."[170] Other respondents pointed to the Government policy changes (such as increases to employer National Insurance contributions or national minimum wage for example) that drive up the cost of delivery mid contract, but are not factored into contract calculations by the Government.

In 2023, the National Council for Voluntary Organisations (NCVO) surveyed 331 voluntary sector organisations regarding contracting practices. 87 per cent of organisations were found to be subsidising the costs of government grants and contracts they had won, with 40 per cent reporting that their contracts and grants never entirely covered the true costs incurred for delivering services.[171] 1 in 10 (10 per cent) noted that this problem of underfunding had been continuing for longer than a decade. In response to the short fall, these charities made up the difference through various fundraising mechanisms such as public donations and legacies (67 per cent), income from charity shops (25 per cent) and reserves (11 per cent).[172] Dipping into these resources to cover the cost of contract delivery can undermine the financial stability of the charity. The report identified that this under-contracting particularly impacted poorer areas, where charities have a smaller presence and are less likely to be able to raise other funds.

**RECOMMENDATION 13**

All Government Departments and Local Authorities should model good practice in grant giving by ensuring the costs of the contract accurately reflect the full cost of delivery.

This does not negate philanthropic partnerships being part of the overall funding package. It should however ensure that what Government Departments and Local Authorities calculate as the costs of the project map exactly to the true costs incurred by the charity and that no shortfall is 'baked in' to the calculations.

170 Charitable Foundation, Big Listen Newcastle

171 NCVO, *The True Cost of Delivering Public Services: A Survey of Charities in England*, March 2024

172 NCVO, *The True Cost of Delivering Public Services: A Survey of Charities in England*, March 2024

# Use Professional Advisors

Independent financial advisers (IFAs), wealth managers and planners and lawyers have a unique role in supporting, equipping and nudging HNWIs to give philanthropically through the touchpoint of providing client advice.

Despite this opportunity there is a vast variance in the quality of philanthropy advice provided by IFAs, if it is provided at all. Philanthropy Impact estimate that fewer than 20 per cent of wealth and other private client advisors raise the subject of philanthropic giving with their private clients.[173] Analysis conducted by the Green Funders Network of interviews with 25 professionals in a range of financial advice roles found that unless the bank or financial management firm had a dedicated philanthropy team, philanthropy was unlikely to be mentioned.[174] Half of advisors stated they had not received any training on philanthropy.[175] Research by CAF found that just 5 per cent of IFAs, wealth managers and planners said they were 'very confident' about advising clients on philanthropy and almost three-quarters (72 per cent) do not include philanthropy as part of their initial fact finding with clients.[176] Only 11 per cent of advisors said they did not feel confident advising on philanthropy due to previous negative experiences bringing it up with clients.[177]

CASE STUDY

**Next Generation Planners**

Founded in 2017, Next Generation Planners is an online community of thought leaders from across the finance profession, who gather with the purpose of aiding and empowering the financial planning community to develop.[178] The platform secures funding through various channels, including crowdfunding and equity investment, as well as online revenue streams sourced from the membership programmes, training contracts, and AdviceStack and TechStack platforms that it offers.

The app-based collective offers a wide variety of assistance to users ranging from events, tailored content, specialised training programmes and peer support. It also runs a study scheme for the Chartered Financial Planner (CFP) exam which offers virtual classroom days, study schedules, expert training, coaching and support, access to a library of relevant video content and challenges, and assistance in building a personal development plan.

As of the end of 2024, the organisation had 1500+ members, with over 250,000 messages sent and 3,400 contributions a month.[179] In 2018 its podcast was downloaded more than 100,000 times, sparking a stream of youth interest in joining the financial planning profession.[180]

173 Philanthropy Impact, *Increasing Philanthropic Giving and Impact Investing*, p.7

174 Environmental Funders Network, *Exploring the Role of Wealth Advisors In Green Giving*, November 2024, p.13

175 CAF, *Advising the Giving Generation*, December 2023

176 CAF, *Advising the Giving Generation*, December 2023

177 CAF, *Advising the Giving Generation*, December 2023

178 C. Reichmann, *Nextgen Planners Revives Certified Financial Planner Challenges*, The Financial Times Adviser, 29 June 2022. Accessed via: www.ftadviser.com/ftadviser-focus/2022/06/29/nextgen-planners-revives-certified-financial-planner-challenge ; Personal Finance Society, *PFS To Sponsor Nextgen Planners Conference*,17 April 2024. Accessed via: www.thepfs.org/news-insight/news/articles/pfs-to-sponsor-nextgen-planners-conference/109333 ;

179 NextGen Planners, *Our Community*, Accessed via: www.nextgenplanners.co.uk/join-our-community

180 E. Smith, Profile, *How Nextgen Planners Became an Advice Movement*, 7 November 2018. Accessed via: citywire.com/new-model-adviser/news/profile-how-next-gen-planners-became-an-advice-movement/a1172722

The role of financial advisors is particularly pertinent for the next generation of givers. The next three decades have been projected to oversee the largest intergenerational wealth transfer in history, with up to $100 trillion set to transition across generations globally.[181] Research by the Beacon Collaborative identified that the demand for a professional adviser is particularly strong among donors under 40.[182] More than half (57 per cent) of 18-34 year old HNWIs say an adviser could help with their philanthropy.[183] The fact this is higher than for the cohort of those aged 35-54 (at 49 per cent),[184] shows a particular opportunity to harness the power of philanthropic advice for the next generation.

To harness this opportunity, financial advisors should be equipped to provide high-quality philanthropic advice by receiving training on providing philanthropy advice as part of the syllabus for all relevant providers of "Appropriate Qualifications". Qualification routes should also offer a formal route to a philanthropy specialism. There has been a longstanding request that the Financial Conduct Authority (FCA) mandate modules on philanthropy advice to be an obligatory part of the accreditation process.

### RECOMMENDATION 14

The FCA should mandate that philanthropy advice, including awareness of the tax benefits, be a part of financial advice processes. This should fall under the Conduct of Business (COB) 5.2 "Know your customer".

Another key issue is the proliferation of professionals who provide different touch points of advice on matters related to investment principles, risk, taxation, pensions, financial planning and philanthropy. These qualifications are accredited by various governing and professional managing bodies. Across these groups there is no single recognised accreditation for philanthropy advice. One study found that less than 20 per cent of UK advisory firms currently offer specialist philanthropic advice.[185]

### RECOMMENDATION 15

The FCA should establish an accredited professional certificate in philanthropic advice available to various professionals including solicitors, financial advisors and accountants.

There is an opportunity for financial advisors to ensure that clients are aware of financial incentives for giving. Advisors mentioned the lack of incentives for the firm, or a fear of connecting their client to a philanthropy organisation and therefore losing control of the relationship as a barrier to raising philanthropic advice.[186]

181 The Financial Times, *Transfer of Wealth from Boomers To 'Zennials' Will Reshape the Global Economy*, 22 August 2023. Accessed via: www.ft.com/content/63027e28-724a-40bc-a929-7dec5125926c

182 The Beacon Collaborative, *The Giving Experience*, October 2020, p.46

183 CAF, *Advising the Giving Generation*, December 2023

184 CAF, *Advising the Giving Generation*, December 2023

185 Philanthropy Impact, *Meeting the Demand for Professional Philanthropic Support*. Accessed via: www.philanthropy-impact.org/resource-hub-articles/meeting-the-demand-for-professional-philanthropic-support/

186 Environmental Funders Network, *Exploring the Role of Wealth Advisors in Green Giving*, November 2024, p.14

In addition, bonuses and promotions across the wealth management sector are often directly tied to growing the value of assets under management which could be at odds with a motivation to equip individuals to give their wealth away through philanthropy. The Green Funders Network's analysis of interviews with financial advice professionals and HNWIs identified this factor as the major blockage in improving philanthropic advice through wealth managers.[187] However, in a separate survey over one in five (21 per cent) identified a direct link between providing philanthropic advice and winning new business.[188] Despite this, the fact that the Inheritance Tax rate can be reduced if an individual leaves at least 10 per cent of their estate to charity highlights one opportunity for 'cost-free' giving for HNWIs if they are properly informed.

**RECOMMENDATION 16**

The FCA should include training on the avenues available for philanthropic giving, as well as the tax incentives, such as Inheritance Tax reductions, that enable giving, as part of the accreditation syllabus to obtain a CF30.

Financial advisors also need to have the necessary local knowledge and relationships to signpost clients to those able to provide giving services such as Community Foundations and other local grant makers who accept donations from individuals.

**RECOMMENDATION 17**

The FCA should lay out guidance on how firms who are authorised to give financial advice should engage with local charitable giving vehicles. Where there are local networks, financial advice firms should be expected to attend relevant events and meetings at a suitable frequency to have knowledge of the local philanthropy infrastructure. Where no such networks exist, firms should be expected to meet regularly with their closest community foundation or equivalent vehicle.

187 Environmental Funders Network, *Exploring the Role of Wealth Advisors in Green Giving*, November 2024, p.26
188 CAF, *Advising the Giving Generation*, December 2023

# Increase Legacy Giving

One of the biggest growth areas in donations to charities is legacy giving, often through wills. Charitable bequests are tax-free and the Inheritance Tax (IHT) rate can be reduced if an individual leaves at least 10 per cent of their estate to charity.

Smee & Ford Legacy Trends Report 2024 draws on a database of every charitable bequest mentioned in a will in England and Wales of charities registered with the Charity Commission with an income of over £500,000.[189] According to Smee & Ford there was £3.5 billion in legacy income reported in 2023, a 1.9 per cent increase from the previous year.[190] They also calculated an additional £338 million of legacy income from charities with an income of under £500,000 who do not have to declare this to the Charity Commission, bringing the total likely figure to £3.9 billion. Another study shows that legacy giving has risen by 43 per cent in the decade up to 2023.[191] Smee & Ford also found that nationally nearly 14 per cent of probated estates with wills are charitable, rising to 1 in 5 in areas of the South West and South East, and being as low in 1 in 8 or 10 in the North East and Wales.[192] Particular charities feature highly in legacy giving. Cancer Research UK received one gift of £44 million in 2023.[193] Alzheimer's Research UK saw an overall increase of 101 per cent in the gifts received from legacies and Great Ormond Street Hospital an increase of 41 per cent.[194]

However, 57 per cent of adults still do not have wills,[195] meaning there is great untapped potential to increase legacy giving. Again, there is large regional disparity with the percentage of adults with no wills in place as follows; Leeds (57 per cent), Sheffield (56 per cent), and Nottingham (51 per cent). The areas with the lowest number of adults with no wills are as follows; Brighton (36 per cent), Cardiff (38 per cent), London (39 per cent) and Newcastle (39 per cent) - although still around a third of adults in those areas do not have a will. Theoretically, using a simple extrapolation from existing figures, (and if those who do not have wills had assets currently in line with those who do have wills) - if the number of adults with wills rose to 100 per cent - an additional £5.17 billion could be invested into the charitable sector, taking the total legacy giving per annum to £9.07 billion.[196] If the number of adults with wills rose to a more realistic two thirds nationally (66.67 per cent), then the total legacy giving could rise by £2.15 billion to £6.05 billion.[197]

At the same time, one in six UK adults (17 per cent) do not know that they can leave gifts of money or items to charities in their wills,[198] showing legacy giving is a hugely under tapped resource.

189 Smee & Ford, *Legacy Trends Report 2024*, April 2024

190 Smee & Ford, *Legacy Trends Report 2024*, April 2024, p.5

191 Remember a Charity, *Legacy Giving Up 43% In the Past Decade*, 3 April 2023. Accessed via: www.rememberacharity.org.uk/about-us/latest-news/legacy-giving-up-43-in-the-past-decade/

192 Smee & Ford, *Legacy Trends Report 2024*, April 2024, p.8

193 Civil Society, *Cancer Research UK's Income Rises After Receiving Single £44m Legacy Gift*, August 2023. Accessed via: www.civilsociety.co.uk/news/cancer-research-uk-legacy-income-rises-by-55m.html#:~:text=Cancer%20Research%20UK's%20income%20rose,the%20charity%20at%20%C2%A3261m.

194 Smee & Ford, *Legacy Trends Report 2024*, April 2024, p.11

195 Canada Life, *Over Two Fifths of UJ Adults Have Not Written a Will*, 7 November 2024. Accessed via: www.canadalife.co.uk/news/over-two-fifths-of-uk-adults-have-not-written-a-will/#:~:text=Canada%20Life%20today%20reveals%20the,without%20a%20will%20in%20place.&text=Leeds%20(57%25)%2C%20Sheffield%20(,the%20process%20of%20doing%20so.

196 This calculation does not take into account the fact that those with wills are more likely to have assets to transfer than those without wills, so therefore increasing will take up will not necessarily mean an exactly proportional increase in giving.

197 Ibid.

198 Third Sector, *One in Six UK Adults Unaware They Can Leave Legacy Gifts in Wills*, 09 April 2024. Accessed via: www.thirdsector.co.uk/one-six-uk-adults-unaware-leave-legacy-gifts-wills/fundraising/article/1868134#:~:text=About%20one%20in%20six%20UK,did%20not%20have%20a%20will.

**RECOMMENDATION 18**

The Charity Commission should run a nationwide campaign to publicise the tax benefits of legacy giving.

**RECOMMENDATION 19**

HMRC should add a prompt box to those filling out a self-assessment tax return asking if individuals have made a will and signposting them to Gov.UK 'Make a Will' webpage.[199]

## Promote Payroll Giving

Payroll Giving, also known as Give as You Earn (GAYE), is a way of Pay as You Earn (PAYE) workers or pensioners giving to charity without first paying income tax on their donation. The amount that is deducted from a donor's pay depends on their tax rate. The scheme has to be set up through the employer who can deduct any costs of running the scheme, such as the costs of fees paid to a payroll giving agency, from their business profits before tax. As an example of how GAYE works, a donation of £5 a month would cost an employee £4 from their take-home pay if they are on the basic tax rate and £3 if they are on the higher tax rate.

Payroll Giving provides an unrestricted source of regular income for charities and removes the requirement for charities to go through the process of claiming Gift Aid on donations, reducing time and resource demand. In addition, the tax relief can be accessed at point of donation, rather than having to be claimed back at a later date. Companies who facilitate payroll giving for their employees could be awarded a Payroll Giving Quality Mark Certificate and become eligible to apply for the National Payroll Giving Excellence Awards.

