



Cass Business School
CITY UNIVERSITY LONDON



CGAP

Centre for Charitable Giving
and Philanthropy



Shaping fundraising, increasing philanthropy?

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What policy is aiming to achieve

'what government is looking for is....an opportunity....to turn philanthropy into a tap that could support the arts as effectively as the National Lottery'

(Hunt, 2010)

'aim to stimulate a step change in giving'

(Giving White Paper, Cabinet Office, 2011)



New era in 'Private action for public benefit'?

- new policy focus on the relationship of private decision-making/ preferences and public need
- classical economics– individual philanthropy steps in where governments fail
- examples of past policy measures to support private action for public benefit
 - a) modernisation/ extension of charitable tax reliefs (Lawson, 1988-1990)
 - b) 'Private action, public benefit' (Strategy Unit Consultation, 2002)
 - 'to modernise charity law...stronger emphasis on delivery of public benefit'*
- flies in the ointment
 - 'impure altruism' and crowding out theory (eg Andreoni, 1990)
 - limited evidence of redistributive effects – US research, Clotfelter (1992) and Reich (2005):
UK; recent 'charity deserts' work (eg Mohan, CGAP)



Government approach

- Cabinet Office and cross-governmental approaches
- DCMS 10-point Action Plan
 - £160m matched funding scheme
 - focus on endowments, planned giving for arts
- Giving White Paper – range of initiatives
- Streamlining Gift Aid
- Year of Corporate Philanthropy
- Legacy10



White paper initiatives

Norms	Major campaign payroll giving /10% legacy incentive
Social Action Fund/ Innovation	£10m for giving innovation/ ideas in priority
Information and local capacity	£700k for Philanthropy UK /£30m local infrastructure £80m investment through Community First
Nudging/ behavioural economics	Seamless integration with daily activities - <i>ATM, online, round pound</i>
Tax	Reducing inheritance tax, consultation tax reductions for gifts of art
Celebration	New honours committee/ £400k from NESTA for ‘Spice
Government estate	Trial charity promotions, public service website Directgov , 4.5 million hits per wk/ use of estate



The challenges – need for a nudge

‘Libertarian paternalism’ (Thaler and Sunstein, 2008)

‘.....Free to choose.....but we argue for self-conscious efforts, by institutions in the private sector and also by government, to steer people’s choices in directions that will improve their lives....in many cases individuals make pretty bad decisions – decisions they would not have made if they had paid full attention and possessed complete information, unlimited cognitive abilities and complete self-control’.

Giving White Paper (Cabinet Office, 2011)

‘.....We recognise that giving is good for both the givers and those they help. Our charities would not be able to do their great work if British people did not give more than £10 billion every year. Volunteers work tirelessly to help others and make our communities stronger; givers know the pleasure of making a difference. Our society is strengthened by the relationships and trust that are built.’