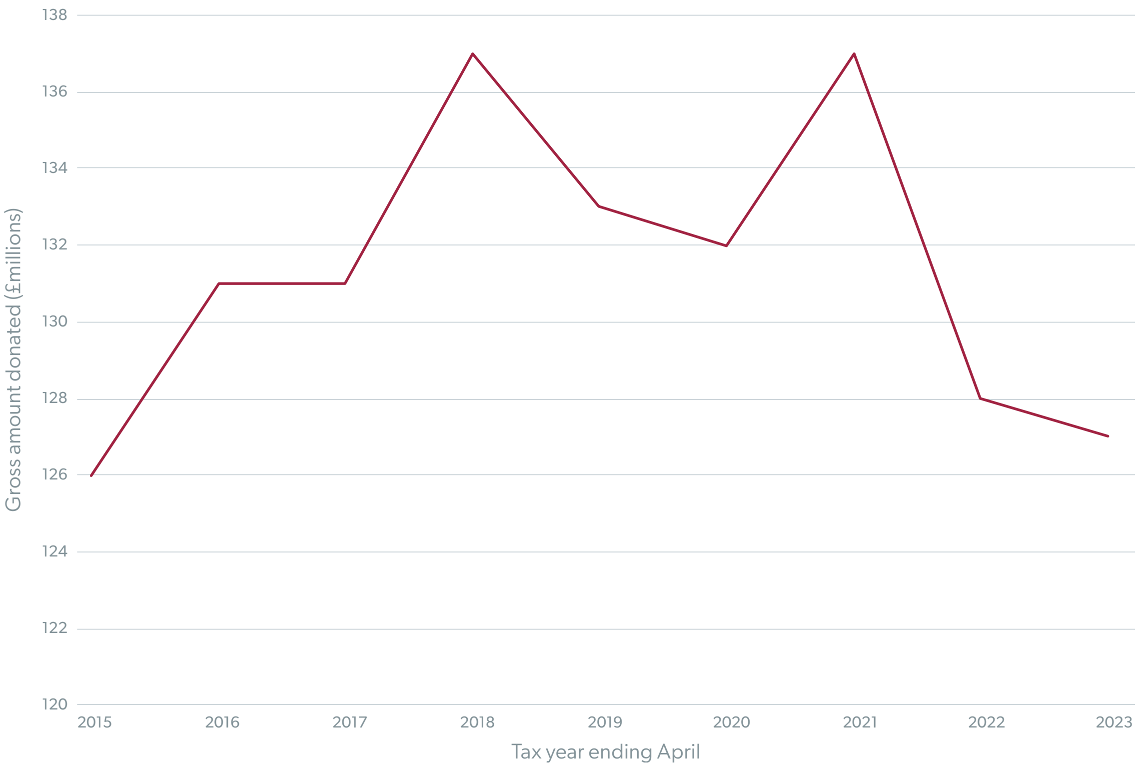
Since 1987 Payroll Giving has enabled £2 billion of giving to charitable organisations.[200] However the overall amount of donations given through payroll giving has stagnated since 2015 (which signifies a reduction when accounting for inflation), despite some years showing a rise, as shown in Figure 8. In the tax year ending April 2023, £127 million was given through payroll giving, compared to £126 million in the tax year ending 2015.[201]

199 Gov.UK, *Making a Will*. Accessed via: www.gov.uk/make-will

200 Payroll Giving Month, *Payroll Giving*. Accessed via www.payrollgivingmonth.com/

201 HMRC, *UK Charity Tax Relief Statistics*, 2024

Figure 8: Gross Amount Donated Through Payroll Giving (£ Millions)

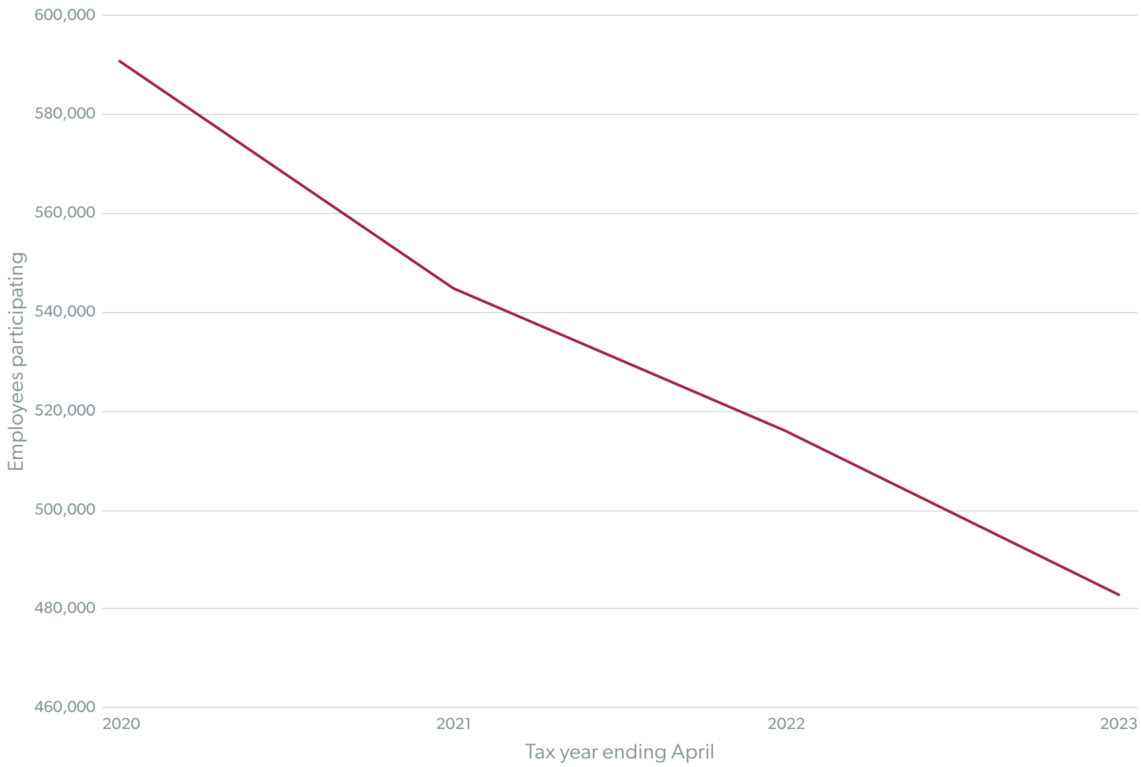



Source: CSJ Analysis of HMRC, UK charity tax relief statistics, 2024

This also coincides with a decline in the total number of employees using payroll giving, as shown in Figure 9. There are currently 30 million people on PAYE who are eligible to give through Payroll Giving, yet in tax year ending 2023 only 483,000 employees participated, representing only 1.61 per cent of the potential total number of people who could give through GAYE. CAF analysis showed that an average of only 2 per cent of donors surveyed since May 2016 had given through Payroll Giving in the last 12 months.[202]

202 CAF, *Payroll Giving Policy Briefing*, 2024, p.6

Figure 9: Number Of Employees Participating in Pay Roll Giving




Source: HMRC, UK charity tax relief statistics, 2024

There is clearly untapped potential in GAYE, which the Government should seek to capitalise. As just one example, employees at Stirling Council raised £254,624 through payroll giving for a local hospice, as a response to the option offered by their employer to opt in to donate directly through their wages each month.[203] CAF surveyed the public on their knowledge of Payroll Giving. Over a third (36 per cent) of people said they had heard of Payroll Giving, while well over half (59 per cent) had not.[204] Awareness is the first step to increasing uptake.

**RECOMMENDATION 20**

HMRC should issue new guidance to employers on how to explain the tax benefits for charities and givers of Payroll Giving.

**RECOMMENDATION 21**

The Charity Regulators should launch a campaign, to coincide with Payroll Giving Month held every February, to raise awareness of Payroll Giving among taxpayers.

203 Strathcarron Hospice, *Generous Stirling Council Employees Donate Over a Quarter Of A Million To Strathcarron*. Accessed via: www.strathcarronhospice.net/news/generous-stirling-council-employees-donate-over-a-quarter-of-a-million-to-strathcarron

204 CAF, *Payroll Giving Policy Briefing*, 2024, p.10

# Simplify Gift Aid

Introduced in 1990 by the then-Chancellor John Major, Gift Aid has been described as the world's greatest charitable tax relief. Before discussing some of the challenges with Gift Aid in its current form, it is worth noting that, through Gift Aid, the UK Government is a major contributor to UK giving. Gift Aid is worth £1.6 billion to UK charities annually, but despite endeavours to increase Gift Aid uptake and awareness there still remains between £560 million[205] and £585 million[206] per year that could be going to charities but is currently unclaimed. The system is complex and cumbersome for charities seeking to claim back gift aid that has been pledged to them. 20 per cent of charities surveyed by the Charity Finance Group found claiming Gift Aid 'difficult' or 'very difficult'.[207] One third (34 per cent) of the respondents surveyed had an income of less than £250,000. More than half of charities surveyed (52 per cent) said that the adoption of better processes would help them to claim Gift Aid more easily.[208]

> *"They don't sign up for gift aid because it's too time consuming or difficult."*
>
> **Charity leader, Big Listen Bath**

The system is also cumbersome for givers using the Gift Aid System. According to CAF only just over half (54 per cent) of higher rate tax payers - those with an income over £50,000 per year - are aware they can claim tax relief on donations to charity, and a third (35 per cent) are unaware.[209] Across the income spectrum Gift Aid is underused, with one charity leader saying that even the small amounts of giving can add up but "too often people are spending at charity shops and they don't sign up for gift aid because it's too time consuming or difficult."[210]

As has been modelled in other forms of giving, those on salaries up to £50,000 (who also complete a self-assessment tax return)[211] give a higher proportion of their income via gift aid than those on the higher end of the income spectrum. Those on salaries of up to £50,000 give on average 3.3 per cent of their gross income. This drops to 2.3 per cent for those on salaries of between £50,001 and £100,000 and to 1.6 per cent for those on salaries between £101,001 and £150,000. For those on salaries of £150,001 to £250,000 it levels off at 1.4 to 1.5 per cent, as shown in Figure 10, which depicts figures for tax year ending April 2023 for those completing a self-assessment tax return.

205 Charity Finance Group, *Breaking Down the Barriers Gift Aid Survey Results 2024*, October 2024, p.3

206 HMRC, Charity Tax Forum, *Minutes*, 15 May 2024, p.2

207 Charity Finance Group, *Breaking Down the Barriers Gift Aid Survey Results 2024*, October 2024, p.6

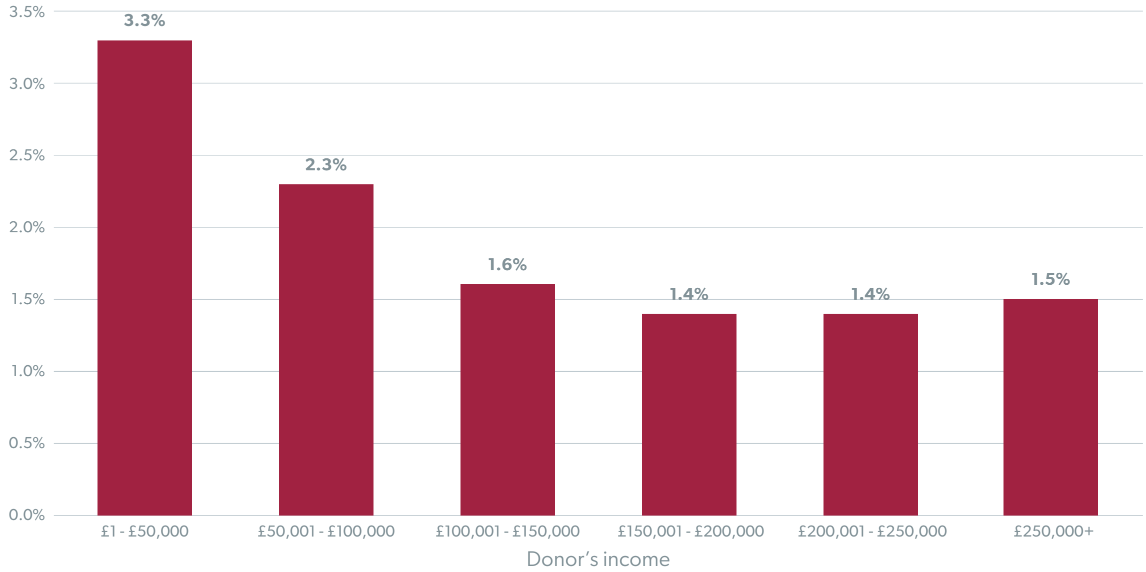
208 Charity Finance Group, *Breaking Down the Barriers Gift Aid Survey Results 2024*, October 2024, p.8

209 CAF, *Donors Encouraged to Declare Donations in Tax Return to Help Charities As Gift Aid Still Underused*, 26 January 2023. Accessed via: www.cafonline.org/home/about-us/press-office/,

210 Social Investor, Big Listen Bath

211 This may be skewed by the fact that lower earners may be less likely to complete a self-assessment tax return given there is no tax rebate on gift aid available to them through completing one (as there is for those on salaries of over £50,000), nor is there a requirement if they earn through PAYE (as there is for those total taxable income is more than £150,000).

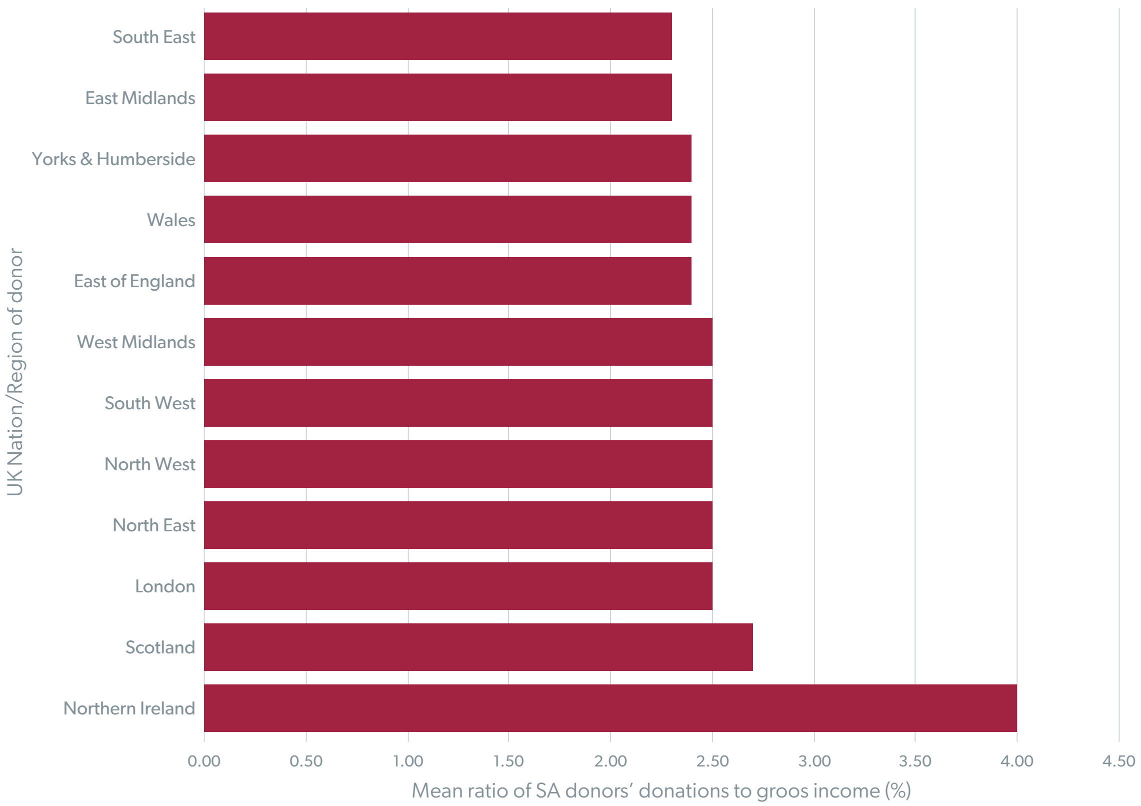
Figure 10: Proportion of Salary Given Through Gift Aid




Source: HMRC, UK Charity tax relief statistics, 2024. Tax Year Ending 2023.

Similarly, when looking at income to giving ratio, the South East and the East Midlands give the lowest (2.3 per cent), with Northern Ireland giving the highest (at 4.0 per cent) as shown in Figure 11 for tax year ending April 2023. The national average (excluding Other/Unknown) was 2.58 per cent.

Figure 11: Proportion of Salary Given Through Gift Aid, By Region




Source: HMRC, UK Charity Tax Relief Statistics, 2024. Tax Year ending 2023.

The complexity and inefficiency of Gift Aid has been widely articulated by the charity and philanthropic sectors. HMRC acknowledged the desire for digitalisation but informed the Charity Tax Forum that their research had identified that 'a Gift Aid ID would not meet the needs of either charities or donors and would represent a significant barrier for both user groups.'[212] They did however acknowledge that a standardised and mandated declaration was welcomed by both charities and donors.

The Government process towards standardisation and simplification should consider existing technologies that can be built upon to simplify and automate gift aid for both donors and charities.

CASE STUDY

### Swift Aid

Developed by fintech company Streeva, Swiftaid is a UK-based Gift Aid automation platform that is aiding charities to retrieve unclaimed Gift Aid. To access Swiftaid services, charities must first be registered with HMRC and grant permission for Swiftaid to act on their behalf.

Charities can enable Swiftaid to track eligible donations, accurately calculate Gift Aid, and prevent duplicating Gift Aid and Gift Aid Small Donations Scheme tax relief claims. Once registration and verification are completed Swiftaid processes and submits the relevant claims.

Since its creation in 2015 the platform has assisted over 90 UK charities in claiming an additional £2,500,000.[213] One such example is the Royal British Legion (RBL) which partnered with Swiftaid on its 2022 Poppy Appeal, which resulted in the recovery of Gift Aid being three times larger than previous years.[214] Both the RBL and Comic Relief have also noted the platform's administrative benefits and by using the service have been able to free up staff time that would have been used to process Gift Aid returns.

HMRC can learn from the automated processes of Swiftaid, and other such software, to simplify and improve claiming processes for both givers and recipients of Gift Aid.

### RECOMMENDATION 22

HMRC should simplify and automate the Gift Aid system for givers. Above basic rate taxpayers should have the ability to hold their Gift Aid status within their HMRC account, enabling them to make a universal Gift Aid declaration that applies to all their charitable giving rather than having to make a new declaration for each charitable cause to which they donate.

212 HMRC, Charity Tax Forum, *Minutes*, 21 November 2024, p.2

213 Swiftaid, *The Great Gift Aid Hunt*. Accessed via: www.swiftaid.co.uk/charity/ggah/

214 Swiftaid, *Swiftaid and the Royal British Legion Collaborate to Benefit the UK's Armed Forces*. Accessed via: www.swiftaid.co.uk/case-studies/royal-british-legion/

### RECOMMENDATION 23

HMRC should explore innovative approaches to Gift Aid such as automatic opt-in (so higher and additional rate taxpayers have to opt-out of gift aid, with the default being opt-in) and other measures that simplify the process for givers and pilot and learn from initiatives with promising results.

### RECOMMENDATION 24

HMRC should simplify and automate the Gift Aid process for claimants, ensuring only essential information is required to be collected by charities claiming gift aid.

### RECOMMENDATION 25

HMRC should release four fifths of the £585 million per year in unclaimed Gift Aid across this Parliament into the National Mission Innovation Fund. This equates to £2,340,000,000.

### RECOMMENDATION 26

The Charity Regulators should launch a nationwide Gift Aid awareness month, "Tick the Box" building on Gift Aid Awareness Day in October, to increase awareness of the benefits of Gift Aid for givers and charities, and to increase the general profile of philanthropy.

CASE STUDY

## Charitable Tax Relief US vs UK

The US federal tax deduction and the UK Gift Aid scheme are both designed to incentivise charitable giving, but operate differently in terms of structure, implementation and impact.

### Key Differences at a Glance

| Feature | United States | United Kingdom |
|---|---|---|
| Mechanism of Relief | Tax deduction | Tax reclaim via Gift Aid |
| Who Benefits Most | Donor | Charity |
| Accessibility | Limited to itemisers | Available to all taxpayers |
| Tax Filing Required | Yes (by donor) | Yes (by charity and some donors) |
| Incentive Strength | Proportional to marginal tax rate | Uniform for charities; progressive for donors |
| Charitable & Social Impact | Indirect | Direct and predictable |

### The United States of America

### Mechanism of Relief

- The US system operates on a tax deduction model. Donors who itemise their deductions on their federal income tax returns can subtract the value of their charitable contributions from their taxable income. This reduces the total income subject to tax, resulting in a lower tax liability.
  - Available only to taxpayers who itemise deductions (about 13 per cent of taxpayers as of 2023).
  - Donations can be made to qualified 501(c)(3) nonprofit organisations.
  - Deduction limits exist (e.g., 60 per cent of adjusted gross income for cash donations, with different caps for other types of contributions like property).

### Who Benefits Most: Beneficiary Scope

- The primary beneficiary is the donor because the tax deduction reduces their taxable income. While charities benefit from increased giving, they do not directly reclaim taxes.

### Accessibility: Administrative Complexity

- Donors must itemise deductions and keep detailed records (e.g. receipts, acknowledgment letters).
- Charities must qualify under IRS rules, but they are not directly involved in claiming tax relief.
- Requires annual tax filing for the donor.

### Incentives for Giving

- **United States**:
  - Incentive strength is proportional to the donor's marginal tax rate. Higher-income individuals gain more value from deductions.
  - Recent increases in the standard deduction (post-2017 Tax Cuts and Jobs Act) mean fewer taxpayers benefit, potentially reducing its impact as a giving incentive.

### Social and Economic Impacts

- Encourages high-value donations from wealthier individuals due to the deduction limits tied to income levels.
- Tax deductions for non-cash donations, like property or stocks, further incentivise significant philanthropy.

## The United Kingdom

### Mechanism of Relief

- The UK Gift Aid scheme operates as a tax reclaim model. When an individual donates to a charity, the charity can reclaim the basic rate of income tax (20 per cent) on the donation amount directly from HM Revenue & Customs (HMRC). For higher or additional rate taxpayers, they can claim back the difference between the basic rate and their higher rate through their self-assessment tax return.
- Donors must declare they are taxpayers and have paid enough UK tax to cover the reclaim.
  - Gift Aid adds 25 per cent to donations (e.g., a £100 donation becomes £125 for the charity).
  - Higher-rate taxpayers benefit by reclaiming the difference between their marginal tax rate and the basic rate (e.g., 40 per cent - 20 per cent).

### Who Benefits Most: Beneficiary Scope

- The primary beneficiary is the charity, as it directly receives the tax relief from the government. Donors benefit only indirectly or through reclaiming additional relief.

### Accessibility: Administrative Complexity

- Donors must complete a simple Gift Aid declaration for the charity.
- Charities handle the tax reclaim process with HMRC, which requires accurate record-keeping and compliance checks.
- Higher-rate taxpayers must file self-assessments to claim their portion of the relief.

### Incentives for Giving

- Gift Aid is more universally accessible, as the charity claims the basic tax relief regardless of the value of the donor's giving or their tax bracket, although the claimant must be a UK taxpayer.
- Higher-rate taxpayers receive additional personal benefits, providing a more balanced incentive structure across income levels.

### Social and Economic Impacts

- Gift Aid provides a more direct and predictable funding boost for charities.
- The system ensures charities benefit even from modest donations, making it more equitable.

The US system emphasises donor incentives and promotes large-scale philanthropy, particularly from higher-income individuals. In contrast, and positively, the UK Gift Aid scheme prioritises direct support for charities, ensuring they receive additional funds regardless of the donor's income or tax situation. Proposals to further increase the benefits of Gift Aid to charities and recipients, rather than to donors, have been brought forward by former Prime Minister Rt Hon Gordon Brown. He has suggested that higher rate tax payers should have the money that can be currently claimed back by them on Gift Aid donations automatically transferred to the recipients of their giving and states this would amount to an additional £740 million being donated to good causes.[215]

## Provide a Source of Clear and Accessible Data

Funders and grant givers contributing to the Big Listen discussions spoke about the difficulty they faced of finding impactful charities. One businessperson and philanthropist said, "looking for great charities is like panning for gold. [You] have to sift a lot of rock to find the gold."[216] This was one of the most commonly issues raised by givers during the Big Listen discussions. International evidence points to credible publicly available data being a key factor in building the confidence of philanthropists to allocate funding and to increase their strategic contributions.[217]

> *"Looking for great charities is like panning for gold. [You] have to sift a lot of rock to find the gold."*
>
> **Philanthropist, Big Listen Leeds**

It is evident from our research that different metrics are used to measure philanthropic giving and evidence of impact and the measures are not necessarily consistent with each other. The largest data sets on the charitable sector and philanthropy sit with the Charity Regulators and HMRC but are not easily accessible for analysis by third parties such as philanthropists or donors or charities looking for information. Third party comprehensive data sets on both charities and givers do exist, such as 360Giving and Giving is Great, but no set represents a total comprehensive picture. There is a need for one agreed methodology for measuring a benchmark for the state of giving across the country. Given the existing resources, there is an opportunity to build on what exists, to provide a more complete picture of charities and their impact and the grant funding landscape and for private practices to coalesce around an agreed set of statistical norms. This could also be placed alongside local data on poverty, deprivation and other indicators of need.

215 Gordon and Sarah Brown, *Partnership to End Poverty*, 2024, p.35

216 Philanthropist, Big Listen Leeds

217 Angela Kail, Stephanie Johnson, Matthew Bowcock Giving More and Better: *How Can the Philanthropy Sector Improve?,* 2016. Accessed via: www.thinknpc.org/resource-hub/giving-more-and-better/).

CASE STUDY

## 360Giving

Founded in 2015 by philanthropist Fran Perrin OBE, the charity 360Giving was established with the aim of making the funding sector more data informed.[218] The platform supports UK funders to openly publish their grant data in a standardised format and assists with interpreting this data in order to enhance charitable giving. This is funded by charges for select platform services like training, alongside grant funding from charitable funders.

360Giving data is used by three primary groups. Firstly, to coordinate with other funders and gain a deeper understanding of themselves, funders employ both the platform's data and apparatus to observe how far they align with the wider social sector. Secondly, researchers and planners use 360Giving's data to analyse UK giving trends. Finally, charities can access the data to better understand funders and therefore to concentrate fundraising efforts.

In 2023-24, 75,000 people accessed 360Giving tools data and 275 funders had published data on over one million grants worth £265 billion.[219] Over the same time period there was an 11 per cent increase in funders sharing data through the platform's Data Standard and a 22 per cent rise in the quantity of grants shared over the course of a year.[220] 360Giving say they have 'transformed the way that the funding sector shares and understands open grants data', and that they have aided funding to become more strategic.

CASE STUDY

## Giving is Great

Developed and provided by the independent nonprofit *EQ Foundation*, GivingisGreat.org is an online platform that offers open access to information on all registered UK charities. The website was set up in response to the difficulties encountered by EQ when attempting to evaluate and identify the country's best charities.[221] Giving is Great seeks to make it easier to access this information, provide donors with tools and information to identify impactful charities and to increase transparency and effectiveness within the sector.

The website uses a unique algorithm to analyse the available digital data on each charity, pinpointing areas of strength and for further investigation.[222] The site creates an overall score for an organisation based on three categories: finances, governance and support,[223] although it is only able to make these calculations based on the available quality and quantity of the data.[224]

The *EQ Foundations'* annual review identified at least 100,000 annual users.[225] In June 2024 Giving is Great received the 'Philanthropic Initiative Award' in recognition of its innovative approach.[226]

218 360Giving, *360Giving: About Us*, 30 June 2020, Accessed via: www.youtube.com/watch?v=t6nzLXuntno&t=5s.

219 360Giving, *Annual Report 2023-24*, Accessed via: www.threesixtygiving.org/about/strategy-and-impact/annual-report/#:~:text=Annual%20Report%20 2023%2D24&text=At%20the%20end%20of%20the,in%20the%20360Giving%20tools%20alone.

220 360Giving, *Annual Report 2023-24*, Accessed via: www.threesixtygiving.org/about/strategy-and-impact/annual-report/#:~:text=Annual%20Report%20 2023%2D24&text=At%20the%20end%20of%20the,in%20the%20360Giving%20tools%20alone

221 Giving is Great, *About Us*. Accessed via: givingisgreat.org/database/about-us/

222 Giving is Great, *How Do Giving is Great Ratings work?* 2023. Accessed via: givingisgreat.org/blog/how-do-giving-is-great-ratings-work/

223 Giving is Great, *How Do Giving is Great Ratings work?* 2023. Accessed via: givingisgreat.org/blog/how-do-giving-is-great-ratings-work/

224 Giving is Great, *How Do Giving is Great Ratings work?* 2023. Accessed via: givingisgreat.org/blog/how-do-giving-is-great-ratings-work/

225 The EQ Foundation, *Annual Review and Audited Financial Statements*, 2023, p.9

226 Giving is Great, *Effective Charities and their Impact*, 1 July 2024. Accessed via: givingisgreat.org/blog/effective-charities-achieve-100x-more-impact/

Although there are existing data capabilities, outlined above, many philanthropists spoke of how a quality assurance measurement would help their ability to sift through applications to find the charities that were most impactful to support. Many spoke of the need for a widely accepted 'kite mark' which would certificate charities that had met various criteria of impact, good governance and quality assurance. Funders, especially individual HNWIs, said this would give them confidence they were giving to charities with a track record of impact, without having to assess each charity individually through their own evaluation.

However, small and medium sized charities, as well as Community Foundations, that the CSJ heard from were almost unanimously against this kite mark being rolled out, and especially against the quality metrics for success being held by Government. They expressed the view that a lot of kitemarking happens already by proxy by acknowledging the due diligence conducted by other givers and funders who use the assessment of other reputable organisations as a starting point. The network of accredited Community Foundations in particular, which give grants totalling around £170 million annually, act as an indicator to the wider industry on the impact and feasibility of a charity.[227] Other votes of confidence are schemes like the Big Give. 80 per cent of respondents to a Big Give survey felt they could trust the charity if it had been selected to take part in the match funding campaign run by the Big Give.[228]

Small and medium sized charities were very clear that kitemarking could be detrimental to their ability to compete with the larger charity players, creating a spiral where the charities with the biggest investment in evaluation and communications would be able to gain the kitemark, while the small charities focused on delivery would struggle. In addition, previous similar initiatives such as The Compact Plus have not achieved the aims they set out to.[229] For this reason, the recommendation for a centrally held kitemark aimed at enabling givers has not been taken up.

Instead of a formally held quality assurance other markers of impact should be taken together to build up a picture of a charity's credibility. These markers could include being registered with a local Community Foundation, receiving funding from one of the top grant givers in the country or receiving government grants, although no one metric should be taken in isolation.

CASE STUDY

## Candid

Candid is a nonprofit research group providing data and research on nonprofits and foundations in the United States. It was established in 2019, following the merger of Foundation Center, which housed the largest database on grants and grant makers, and GuideStar, which held the largest database on nonprofits.[230] In doing so it aimed to bring together the two halves of the nonprofit field - grant makers and grantees.

Candid acquires its data from the Internal Revenue Status Information returns, organisations' websites, individual funds and nonprofits who choose to share information about their organisations and news and press releases. It also works with funders and charities to streamline data requests so that nonprofits only have to share their demographic information with potential donors once on their online profile.

227 UK Community Foundations, *Report and Financial Statements For The Year Ended 31 March 2023*, 2023, p.4

228 Dr. Catherine Walker, *A Great Match: How Match-Funding Incentivises Charitable Giving In The UK And Unites Funders And Donors In Tackling Social Issues*, Commissioned by the Big Give, Charities Trust and RBS, May 2016, p.38

229 Commission for the Compact, *Use It or Lose It: A Summary Evaluation of The Compact*, March 2011, p.44

230 Candid, *Mission*. Accessed via: *www.guidestar.org/profile/13-1837418?_gl=1*19cjfyk*_gcl_au*MTU5MzE0NjY2NC4xNzM3NjQ0OTMy*_ga*MjExODk1ODQxNy4xNzM3NjQ0OTMy*_ga_5W8PXYYGBX*MTczNzcwOTYyMS4zLjEuMTczNzcwOTY1MS4zMC4wLjA.#mission*

The organisation provides free access to 3 million users to some aspects of the dataset, including small organisations. For users who want a more detailed overview, there are access costs which can rise to $10,000.[231] In March 2020, the organisation stated that it now collects data from 'hundreds of thousands of funders' and on millions of pounds worth of grants.[232]

Any Government-led plans to expand, systematise and nationalise a more clear and accessible data set should work closely with existing data capabilities who have already done much of the work in this space, such as 360Giving and Giving is Great, to ensure the Government investment expands and improves what exists already, rather than starting from scratch.

Important but currently absent data markers that could be included in the built-out data capacity for grant making could include:

› where the funder is based and where they give to (in order to build out a better understanding of place-based giving);

› a checkbox for whether the giving is leaving the UK (which is currently only available by manual analysis on 360Giving);

› and whether grants are currently still live (to enable charities to quickly see what could still be open for applications).

## RECOMMENDATION 27

20 per cent of the funds released through the Revitalising Trusts programme in England and Wales and the Revitalising Trusts project in Scotland over the course of this Parliament (amounting to £2,750,000), should be set aside to expand data capabilities within the sector that map both philanthropic giving and the charity sector more broadly.

Alongside this, some funders felt that very small charities did not have the ability to clearly articulate their impact, or develop mechanisms sophisticated enough to satisfy a grant giver's requirements. Big Listen respondents told us that they felt small charities were missing out on transformative funding opportunities which would enable them to scale and expand their reach due to the fact they did not have the capacity to analyse and convincingly present their own impact. However, this ability to articulate their impact was not necessarily correlated with their actual impact, hamstringing the potential of some small charities to tap into funding.

The CEO of a small charity operating in Greater Manchester explained the challenge of having a small team to communicate to funders and others. They said, "It's difficult to compete with a team of bid writers, while you're doing everything as a CEO. I make a number of applications that fail. Something that really helped was developing a funding model with a consultancy firm, through funding from a philanthropist. The consultant could show me that we had great impact, but we weren't showing it in our work. Now we have a theory of change and a much more robust funding model to go with it."[233]

231 Candid, *Why Does Candid Charge For Its Data And Services?* Accessed via: candid.org/about#promo-key-faqs.

232 Candid, *A Crash Course On Trends Analysis Using Candid's Foundation 1000 Data Set.* Accessed via: blog.candid.org/post/a-crash-course-trends-analysis-using-candids-foundation-1000-data-set/

233 Charity, Big Listen Liverpool

**RECOMMENDATION 28**

HMRC should release one year's worth of unspent Gift Aid, amounting to up to £585 million. The receiving department/organisation should use this to create an evidence fund to which small charities can submit bids for support to bring forward evidence of their impact in order to boost their ability to bid for contracts and grants.

## Harness the Power of the Charity Regulators

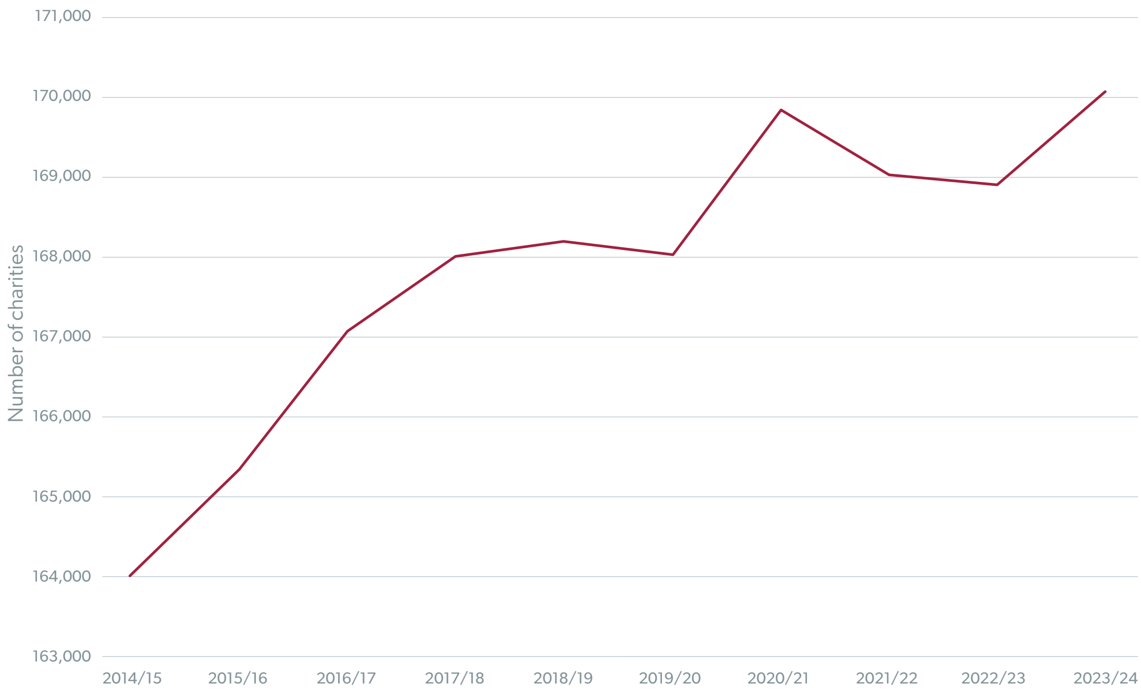
The Charity Commission of England and Wales is the non-ministerial department that regulates registered charities in England and Wales. In Northern Ireland this function is carried out by the Charity Commission for Northern Ireland and in Scotland by the Office of the Scottish Charity Regulator. These independent arm's length bodies have the potential to streamline the process of philanthropic giving for funders seeking good charities to donate to as well as providing more support for charities themselves.

Contributors to our Big Listen events were very clear that they felt the charity sector, especially the sub sector of small and medium sized charity, was difficult to navigate. Funders and grant givers spoke about the proliferation of small charities that make it hard for potential givers to find the very best and most effective operators. One national foundation said, "There are too many doing lots of very similar things."[234] A philanthropist and businessman said, "Charities are falling over themselves to work with homeless people in Hull. There are not enough homeless people to keep them all in business." [235] Another national charity that is also a grant giver said, "People set up charities with very personal motives, but they are not always impactful or efficient. [We call this] founder-itus. If the charity isn't needed anymore, the trustees need to be bold to know when to close."[236] A representative from a Community Foundation said, "There has to be a reduction in the number of charities as there isn't enough funding."[237]

There has been an increase in the total number of charities registered with the Charity Commission in England and Wales and the number of applications made, as shown in the following two graphs.

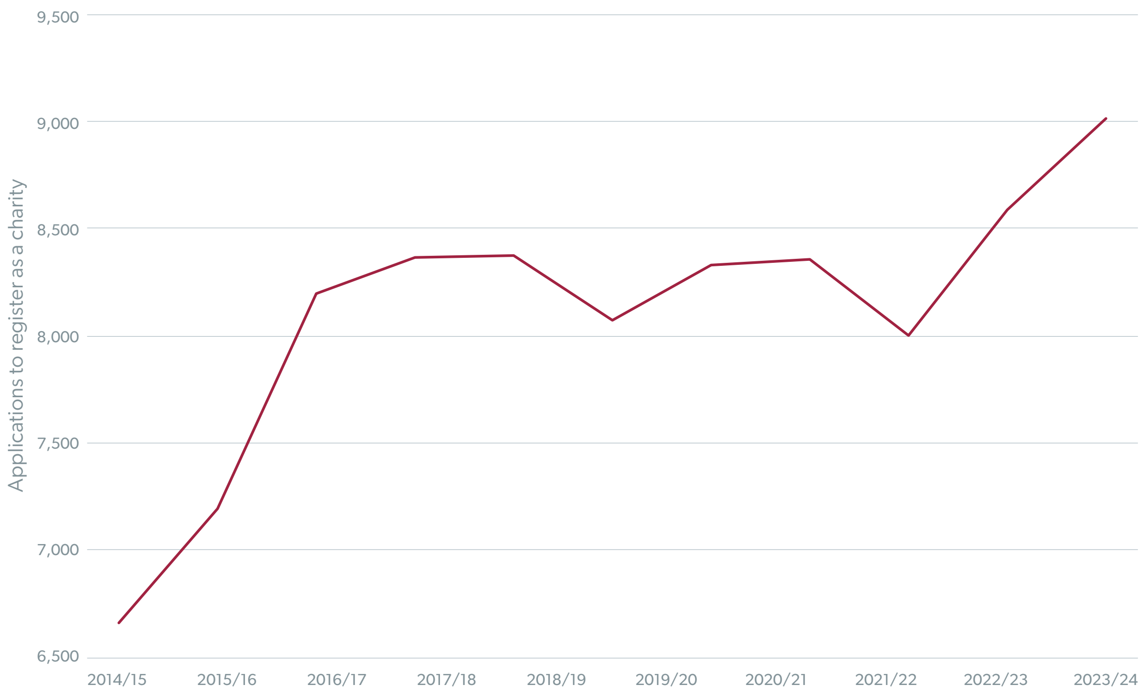
234 Charitable Foundation, Big Listen Loughborough
235 Philanthropist, Big Listen Leeds
236 Grant making charity, Big Listen Loughborough
237 Community Foundation, Big Listen Newcastle

## Figure 12: Number of Charities on the Charity Commission for England and Wales Register, 2014-2024




Source: CSJ Analysis of Charity Commission Annual Reports.[238]

## Figure 13: Applicants to the Charity Commission for England and Wales for New Registrations, 2013-2024




Source: CSJ Analysis of Charity Commission Annual Reports.

238 Note 2013/4 Annual Report only provided an approximate number of charities on the register. The rest of the years were exact.

On the other hand, it was clear that some charities needed to remain small and hyper local in order to reach a very specific group of people. Therefore, in some instances despite looking on paper like there was duplication between charities in a similar geographical area, they may be specialised to reach out to particularly marginalised groups that needed their own approach. Other charities raised that despite being geographically close, residents would not be able to access support from a particular service due to lack of transport options or a hyper local sense of identity. One national charity that is also a grant giver said, "We do need hyper local. People do not engage with something even one street away."[239]

Charities wishing to merge with similarly minded charities cited high costs as a barrier. The number of charity mergers recorded in 2022/3 is the lowest since the Charity Good Merger Index report was first published in 2013/14, and this year has seen a reduction of mergers of charities by 37 per cent from 2020-21.[240] The total income of the organisations involved in mergers was £483 million, a rise of £17 million from the previous year.[241]

Given the clear ask from givers and philanthropists for a more streamlined small and medium sized charity sector, there was an agreement that small nudges administered through the Charity Regulators could help usefully condense some of the unnecessary overlap in aspects of the charity sector.

**RECOMMENDATION 29**

The Charity Regulators (The Charity Commission of England and Wales, the Charity Commission for Northern Ireland, the Office of the Scottish Charity Regulator) should have enhanced powers to:

- Provide a mapping service so that new charities can see who else is operating in their geographical area and area of expertise;
- Require that a business plan, which clearly sets out how a proposed charity plans to raise sufficient funds, is included as part of the application process.

## Raise the Reporting Threshold for Salaries

Charity leaders raised a particular reporting requirement that they felt deterred good leadership in charities and fed a narrative that charity leaders were profiteering from their position. Since 2018 there has been the requirement to publish the number of people in a charity employed on salaries of £60,000 or over and then in increasing £10,000 band increments. This threshold has not been reviewed to reflect inflation or regional wage disparity. One national foundation with a focus on the North East said that, "The perspective has shifted – to not challenge a high salary, but actually to challenge a low salary."[242] The consensus was that in order to attract top talent into the charity sector, which in turn improves productivity and impact, that this threshold should at least be raised to reflect inflation changes since 2018. Although a tokenistic in some regard, the change would contribute to the perception that charity leaders make a valuable contribution.

239 Grant making charity, Big Listen Loughborough
240 Eastside People, *The Good Merger Index 2022/3*. Accessed via: *eastsidepeople.org/resource/charity-good-merger-index-22-23-report/*
241 Eastside People, *The Good Merger Index 2022/3*. Accessed via: *eastsidepeople.org/resource/charity-good-merger-index-22-23-report/*
242 Charitable Foundation, Big Listen Newcastle

**RECOMMENDATION 30**

The Charity Commission for England and Wales should raise their requirement to report salaries over a certain threshold to be in line with inflation, raising the starting band from £60,000 to £76,800.[243]

## Review SORP Changes

The Charities Statement of Recommended Practice (SORP) provides guidance to charities on how to submit their accounts, in accordance with UK accounting standards. An updated SORP is to be submitted to the Financial Reporting Council (FRC) in January 2025 ahead of a 12-week public consultation and is likely to come into effect from 1 January 2026. The current accounting system outlined in SORP allows charities to account for leases as an expense. The new proposals will require charities to account for most operating leases on the balance sheet and has noted that 'as a result, charities that lease assets, will see an increase in assets and liabilities on the balance sheet.' The draft proposal goes on to 'acknowledge that this will be a challenging area for charities to understand and to make the necessary changes.'[244] In addition, it recognises that this will introduce additional cost for charities.

When considering the proposed changes, a representative from an impact investing firm in the South West said, "I spend a lot of time looking at spreadsheets and I don't even understand this."[245] There was concern these changes would have a double impact of putting further strain on charity budgets as well as demand on staff time in deciphering and implementing the new regulations.

**RECOMMENDATION 31**

The Charity Commission of England and Wales should ensure the public consultation on SORP garners views from small and medium sized charities on the proposed changes to how leasehold assets are calculated on charity accounts. If the changes go ahead it should provide clear, online modules training charities on how to smoothly transition to the new system.

As part of the proposed changes to SOPR, there is an opportunity for a new agreed format of impact reporting to be included as standard for charities to complete. A standardised impact statement could be used by charities as part of the grant application process but must be informed by what philanthropists want and need to know when making investment decisions. The benefit of a standardised format allows potential givers to compare charities across similar metrics. A carefully thought through impact statement format must hold both needs in tension: the contents should include what will be most useful for philanthropists without adding undue burden onto charities.

243 Calculation made using Bank of England inflation calculator for December 2024, rounded to nearest 100.

244 The Charity Commission for England and Wales, The Charity Commission for Northern Ireland, Office of the Scottish Charity Regulator, *Changes to UK Accounting Rules That Will Impact Charities*, 3 December 2024, p.2

245 Impact Investing Organisation, Big Listen Bath

**RECOMMENDATION 32**

The Charity Commission of England and Wales should consult across the broad spectrum of the philanthropy sector on what simple and illuminating questions could be included in a new impact statement to allow philanthropists to make informed decisions regarding which charities they should support.

## Flag Low Spending Charities

Unlike in other countries, charities, foundations and grant-making organisations in the UK have no requirement to pay out a specific percentage of income or assets per year. The majority of trusts, foundations and grant givers distribute their funds with a high degree of responsibility and diligence. When looking at assets, (rather than income), analysis from Pro Bono Economics examined 2000 grant givers from the Charity Commission register between 2016 and 2020 and – excluding the 240 organisations who did not report their assets every year – found that 130 of the 2000 organisations distributed less than 3 per cent over the time period.[246] This accounted for 6.5 per cent of charities. The analysis found that family foundations were twice as likely than corporate foundations to have never spent over 5 per cent of their assets over the five-year period.

The Charity Regulators have regulatory powers to intervene when a charity is deemed to be in breach of its duty of 'public benefit', one manifestation of which may be an unreasonable accumulation of assets in comparison to spend. However, there is no tax arising from spending too little, although the charity could lose its registered status following an investigation. Other comparable countries have set in regulation minimum spends for foundations.

CASE STUDY

### United States of America and Canada

In the US, since 1976, private non-operating foundations, have been required to distribute at least 5 percent of their investment assets each year.[247] The penalty for failure to meet the 5 per cent minimum is 30 per cent of the shortfall or the remaining amount that should have been spent to meet the required minimum level. Legalisation was brought in following a 1965 US Treasury Report which discovered that numerous foundations were deferring grant making and instead amassing income.[248]

In Canada, there was a rising concern that charities or "enterprising start-ups" were fundraising for multiple causes yet allocating the majority of their resources to internal operations.[249] There were then a series of reforms in 1984, 2004, 2010 and 2023, the most recent of which raised the quota from 3.5 per cent to 5 per cent, only on investment assets exceeding $1 million.[250]

246 Probono Economics, *Hidden Dragons: The Trusts and Foundations Sitting on Assets*. Accessed via: www.probonoeconomics.com/hidden-dragons-the-trusts-and-foundations-sitting-on-assets

247 A. Petraske, *Comparing Foundation Minimum Distribution In The US, Canada, And The UK*, 2 February 2022, Accessed via: www.withersworldwide.com/en-gb/insight/read/comparing-foundation-minimum-distribution-in-the-us-canada-and-the-uk ; C. Farish, *The 5% Rule Explained*, *Pacific Foundation Services*, 20 January 2020, Accessed via: pfs-llc.net/resource/the-5-rule-explained/

248 E. Steuerle, *Distribution Requirements for Foundations*. Working Paper No. 12, U.S. Department of the Treasury, May 1976.

249 J. Lorinc, *A Brewing Showdown Over Disbursement Quotas*, 16 June 2021, Accessed via: thephilanthropist.ca/2021/06/a-brewing-showdown-over-disbursement-quotas.

250 Imagine Canada, Policy Priority, *A Scaled Disbursement Quota To Increase Funds Available To Communities*, Accessed via: imaginecanada.ca/en/policy-priority/disbursement-quota#:~:text=Policy%20priority%3A%20A%20scaled%20disbursement%20quota%20to%20increase%20funds%20available%20to%20communities,-Policy%20priority%3A%20A&text=Registered%20charities%20are%20required%20to,This%20quota%20mainly%20impacts%20foundations.

Although both countries identified a clear problem, there have been several criticisms of the mandated minimum spend model as the response. One is that minimum distribution targets can foster a fixation on meeting these prescribed targets, at the expense of developing a long-term strategy.[251] Another concern is that a minimum target could act as a ceiling, rather than a floor and trustees might in fact reduce funding to meet the target. A further problem has been that the difficulty of precisely predicting the future average value of assets, as private foundations will inevitably experience situations of overpayment or underpayment.[252] This uncertainty over precise payouts could also lead to suboptimal practices, which can include artificially setting grant timetables based on meeting the target across a financial year, rather than when is best for the recipient. *Imagine Canada* found that this problem particularly affected small and rural charities.[253]

**RECOMMENDATION 33**

Recognising the complexity of measuring and regulating payout ratios, the Charity Regulators should consult widely across the sector on the issue of low spending charities and foundations, also considering Donor Advised Funds, and publish updated guidance for trustees. To raise awareness of this issue, the Charity Regulators could consider using a mechanism that highlights publicly those grant-making charities and foundations that consistently direct very low levels of grants proportionate to the size of assets held.

## Unlock Dormant Funds

Charity Commissions have powers to collect assets from charities when a charity cannot continue in its operation but still has unspent funds. The Charity Commission assists trustees of these inactive charities to either identify a cause with similar purposes or if that is not possible to transfer the funds to a Community Foundation. Charities are classified as likely dormant when they have not spent any money in the past 5 years or spent less than 30 per cent of their income in the past 5 years.[254]

The Revitalising Trusts programme, administered through the Charity Commission for England and Wales, has revitalised over £100 million of inactive funds since 2018.[255] A total of £10,361,324 in dormant charitable funds have been distributed to charities and community foundations across Wales since 2021.[256] In Wales, 72 charities that were inactive are now operating again following help from the programme with the largest sum recovered amounting to £1.9 million. Since July 2023 the Charity Commission has recorded revitalised funds across England and Wales on a quarterly basis. Taking both England and Wales together, the programme revitalised £14,435,835 between October 2023 and September 2024.

251 J. Harrow and C. Pharoah, *Payout With An English Accent: Exploring The Case For A Foundation 'Distribution Quota' In The UK*, pp. 6-7; K. Phipps and E. Sepanski, *Encouraging Charitable Trusts To Increase Charitable Giving*, 2023, Accessed via: www.boodlehatfield.com/articles/encouraging-charitable-trusts-to-increase-charitable-giving.

252 C. Farish, *The 5% Rule for Private Foundations: A Closer Look*. Accessed via: www.ally-llc.net/knowledge-center/the-5-rule-for-private-foundations-a-closer-look.

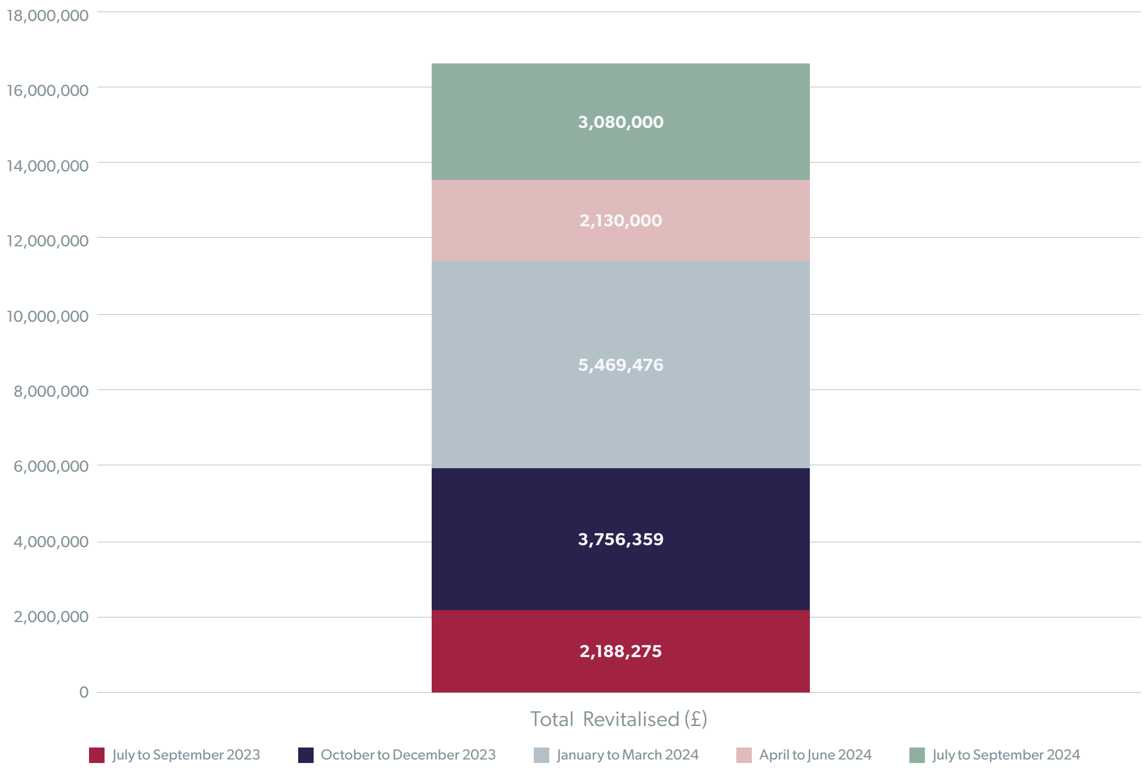
253 M. Blumberg, *Canadian Budget 2010 Announces Disbursement Quota Reform For Canadian Charities*, 4 March 2010, Accessed via: www.canadiancharitylaw.ca/blog/canadian_budget_2010_announces_disbursement_quota_reform.

254 Gov.UK, *Get Help for Your Inactive or Ineffective Charity*. Accessed via: www.gov.uk/guidance/get-help-for-your-inactive-or-ineffective-charity

255 Charity Commission for England and Wales, *Charity Commission Annual Report and Accounts 2020-21*, July 2021, p.17

256 Gov.UK, *Over £10 Million Reinvested in Welsh Communities Through Regulator's Revitalising Trusts Programme*. Accessed via: www.gov.uk/government/news/over-10-million-reinvested-in-welsh-communities-through-regulators-revitalising-trusts-programme#:~:text=Good%20causes%2C%20community%20foundations%20and,inactive%20are%20now%20operating%20again

Figure 14: Funds Revitalised through The Revitalising Trusts Programme in England and Wales between July 2023 – September 2024




Source: CSJ Analysis of Charity Commission for England and Wales Casework and Registrations data, by quarter

The Revitalising Trusts project, a collaboration between the Scottish Charity Regulator (OSCR) and Foundation Scotland, has so far released over £5 million of dormant funds for public benefit since the project launched in 2021.[257] The project has to date identified over 300 inactive charitable trusts some of which had dormant accounts for over a century.

The Department for Communities in Northern Ireland acknowledged that the Charity Commission for Northern Ireland should develop a list of potentially dormant charities to form the basis of a pilot revitalising trust project for Northern Ireland.[258] When giving evidence to the Committee for Community, the Community Foundation Northern Ireland highlighted that Northern Ireland had not been able to progress a similar scheme to the other UK nations due to the decision-making powers of the commission and the current backlog of work.[259]

**RECOMMENDATION 34**

The Charity Commission for Northern Ireland should establish a Revitalising Trusts programme to release dormant funds from charities and trusts into charitable purposes in Northern Ireland.

257 OSCR, *Revitalising Trusts Project Recovers Scotland's Missing Millions*, 4 December 2024. Accessed via: www.oscr.org.uk/news/revitalising-trusts-project-recovers-scotlands-missing-millions/#:~:text=The%20Revitalising%20Trusts%20project%2C%20a,the%20project%20launched%20in%202021.

258 Department for Communities, *Independent Review of Charity Regulation NI*, January 2022, p.274

259 Northern Ireland Assembly, Committee for Communities, *Official Report, Charities Bill: Community Foundation Northern Ireland*, 23 September 2021, p.2

**RECOMMENDATION 35**

80 per cent of the funds released by the Revitalising Trusts project and The Revitalising Trusts programme across the five years of this Parliament should be added to the National Mission Innovation Fund (a newly created UK charity) to develop match funding opportunities. 20 per cent should be reserved to expand data capabilities that map both the philanthropic giving and the charity sector (see recommendation 27).

There is also a broader Dormant Assets Scheme (DAS) which is a voluntary scheme that allows banks and building societies to donate dormant funds to good causes.[260] Since 2011, the UK Dormant Assets Scheme has unlocked more than £745 million for social and environment initiatives, from over £1.35 billion in dormant bank and building society accounts.[261] The Dormant Assets Act 2022 expanded the Scheme to include assets from the insurance and pensions, investment and wealth management, and securities sectors, alongside the original banking sector. The expanded scheme will likely see the first transfers of money in 2025 to charitable causes fitting into four key strands: young people, financial inclusion, social investment (BSC/Access) and community wealth funds. The Youth Investment Fund, the Access Foundation, Better Society Capital and the Youth Endowment Fund stand to be recipients, with the Government estimating that around £880 million will be released to good causes.[262]

**RECOMMENDATION 36**

The funds identified by the expanded Dormant Assets Scheme should be counted towards the National Mission Innovation Fund.

Organisations set to receive support from the Dormant Assets Scheme will not miss out by having the funds allocated as part of the National Mission Innovation Fund and will still receive the funding. Having the Dormant Assets Scheme fund seen as part of the National Mission Innovation Fund will provide an additional opportunity for match funding.

## Trustees

Trustees have the responsibility to ensure a charity is carrying out its purposes for the public benefit. Under the principle of board effectiveness, the Charity Governance Code recommends that in larger charities, the performance of individual trustees is also reviewed annually, with an external evaluation every three years.

A fund manager for a national foundation with a focus on the North East identified trustee competency, and especially leadership by Chair of Trustees, as a key hinderance in giving funders confidence to support a charity. They stated that, "One of the biggest challenges is that trustees are not actually bought in – they don't actually put up any capital so there is no risk involved, and they aren't then as invested as they are in the private sector boards."[263]

260 Defined as accounts that have been untouched for a minimum of 15 years or when the bank or building society has been unable to trace the owner.

261 HM Treasury and Department for Culture, Media and Sport, *Government Response to The Consultation on Expanding The Dormant Assets Scheme*. Accessed via: gov.uk/government/publications/the-dormant-accounts-scheme/government-response-to-the-consultation-on-expanding-the-dormant-assets-scheme#executive-summary

262 Department for DCMS, *Measures to Release £880 Million From Dormant Assets To Boost Opportunities Across The Country*, 24 February 2022. Accessed via: www.gov.uk/government/news/measures-to-release-880-million-from-dormant-assets-to-boost-opportunities-across-the-country

263 Impact Investing Organisation, Big Listen Bath

**RECOMMENDATION 37**

The Charity Regulators should require Chairs of Trustees of charities, above an agreed benchmark of turnover, to complete training resources – such as those developed by the NCVO – as part of their onboarding process. This could be in the form of an online training module hosted on the 'My Charity Commission Account.'

## Boost the Role of Corporates

Businesses and corporates represent an under tapped resource in terms of increasing philanthropic giving. Private Sector giving currently accounts for just 3 per cent of the voluntary sector.[264] In 2005/6 it accounted for 5 per cent.[265]

Corporate contributions from the FTSE100 have fallen from £1.85 billion to £1.82 billion, which adjusted for inflation represents an 8.3 per cent fall - worth an estimated £164 million in lost charitable contributions.[266] Over the last decade, FTSE 100 donations have declined 34 per cent in real terms.[267] Only 24 of the FTSE 100 donate at least 1 per cent of their pre-tax profits and CAF calculate that if all companies gave at least 1 per cent of pre-tax profits charities could receive an extra £5 billion a year.[268]

In 2013, the requirement for companies to report on their charitable giving was removed, a change which at the time was warned against by the third sector. In 2017 91 major companies were identified who used to report how much money they gave to charity but no longer did, amounting for £111 million in giving.[269] Before the change, Goldman Sachs reported giving £22 million, Vodafone £21 million and Shell £12 million, but all dropped to reporting £0 after the change. Although they may have been giving there was no public record.

While the reporting requirement on its own does not direct giving, transparency nudges behaviour and there is a clear cost neutral opportunity to indicate to corporates the importance of corporate donations through re-introducing the reporting requirement.

**RECOMMENDATION 38**

The Government should amend The Companies Act 2006 to reverse the changes made in 2013 which removed the requirement for all companies to report on their charitable giving.

264 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/
265 NVBO, *UK Civil Society Almanac 2008*, February 2008, p.30
266 CAF, *Corporate Giving Report 2024: The FTSE 100 And Beyond*, September 2024, p.8
267 CAF, *Corporate Giving Report 2024: The FTSE 100 And Beyond*, September 2024, p.5
268 CAF, *Corporate Giving Report 2024: The FTSE 100 And Beyond*, September 2024, p.5
269 Directory of Social Change, *£111 Million Of Companies' Charitable Donations Goes Missing*, 11 April 2017. Accessed via: worldpay.dsc.org.uk/content/111-million-companies-charitable-donations-goes-missing/

# Upscale Charity Lotteries

Charity lotteries raise around £420 million for charitable causes in the UK, with the particular benefit of predominately giving long-term unrestricted funding, which is so valuable to charities.[270] The National Lottery accounts for 1 per cent of funding to the voluntary sector.[271] However, under The Gambling Act 2005 charity lotteries have an annual cap on ticket sales (with the exception of the National Lottery as the only state-franchised UK wide lottery).

The Government's 2018 consultation on society lotteries recommended raising the annual limit from £10 million to £100 million citing an opportunity to increase revenues while 'retain[ing] the distinct nature of the society lottery sector in contrast to The National Lottery.'[272] 90 per cent of total responses to the consultation were in favour of increasing the annual sales limit to the highest option of £100 million.[273] Although the recommendation to raise to £100 million was not brought forward, the annual sales limit was raised from £10 million to £50 million from July 2020. The consultation response stated that the Government were 'sympathetic to calls from the society lottery sector to raise the annual limit to £100 million' and committed to launching a further consultation on the introduction of a higher tier licence, which would allow for a society lottery to sell up to £100 million annually.[274]

According to The Lotteries Council, removing the £50 million annual cap would free up an additional £175 million for charities over the next Parliament, at no additional cost to the tax payer.[275] The People's Postcode Lottery pointed to the impact the previous raising of the cap had had on charitable giving namely; £31 million one-off extra awards for 61 regularly supported beneficiary charities in 2021, a doubling of money for smaller good causes through Community Programmes Trusts, and a 76 per cent increase in funding for Partnership Programmes in 2021.[276] The same analysis found that despite the rise in the annual sales, the limit still remained restrictive and argued that three large society lottery trusts reached the threshold in 2022, projecting up to £2 million potential income lost by each of the three trusts in 2024 as a result of the cap.[277] In October 2024 a Private Members Bill, *Gambling Act 2005 (Monetary Limits for Lotteries) Bill,* was introduced to the House of Commons by Wendy Chamberlain MP which proposed the removal of all monetary limits on proceeds from the mandatory conditions of lottery operating licences.

One objection to extending the cap is the impact it could have on the National Lottery as the only Lottery not under the same regulations as The Gambling Act 2005. Camelot, the organisation that previously held the licence to administer the National Lottery, opposed any changes to the society lottery limits citing concerns that any increase in the maximum sales of society lotteries would fragment the lottery market and could reduce the funds available to be distributed to charities and other good causes. The contract has since passed to a new operator, Allwyn Entertainment, owned by oil and gas businessman Karel Komarek. The DCMS consultation summary concluded that although changes to the limits for society lotteries may not see sales rise to a level that would challenge The National Lottery's monopoly, the changes could shift the landscape in which the National Lottery operates.[278] The Gambling

270 The Lotteries Council, *Charity Lotteries Raise Around £420 Million For Each Cause in the UK*, 10 June 2024. Accessed via: lotteriescouncil.org.uk/lotteries-council-launches-society-lottery-election-manifesto-urges-parliament-to-better-support-britains-charity-fundraisers/

271 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/

272 Department for Culture, Media and Sport, *Consultation on Society Lottery Reform*, June 2018, p.17

273 Department for Culture, Media and Sport, *Government Response to The Consultation on Society Lottery Reform*, July 2019, p.21

274 Department for Culture, Media and Sport, *Government Response to The Consultation on Society Lottery Reform*, July 2019, p.5

275 The Lotteries Council, *The Lotteries Council Removing The £50 Million Annual Cap Would Free Up an Additional £175 Million For Charities Over the Next Parliament, At No Additional Cost To The Tax Payer*, 10 June 2024. Accessed via: lotteriescouncil.org.uk/lotteries-council-launches-society-lottery-election-manifesto-urges-parliament-to-better-support-britains-charity-fundraisers/

276 People's Postcode Lottery, *Limitless Potential, The Case for Lifting the Cap on Charity Lottery Fundraising*, September 2022, p.14

277 People's Postcode Lottery, *Limitless Potential, The Case for Lifting the Cap on Charity Lottery Fundraising*, September 2022, p.8

278 Department for Culture, Media and Sport, *Consultation on Society Lottery Reform*, June 2018, p.10

Commission investigated the interaction between the two lottery types and concluded that there is 'no statistically significant effect of charity lotteries affecting National Lottery sales.'[279]

**RECOMMENDATION 39**

The Department for Culture, Media and Sport should amend Part 5, Section 99 3(b) of *The Gambling Act 2005* to remove the aggregate annual cap on ticket sales for large charity lotteries.

279 Gambling Commission, *Review of Charity Lotteries Advice*, October 2017

# Supercharging Philanthropy: The Role of Givers

This report is drawn from conversations with over 220 funders and grant givers across the country through which some agreed principles for good practice giving emerged, which can also contribute to increasing the effectiveness of charities, enabling philanthropic giving to be even more impactful. The report mainly focuses on actions with Government and third parties can take to improve the landscape for philanthropic giving across the country, however there are some principles that may be helpful for philanthropists themselves to adopt.

The findings from conversations held during the Big Listens with funders and grant givers echo much of that has been agreed by the philanthropy sector previously as principles for good practice, including in *New Principles for Grant Reporting* (2018).[280] The Foundation Practice Rating (FPR)[281] highlights improvements in accountability and diversity among UK grant-making foundations, and the UK Community Foundations have traced the rise of place-based philanthropy.[282]

## Ask for Proportional Applications and Reports

> *"The cost to the sector was more than the amount they were giving out."*
>
> **CEO of a Small Charity, Big Listen Newcastle**

The time and detail required to apply for a funding bid should reflect the size of the potential funding on offer and not be unduly onerous. One participant who currently worked for a grant giver but had previously been the CEO of a small charity applying for grants spoke about the resource and cost sunk into unsuccessful applications. While they were still the CEO of the small charity the individual applied for a grant that had "984 applicants, 8 were successful. We got down to the final 30. The cost to the sector was more than the amount they were giving out."[283] Now as a grant giver they encourage invite-only applications and are very conscious of the cost to the sector of an application process. One support agency for voluntary and community organisations said that: "With small organisations – the amount of applications we have to write is astronomical."[284]

Some funders have changed their application processes to reflect this inefficiency. One, a large trust in the North West, said they had moved to a more targeted approach saying, "We don't have open applications anymore, as we spent so much time going through applications that we couldn't fund. We

280 Ivar and Esmée Fairbairn Foundation, *New Principles for Grant Reporting*, 2018
281 Friends Provident Foundation, *The Foundation Practice Rating 2024 Year Three*, March 2024
282 UK Community Foundations, *Philanthropy 2023*, 2023
283 Small Charity CEO, Big Listen Newcastle
284 Support agency for voluntary and community organisations, Big Listen Leeds

now get the funding out much more efficiently and instead get money out for people when they actually apply."[285] Another funder had introduced an initial phone call into the application process to cut down the time required to fill in the first round of a paper application. Although this put more time commitment on the funder, it helped them sift quickly past potential applicants who would not be a good fit. Another funder we heard from had moved away from just written applications acknowledging they had "a huge rate of disability and illiteracy" which they identified as a barrier to entry for grants. They recognised, "We face a big challenge promoting access and equality when our own application is itself a barrier."[286] A family foundation in the North East and North West now has a new target, "We try not to go under 20 per cent of rejections, but we're being really pressured."[287] A large national funder stated they had nearly 100 applications for every fund they could give and therefore were changing their strategy so that applications were more targeted. They have changed their application form to be clearer on what cannot be funded and created an initial online quiz to screen out applicants that would not qualify.

> *"We try not to go under 20 per cent of rejections, but we're being really pressured."*
>
> **Family Foundation, Big Listen Newcastle**

Other grant givers concurred that some of the processes required by funders were surplus to requirements. One funder said, "We kid ourselves that it is good for the charities to make videos [as part of their application]," calling some of the hyper-involved processes of application "indulgences for the funder." It was agreed that application and reporting requirements were often out of kilter with the size of the funding on offer. A philanthropy manager of a university said, "there are various things we don't apply for because it's just not actually worth the money…or [we] don't have capacity so have to pay someone else to do the reporting back." [288] It was identified that the smaller funds sometimes had the biggest application forms and reporting requirements, meaning an imbalance in the ratio of staff time invested in applying when compared to potential return.

Another key issue was duplication for grant applicants having to produce slightly different applications for each funder. During the COVID-19 pandemic a County Council was involved in a collaboration of 20 funders that pooled their resources to agree on a single application form.

> *"There are various things we don't apply for because it's just not actually worth the money… or [we] don't have capacity so have to pay someone else to do the reporting back."*
>
> **Philanthropy Managerr Big Listen Bath**

Efficiency for both grant applicants bidding for funding, and for grant givers distributing funding, can be improved by clear and effective criteria made easily accessible to prospective applicants. Alongside this, applicants expressed how helpful it was for them to see the percentage of successful applicants per grant, to inform their decision-making process of whether they should spend the time and resource applying. Unsuccessful applicants also benefited from short feedback. A foundation based in the North East had committed to providing this for applicants, indicating whether they were unlikely to get funding in the future was a helpful steer to applicants whose charitable aims were outside of the foundation's core purposes, even if it was a couple of lines in an email it was helpful to focus future applications. A national fundraising and grant giving campaign said, "Feedback is hugely important, from us to the charities, on applications which are unsuccessful.[289] Another foundation would "Encourage another application if we think [the current application] doesn't reflect the quality of their delivery." [290]

285 Philanthropist, Big Listen Liverpool
286 Charitable Foundation, Big Listen Newcastle
287 Charitable Foundation, Big Listen Newcastle
288 Philanthropy Manager, Big Listen Bath
289 Grant Making Charity, Big Listen Newcastle
290 Charitable Foundation, Big Listen Liverpool

Therefore, good givers could:

**RECOMMENDATION 40**

Publish acceptance rates as part of their annual report.

**RECOMMENDATION 41**

Publish clear acceptance criteria on their websites.

**RECOMMENDATION 42**

Publish previously successful grant applications, anonymised, to give prospective applicants an indication of what applications are likely to be successful.

**RECOMMENDATION 43**

Devise a simple feedback process for unsuccessful applicants.

## Provide Stability in Funding

A clear frustration from grant recipients was the proliferation of short funding commitments. These short time frames made it difficult to recruit and retain skilled staff due to only being able to offer uncertain fixed term contracts. Many charities spoke of only being able to confirm contract extensions right before their expiry, by which time many of the best staff had already secured new employment.

> *"Funders are still chasing a new shiny project, then looking for it to be sustainable after a year."*
>
> **Grant Giver, Big Listen Edinburgh**

Grant recipients were also frustrated by the drive by funders to fund innovative projects, sometimes at the expense of supporting projects that have been running for a while and had a proven track record of impact. One charity leader expressed their frustration that funding bids often asked for the "the shiny and new."[291] A grant giver that funds scholarships and grants for young people said, "Funders are still chasing a new shiny project, then looking for it to be sustainable after a year."[292] They went on to add, "Funders…are often too interested in seed funding of projects but not sustaining. People want to be involved in something new. [We need to] move away from the need for 'flash'."[293]

291 Charity CEO, Big Listen Loughborough
292 Grant giver, Big Listen Edinburgh
293 Grant giver, Big Listen Edinburgh

A funder in Scotland spoke about the appeal of granting short term funding, (which they defined as less than 12 months), as "Funders can show impact quicker."[294] This short-term mindset was also driven by political cycles with one elected politician freely admitting that "politicians rarely see beyond the end of an election. [They are] not interested in partnership that may be beyond their term. They want to ride the tails of success – or at least be involved in quick impact projects that make them look good."

One HNWI in the Midlands had previously given to only large charities as they didn't know where else to turn. Now they have shifted to funding small charities and, recognising the need for stability, now only offers multi-year commitments of a minimum of five years. They also only ask for a formal report every six months, keeping the reporting document to one side of A4. Another funder was in the process of moving from three to six-year funding cycles. Some givers identified the constraints they were operating under, even if they wished to change their practices. They said it can be difficult to provide multi-year funding if the overall giving amount available is dependent on company profits or investment returns. Funders from endowments or company investments identified that committing to multi-year funding can be risky given the unpredictability of the size of the pot of money they have to give away per year.

Therefore, good grant givers could:

### RECOMENDATION 44

Provide stability and longevity in their giving by:

- Committing to multiyear funding projects where appropriate, with a preference away from contracts of under 1 year.

CASE STUDY

### The Roper Charitable Trust

The Roper Charitable Trust was set up in 2007 by the Roper Family and focuses on helping the communities in and around the Bath and Northeast Somerset area.[295]

Speaking at the Bath Big Listen, Mark Roper explained how the trustees had made a conscious decision to increase the average grant size in order to combat inflation. Between July 2022 and 2023, the Roper Charitable Trust annual giving was £570,000, with their average grant given being £11,505,[296] up from £397,700 in 2019/20.[297] Mark explained that from the outset the Trust had employed an approach of low requirement reporting and placing trust-based relationships at the heart of their funding model and where possible committing to multi-year funding.

Mark also spoke about the importance of funding core functions of charities, including fundraising capacity, which other foundations and trusts may be reluctant to do.

294 Community Foundation, Big Listen Edinburgh

295 Charity Commission, *The Roper Charitable Trust*. Accessed via: register-of-charities.charitycommission.gov.uk/en/charity-search/-/charity-details/4033745/charity-overview

296 Charity Commission, *The Roper Charitable Trust*. Accessed via: register-of-charities.charitycommission.gov.uk/en/charity-search/-/charity-details/4033745/charity-overview

297 The Roper Charitable Trust, *Trustee's Report and Financial Statements*, July 2021

Another way to provide stability for charities is for funders and grant givers to recognise the importance of providing funding for core costs (such as rent, utilities, and the cost of non-delivery staffing roles like management and Human Resources), and issuing unrestricted grants (donations that can be used by a charity for any purpose that meets the charity's goals, as long as the funds are used in accordance with the charity's governing document). This vote of confidence in a charity's integrity and impact is only achieved through developing a trust-based relationship, rather than simply a contract based one.

> *"Should we be saying: 'Give us your electricity bill?!'"*
>
> **Charitable Foundation, Big Listen Liverpool**

The reticence to fund these core costs or to issue unrestricted grants for charities to spend as they see fit is in some ways an extension of the desire for funders to fund new endeavours and direct programme delivery. Of course, neither the new endeavours nor the direct programme delivery could happen without the often-unseen functions covered by core costs. A Foundation based in Scotland said, "So many charities now are just having to focus on keeping the lights on – [there is a] lack of money for core costs, utilities and volunteering costs, the bare minimum isn't being supported."[298] One foundation said that charities are so unused to having core funding on offer that, "Charities do not ask for core funding. Sometimes we do nudge."[299] Another foundation based in the North West said, "Should we be saying: give us your electricity bill?!"[300] The CEO of another foundation explained how they had changed their policy, now giving out more unrestricted funding, "As it is what the charities actually need."[301] A national charity, that is also a grant giver, said quite simply, "Unrestricted is the holy grail."[302]

Some funders are wary of granting unrestricted funding, unsure of how to measure its impact. Many, driven by strict KPIs from their grant providers, find it difficult to quantify unrestricted funding. A foundation specialising in funding small charities and social enterprises said bluntly that, "Unrestricted funding can be quite frightening to funders."[303] A charity infrastructure organisation in a city in the North West concurred saying: "Funders want to achieve their KPIs – which is why restricted is more attractive."[304]

There is an opportunity to extend the shake up that was provided by the COVID-19 pandemic. A regional community foundation said, "Immediately after covid there was a golden period where charities were getting unrestricted funding and thriving, but now we've gone backwards to bureaucratic and tight funding."[305]

Therefore, good grant givers could:

**RECOMENDATION 45**

Provide stability and longevity in their giving by:

- Measuring how much of their grants are supporting core costs.
- Making commitments to provide unrestricted funding.

298 Community Foundation, Big Listen Edinburgh
299 Charitable Trust, Big Listen Leeds
300 Charity Foundation, Big Listen Liverpool
301 Charitable Foundation, Big Listen Liverpool
302 Grant Making Charity, Big Listen Newcastle
303 Venture Philanthropy Fund, Big Listen Liverpool
304 Local infrastructure organisation, Big Listen Liverpool
305 Community Foundation, Big Listen Edinburgh

Another way that good grant givers operate is by fostering trust with their recipients. If done well this can free up charities to focus on delivery, rather than completing time-consuming reporting requirements.

However,  highly relational approach is not cost free and is calculated in the time it takes to foster and maintain these relationships. One national funder that focuses on small charities said, "some small charities have 40 different funder relationships. If you're trying to manage relationships with funders but you have to maintain 40 and everyone feels like they're the most important one – it is hugely time intensive."[306] There was agreement that the time taken to foster these relationships does cost money in funding staff time. This can take away from the amount of grant that can be given out.

Funders identified the rising demand in applications as a key pressure point on fostering these relationships with potential and past grant recipients. One organisation in Scotland said, "We seem to be losing the relational approach. You need relationships with previous applicants and future applicants – there is too much time now just considering applications but not enough active engagement with charities."[307] They went on to add, "It is so powerful to speak with charities about their current challenges and future challenges, there isn't enough time from funders to actually learn about charities and what they need."[308] Another grants manager for a bank demonstrated how the relational approach doesn't just extend to their interactions with grantees, but also in how they attempt to connect others together. They try to match applicants to other funders so the relationships can continue apart from them. They said, "Yes its time intensive, but valuable!" [309]

> *"We expect charities to collaborate sensitively, we should expect funders to do that more."*
>
> **Grant Making Charity, Big Listen Newcastle**

There is scope for funders to collaborate more closely, both for efficiency for applicants and also to increase funders' impact. There was a desire for funders to trust each other's vetting processes, accepting that due diligence done to satisfy one grant requirement likely has a lot of overlap with the due diligence needed for their own requirements. One funder based in the North West said, "It takes time to build up due diligence for both funder and charity, funders should trust each other to make a recommendation for charities to be funded."[310] They went on to add, "Funders need to be open with each other, and create a network, and refer to each other."[311] If a charity can say it has had funding from a well-known and established funder then other funders should recognise this as a hallmark of quality, which should give them confidence to fast track some of their own due diligence processes. One national charity who is also a grant giver pointed out how the collaboration expected in the charity sector should be reflected in the funding sector. They said, "We expect charities to collaborate sensitively, we should expect funders to do that more."[312] One funder remarked, "At the moment too much funding promotes competition rather than collaboration."[313]

306 Infrastructure Organisation, Big Listen Liverpool
307 Infrastructure Organisation, Big Listen Edinburgh
308 Infrastructure Organisation, Big Listen Edinburgh
309 Bank, Big Listen Edinburgh
310 Philanthropist, Big Listen Liverpool
311 Philanthropist, Big Listen Liverpool
312 Grant Making Charity, Big Listen Newcastle
313 Infrastructure Organisation, Big Listen Edinburgh

## Case Studies of Innovation from Funders

### Wakefield Funders Forum: Bringing Funders Together

The Wakefield Funders Forum was set up in 2008, with the aim to attract increased social investment into the Wakefield District. Through bringing different funders together quarterly, it provides an opportunity for funders to discuss funding priorities for the district and learn about different projects that they can donate to. It was set up following a report published by the National Lottery Community Fund, which demonstrated that the funding received in the Wakefield District was half of the regional average.[314]

### Lloyds Bank Foundation and Nationwide Foundation: Joining Forces for Policy Change

In 2020, the Nationwide Foundation began funding the Renter's Reform Coalition (RRC). The coalition consists of 20 organisations to 'achieve reform of the laws and regulations which govern private renting, and as a result, improve the rights and protections given to private renters in England.'[315] In 2024, the Lloyds Bank Foundation joined the Nationwide Foundation to further support the RRC. Through this partnership, it has enabled the RRC to develop and grow the campaign further to try and push the Government to implement the policies that promote the rights of private renters.

### Two Ridings Foundation: Elevating the Local Lived Experience Voice

The Two Ridings Foundation set up the York Community Fund in 2024, alongside the Joseph Rowntree Foundation, City of York Council, York Centre for Voluntary Services and York Together.[316] It is an independent fund with the aim to improve the lives of those in York, with the grant decision making and guidelines being established by a panel of those who live in the area, both professionals and those with lived experience. This collaboration between the community and funders provides the opportunity for the people who will be affected in the community to establish who will receive grants, giving the community an opportunity to say first-hand what is needed.

### North East and Cumbria Funders Network: Bringing Funders and the VSCE Together

The North East and Cumbria Funders Network was formed in 2015 and is a forum for national and local funders to support those in the voluntary sector and the communities of the North East and Cumbria.[317] The network is facilitated by the Voluntary Organisations' Network North East and funded by the National Lottery Community Fund. It provides an opportunity for funders to directly communicate with the VCSE organisations, to better understand what the communities need.

314 Nova, *Information of Wakefield District Funder's Forum.*

315 Nationwide Foundation, *The Next Chapter for The Renters Reform Coalition*. Accessed via: *nationwidefoundation.org.uk/the-next-chapter-for-the-renters-reform-coalition/*

316 Two Ridings Community Foundation, *York Community Fund*. Accessed via: *www.tworidingscf.org.uk/fund/york-community-fund/*

317 Funders Collaborative Network, *Northeast & Cumbria Funders Network*. Accessed via: *www.funderscollaborativehub.org.uk/collaborations/north-east-cumbria-funders-network-nec-fn*

### The Giving Network: Making Lower Level Giving Go Further

The Giving Network is an initiative of the Community Foundation Tyne and Wear & Northumberland. It brings together small funds from different individuals and provides them with an opportunity to learn about the different organisations that the Foundation works with. The Giving Network asks each donor for a minimum of £30 a month, which is then doubled by the organisation for the first three years.[318] Members of the Network can decide where their portion of the fund goes, giving individuals an opportunity to give back to their communities. Setting up a small monthly payment widens the realm of those who can donate and helps develop connections to charities that may not receive the donations if it wasn't for the network.

### St Monica Trust: A Commitment to Long Term Funding

St Monica Trust distributes funding and support across Bristol, South Gloucestershire, North Somerset, and Bath. To achieve their aim of helping older people and combating loneliness, they created a 10-year strategy plan stretching to 2033. The strategy includes drawing down 4 per cent of their endowment in order to give longer term core funding.[319] St Monica Trust have invited a group of different local funders, the local chamber of commerce, the statutory sector, local businesses, faith groups and education institutions to come together to collectively fund projects in the long term.

### Bristol Funders Network: Sharing An Application Process

Bristol Funders Network is a group of both local and national funders who meet every six weeks,[320] with a focus on sectors and communities that have been historically underfunded. Charities funded by the Network are invited to sign a consent form so that their application can be shared between funders. Although funders still have their own application forms, the sharing of information has increased the amount of giving and cut down time spent by charities on separate applications.

Therefore, good grant givers could:

### RECOMENDATION 46

Work with other funders, where appropriate, to:

- Accept applications make to other funders.
- Agree a standardised application processes that can be used across a variety of funders.

318 Community Foundation, *The Giving Network*. Accessed via: www.communityfoundation.org.uk/the-giving-network/

319 St Monica Trust, *Our Priorities from 2023 to 2033*. stmonica-trust.files.svdcdn.com/production/resources/files/St-Monica-Trust-10-year-Strategy-Summary-FINAL-230123.pdf?dm=1675338432

320 Funders Collaboration Hub, *Bristol Funders Group*. Accessed via: *www.funderscollaborativehub.org.uk/collaborations/bristol-funders-group*

# Recognise the Unique Value of Small Charities

Good funders recognise the unique contribution of small and medium-sized charities and acknowledge that their impact should be measured in different ways to their larger competitors.

Some funders prefer giving to small and medium-sized charities due to the close relationships they can form with them, as well as feeling like their giving has a greater proportional impact.

> *"The difference it makes to give to small charities is massive – you can give more money to big charities, but it has less impact."*
>
> **Charitable Foundation, Big Listen Liverpool**

One staff member of a charitable foundation in the Liverpool City Region said, "The difference it makes to give to small charities is massive – you can give more money to big charities, but it has less impact."[321] Another charitable foundation also in Merseyside corroborated this: "Our average grant is about £10,000 to a small charity. It is amazing how much they can do with the £10,000, they stretch that £10,000… Some of it benefits over 4,000 to 5,000 people and its only £10,000."[322] Another charitable foundation said they had a specific intent to focus on small charities. Their CEO said, "We generally don't give to national charities. We often get applications from national charities moving into our region, and we often say no because we want to focus on the people already doing great work locally."[323] A representative from a Council in the Midlands summarised: "The small charity round the corner needs your £100 way more than the big guys."[324]

> *"The small charity round the corner needs your £100 way more than the big guys."*
>
> **Council**
> **Big Listen Loughborough**

One of the key strengths of small and medium-sized charities was their proximity to the communities they serve and their focus on delivery. An organisation focused on place based changed said, "There's a real difference between providing services that a community doesn't want … and building up leadership and ability in the community to create its own services that people actually need."[325] Part of recognising the value of charities is understanding that they fulfil a different role from statutory services with many charities "doing what government can't."[326]Another CEO and founder of a small charity expressed how central the relationship-based approach is to small charities, and how it is the secret to their success. He said, "We need the tools to do the change – [but] people change people."[327]

Given that personal approach, the way impact is measured should be different between small and large charities. A foundation in Yorkshire made it clear that the measurement of impact for small charities may be less tangible, with their contribution to the community feel of a neighbourhood part of their appeal. They said it was important, "Not [to] overlook the impact small charities and organisations have in building the social fabric, even if you can't directly map the impact."[328] In addition to close relationships with the communities, smaller charities are often better placed to form closer trust-based relationships with donors. One HNWI in the Midlands said, "When I used to give to bigger national charities I didn't

321 Charitable Foundation, Big Listen Liverpool
322 Charitable Foundation, Big Listen Liverpool
323 Charitable Foundation, Big Listen Liverpool
324 Council, Big Listen Loughborough
325 Network, Big Listen Liverpool
326 Community Foundation, Big Listen Liverpool
327 Charity, Big Listen Liverpool
328 Community Foundation, Big Listen Leeds

even get a letter of acknowledgement" and praised the individual nature of the relationships they had subsequently been able to build with smaller grassroots charities.[329]

Understanding the unique position of small and medium-sized charities can be a more difficult case for some funders to make. A limitation of small and medium-sized charities was their capacity to lift their eyes from the important day-to-day delivery. One CEO of a foundation said, "Generally smaller charities focus on immediate need, due to their mission, and creating space for them to reflect can be so powerful."[330] For many givers, especially corporates, it is harder to articulate the decision to give to small charities, which may appear more risky or unknown, to those to whom they are accountable such as board members or shareholders. One CEO of a corporate said, "Businesses need to return to the shareholders and that often takes investing in major national charities that people recognize, even though they want to invest in local communities and grassroots charities."[331] The scale of the small charities can mean they struggle to compete with the larger players in the charity world when it comes to contract tendering. A charity in the South West shared their experience. They said, "The Local Authority commissioned us to deliver a holiday programme with 30 other charities during Covid, [which was a] very positive experience. We met and exceeded every KPI. The funding continued but not to us. A private organisation won the contract. It left 30 charities that were established in the city feeling totally disengaged with the commissioning process."[332]

> *"Businesses need to return to the shareholders and that often takes investing in major national charities that people recognize, even though they want to invest in local communities and grassroots charities."*
>
> **Corporate,
> Big Listen Leeds**

Size limitations impact fundraising and the capacity that small and medium sized charities can put into bidding for new financial support. The top ten charities in England and Wales, spend a combined £236.01 million a year on fundraising.[333] The CEO of a foundation focused on the North West highlighted the difficulty this can pose for smaller charities. They said, "The biggest challenge for small organisations is capacity, people are doing fundraising in their spare time and up against professional bid writing teams."[334] The CEO of a small charity operating in Greater Manchester explained the challenge of having a small fundraising team, who also had other responsibilities, and the small in-house capacity caused them to draw in outside support. They said, "It's difficult to compete with a team of bid writers, while you're doing everything as a CEO. I make a number of applications that fail."[335]

> *"The biggest challenge for small organisations is capacity, people are doing fundraising in their spare time and up against professional bid writing teams."*
>
> **Grant Making Charity,
> Big Listen Edinburgh**

Small charities receive just 4 per cent of government funding allocated to the sector, despite making up a majority of voluntary organisations.[336] The most recent analysis of the sector by NCVO notes that grants are increasingly being replaced by contracts, disadvantaging small charities, who are less likely to be able to meet contract requirements.  Many small charities (73 per cent) operate without a primary income source, increasing reliance on unstable grants, while larger organisations benefit from multi-year funding contracts.[337]

329 Philanthropists, Big Listen Loughborough
330 Charitable Foundation, Big Listen Liverpool
331 Corporate, Big Listen Leeds
332 Charity Foundation, Big Listen Bath
333 CSJ Analysis of Charity Commission, *Top 10 Charities, 2024*. Accessed via: register-of-charities.charitycommission.gov.uk/en/sector-data/top-10-charities
334 Grant Making Charity, Big Listen Edinburgh
335 Charity, Big Listen Liverpool
336 NCVO, *UK Civil Society Almanac 2024*, 2024. Accessed via: www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/
337 M. May, *Public Donations Drop to Just 25% Of Income For Small Charities As Sector Remains Under Strain*. Accessed via: fundraising.co.uk/2024/11/20/small-charities-saw-public-donations-drop-to-25-of-income-in-21-22-as-sector-remains-under-strain/

Given these unique challenges and opportunities, good funders and grant givers could:

**RECOMENDATION 47**

Produce a separate funding criteria for small and medium-sized charities, which recognises their unique value and limitations.

# Form a Unified Voice

There are a variety of infrastructure bodies and associations that represent the philanthropic sector across the UK. These include the Association of Charitable Foundations (ACF), Association of Chief Executives of Voluntary Organisations (AACEVO), NCVO, National Association for Voluntary and Community Action (NAVCA), Charities Finance Group, UK Community Foundations, The Funding Network, The Beacon Collaborative, National Philanthropic Trust UK, (NPT-UK) and Philanthropy Impact. The Association of Charitable Foundations (ACF) is the leading membership association for foundations and independent grant-makers. ACF has 450 members that collectively hold assets of around £75 billion and give over £4.4 billion annually.[338] Many of these infrastructure organisations have come together through umbrella networks such as the Civil Society Group, which has increased collaboration on issues relevant to the sector such as growing philanthropy and has helped to form a unified voice. However, there is scope for a more formal representation of the entire sector, as no one group claims to represent the philanthropy sector as a whole.

There are examples of a broad spectrum of voices in the philanthropic sector being unified through the forming of a trade association.

CASE STUDY

**Philanthropy Australia**

Philanthropy Australia is the national trade association for philanthropists in Australia. Founded in 1977 as the Australian Association of Philanthropy (AAP), Philanthropy Australia operates as a membership body for approximately 900 trusts, foundations, families, individual donors, professional advisors, companies, intermediaries and nonprofit organisations. Philanthropy Australia provides advocacy, networking, services and resources to the philanthropic and the nonprofit sector, as well as information and research for the Australian community.

Philanthropy Australia has two parts of its core mission: 'more and better'. The first aim is to grow giving. The Strategic Plan 2022-2025 published in 2022 set out a series of strategic initiatives to increase annual structured giving by 50 per cent (to $3.75 billion) by 2025.[339] The second aim is to strengthen philanthropy's role in Australian society through working with members to drive best practice. This is done through education and convening work by hosting a conference, forming communities of practice and providing resources.

338 ACF, *About Us*. Accessed via: www.acf.org.uk/ACF/About_Us/About_us.aspx

339 Philanthropy Australia, *Strategic Plan 2022-2025*, December 2021, p.3

Something that could be drawn across to a UK context is the fact that Philanthropy Australia has a broader membership than any network in the UK as its members are made up of nonprofit organisations as well as funders. Drawing together all aspects of the philanthropy sector - givers, recipients and those delivering services on the ground provides an opportunity for a stronger unified voice to Government about the needs and opportunities in the sector as a whole.

**RECOMENDATION 48**

A new body called Philanthropy UK should be convened. Consisting of existing coalitions, Philanthropy UK would be responsible for working with all relevant groups, departments, and bodies to improve standards on data collection, build a training curriculum for financial advisors, support the professionalisation of the philanthropy advice sector, and become the principal interlocutor between the philanthropy sector and Government.

# List of Recommendations

## Supercharging Philanthropy: The Role of Government

1. The Department for Culture, Media and Sport should lead other Government departments to create a national, cross-Government strategy on how to increase domestic philanthropic giving. The strategy should include a specific approach for the plan to increase philanthropic giving to small and medium-sized charities, alongside an ambitious numerical target for national giving in the next five years.
2. The Government should appoint a Director of Philanthropy in each department, a Civil Servant with responsibility for identifying opportunities for philanthropic partnerships, linked to each of the five national missions.
3. The Government should use the launch of the National Philanthropy Strategy to commit to £3.27 billion of match funding into a National Mission Innovation Fund (a registered UK charity) to galvanise philanthropists to bring public spend and private investment together to turn the tide on achieving social projects that serve the five national missions. The match funding should be delivered through the new social impact investment vehicle and should deploy a range of models including Social Bridging Finance and Social Impact Bonds.
4. Focused by the Government match funding commitment, the National Strategy should direct and equip philanthropists to add to the National Mission Innovation Fund to unlock £8,215,000,000 in philanthropic funding across the nation.
5. Applications to HM Treasury from other government departments should have to provide evidence they have sought match funding as part of their application or explain why it was not appropriate.
6. The Minister for Sport, Media, Civil Society and Youth in the Department for Culture, Media and Sport should have increasing philanthropic giving added to their portfolio as a specific area of responsibility.
7. The Department for Culture, Media and Sport should create a voluntary position of an independent 'National Philanthropy Champion' with the task of meeting set financial metrics of philanthropic giving across each region of the UK, with additional metrics for ensuring small and medium sized charities are receiving philanthropic giving.
8. The National Philanthropy Champion should recruit 12 voluntary Regional Philanthropy Champions, one for each region of the UK with clear objectives to meet over a five-year term. Their responsibilities should include:
   - Identify and reach a regional numerical target for philanthropic giving in their region across five years;
   - Co-ordinate with Community Foundations, local funders and local infrastructure organisations to join up with what is already going on within their region and, with existing partners, develop local philanthropy infrastructure to meet the needs of the community.

9. The DCMS should identify the 20 areas of lowest philanthropic giving, but great need, and then designate 10 to be Charitable Investment Zones.
10. Metro Mayors should be required to include deliverables for incorporating philanthropy into their Local Growth Plans.
11. The Minister for the Department of Communities in Northern Ireland should amend the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 to make it lawful for charity lotteries licensed and regulated in mainland Great Britain to operate on the same basis in Northern Ireland.
12. All Government Departments and Local Authorities should model good practice in grant giving by:
    - Ensuring grant giving and contract delivery timelines to charities mirror the multi-year funding cycles to Local Authorities beginning in 2026-27. Grants should be committed in 3-5 year funding cycles where possible.
    - Removing the short spending timeline requirements that serve budget lines rather than project impact.
    - Working with small charities and grant recipients to revise the agreed monitoring criteria, that is proportionate to the money being granted and does not place an undue reporting burden on charities with a track record of success.
13. All Government Departments and Local Authorities should model good practice in grant giving by ensuring the costs of the contract cover the full cost of delivery.
14. The FCA should mandate that philanthropy advice, including awareness of the tax benefits, be a part of financial advice processes. This should fall under the Conduct of Business (COB) 5.2 "Know your customer".
15. The FCA should establish an accredited professional certificate in philanthropic advice available to various professionals including solicitors, financial advisors and accountants.
16. The FCA should include training on the avenues available for philanthropic giving, as well as the tax incentives, such as Inheritance Tax reductions, that enable giving, as part of the accreditation syllabus to obtain a CF30.
17. The FCA should lay out guidance on how firms who are authorised to give financial advice should engage with local charitable giving vehicles. Where there are local networks, financial advice firms should be expected to attend relevant events and meetings at a suitable frequency to have knowledge of the local philanthropy infrastructure. Where no such networks exist, firms should be expected to meet regularly with their closest community foundation or equivalent vehicle.
18. The Charity Regulators should run a nationwide campaign to publicise the tax benefits of legacy giving.
19. HMRC should add a prompt box to those filling out a self-assessment tax return asking if individuals have made a will and signposting them to Gov.UK 'Make a Will' webpage.
20. HMRC should issue new guidance to employers on how to explain the tax benefits for charities and givers of Payroll Giving.
21. The Charity Regulators should launch a campaign, to coincide with Payroll Giving Month held every February, to raise awareness of Payroll Giving among taxpayers.
22. HMRC should simplify and automate the Gift Aid system for givers. Above basic rate taxpayers should have the ability to hold their Gift Aid status within their HMRC account, enabling them to make a universal Gift Aid declaration that applies to all their charitable giving rather than having to make a new declaration for each charitable cause to which they donate.

23. HMRC should explore innovative approaches to Gift Aid such as automatic opt-in (so higher and additional rate tax payers have to opt-out of gift aid, with the default being opt-in) and other measures that simplify the process for givers and pilot and learn from initiatives with promising results.

24. HMRC should simplify and automate the Gift Aid process for claimants, ensuring only essential information is required to be collected by charities claiming gift aid.

25. HMRC should release four fifths of the £585 million per year in unclaimed Gift Aid across this Parliament into the National Mission Innovation Fund. This equates to £2,340,000,000.

26. The Charity Regulators should launch a nationwide Gift Aid awareness month, "Tick the Box" building on Gift Aid Awareness Day in October, to increase awareness of the benefits of Gift Aid for givers and charities, and to increase the general profile of philanthropy.

27. 20 per cent of the funds released through the Revitalising Trusts programme in England and Wales and the Revitalising Trusts project in Scotland over the course of this Parliament (amounting to £2,750,000), should be set aside to expand data capabilities within the sector that map both philanthropic giving and the charity sector more broadly.

28. HMRC should release one year's worth of unspent Gift Aid, amounting to up to £585 million. The receiving department/organisation should use this to create an evidence fund to which small charities can submit bids for support to bring forward evidence of their impact in order to boost their ability to bid for contracts and grants.

29. The Charity Commission should have enhanced powers as a regulator to:
    - Require that charities going through the registration process are made aware of other charities in their area geographical area with a similar charitable purpose;
    - Foster collaboration between smaller charities where appropriate;
    - Require that a business plan, which clearly sets out how a proposed charity plans to raise sufficient funds, is included as part of the application process;
    - Incentivise mergers of similar charities where appropriate, and where bespoke support offered to particularly communities would not be lost.

30. The Charity Commission should raise its requirement to report salaries over a certain threshold to be in line with inflation, raising the starting band from £60,000 to £76,800.

31. The Charity Commission should ensure the public consultation on SORP garners views from small and medium sized charities on the proposed changes to how leasehold assets are calculated on charity accounts. If the changes go ahead it should provide clear, online modules training charities on how to smoothly transition to the new system.

32. The Charity Commission of England and Wales should consult across the broad spectrum of the philanthropy sector on what simple and illuminating questions could be included in a new impact statement to allow philanthropists to make informed decisions regarding which charities they should support.

33. Recognising the complexity of measuring and regulating payout ratios, the Charity Regulators should consult widely across the sector on the issue of low spending charities and foundations, also considering Donor Advised Funds, and publish updated guidance for trustees. To raise awareness of this issue, the Charity Regulators could consider using a mechanism that highlights publicly those grant-making charities and foundations that consistently direct very low levels of grants proportionate to the size of assets held.

34. The Charity Commission for Northern Ireland should establish a Revitalising Trusts programme to release dormant funds from charities and trusts in Northern Ireland into charitable purposes in Northern Ireland.
35. 80 per cent of the funds released by the Revitalising Trusts project and The Revitalising Trusts programme across the five years of this Parliament should be added to the National Mission Innovation Fund (a newly created UK charity) to develop match funding opportunities. 20 per cent should be reserved to expand data capabilities that map both the philanthropic giving and the charity sector (see recommendation 27).
36. The funds identified by the expanded Dormant Assets Scheme should be counted towards the National Mission Innovation Fund.
37. The Charity Commission should require Chairs of Trustees of charities, above an agreed benchmark of turnover, to complete training resources – such as those developed by the NCVO – as part of their onboarding process. This could be in the form of an online training module hosted on the 'My Charity Commission Account.'
38. The Government should amend The Companies Act 2006 to reverse the changes made in 2013 which removed the requirement for all companies to report on their charitable giving.
39. The Department for Culture, Media & Sport should amend Part 5, Section 99 3(b) of *The Gambling Act 2005* to remove the aggregate annual cap on ticket sales for large charity lotteries.

## Supercharging Philanthropy: The Role of Givers

Good givers could:

40. Publish acceptance rates as part of their annual report.
41. Publish clear acceptance criteria on their websites.
42. Publish previously successful grant applications, anonymised, to give prospective applicants an indication of what the funder is likely to fund.
43. Devise a simple feedback process for unsuccessful applicants.
44. Provide stability and longevity in their giving by committing to multiyear funding projects where appropriate, with a preference away from contracts of under 1 year.
45. Provide stability and longevity in their giving by measuring how much of their grants are supporting core costs and making commitments to provide unrestricted funding.
46. Provide stability and longevity in their giving by accepting applications make to other funders and agree a standardised application processes that can be used across a variety of funders, where appropriate.
47. Produce a separate funding criteria for small and medium-sized charities, which recognises their unique value and limitations.
48. A new body called Philanthropy UK should be convened. Consisting of existing coalitions, Philanthropy UK would be responsible for working with all relevant groups, departments, and bodies to improve standards on data collection, build a training curriculum for financial advisors, support the professionalisation of the philanthropy advice sector, and become the principal interlocutor between the philanthropy sector and Government.

The Centre for Social Justice

The Centre for Social Justice FOUNDATION

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