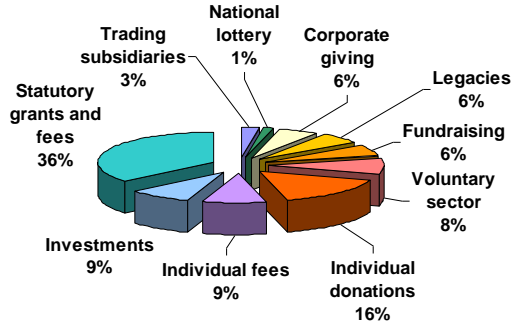


Scale of the challenge – an example

£35.5 bn - 63% of registered charities

Statutory and earned income

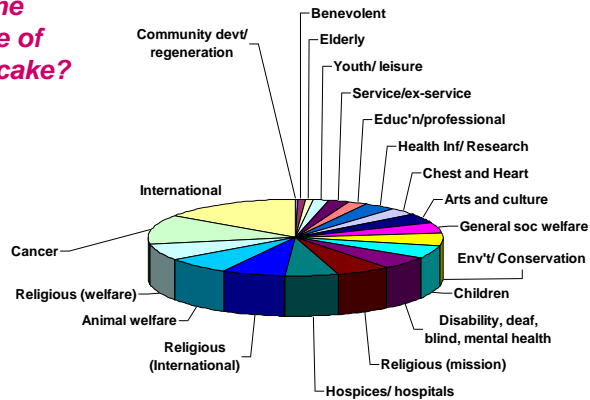
Voluntary income



NCVO: Civil Society Almanac 2010



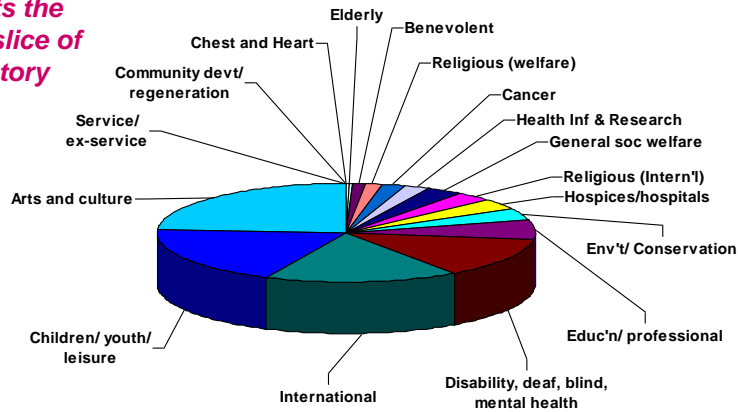
What gets the biggest slice of our giving cake?*



*Includes individual, corporate, private trust and legacy giving
 Source: Pharoah, Charity Market Monitor 2011, CaritasData (July 2011)



What gets the biggest slice of the statutory cake?



Animal welfare and religious missionary causes have disappeared

Source: Pharoah, Charity Market Monitor 2011, CaritasData (July 2011)

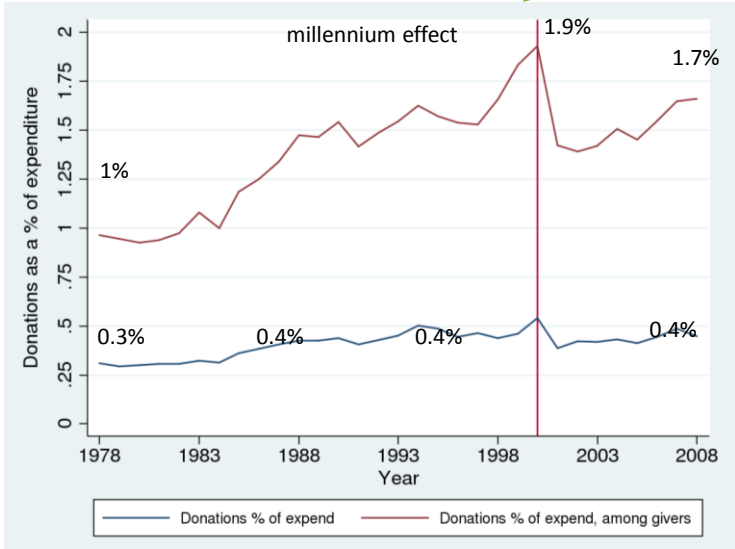


Current squeeze on philanthropy

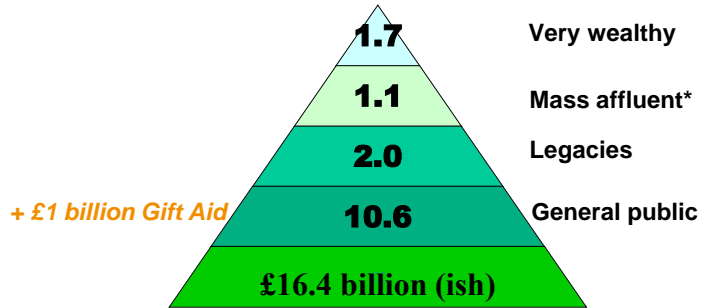
- Individual/ household giving - trends in economic growth, giving culture
- Major giving/ legacies - corporate trends, market values, culture, tax
- Corporate community investment – static (cash)
- Charitable trust funds - investment values, legacies, major giving
- Investments (markets)
- Regional/ local disparities



Trends in % of spending on philanthropy



Level of individual philanthropy today

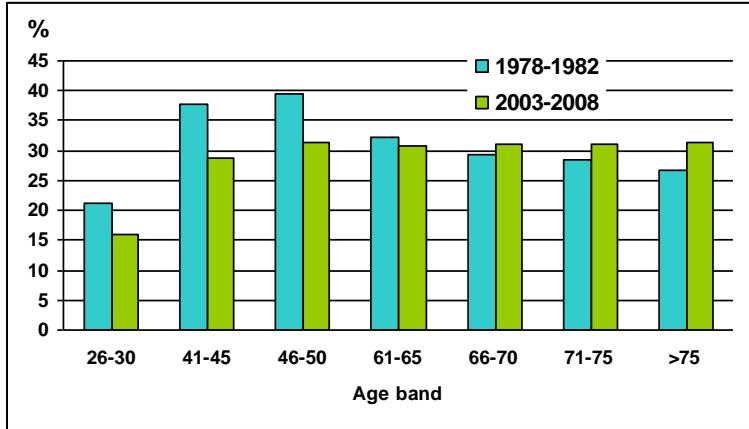


*Higher-rate tax-payers only

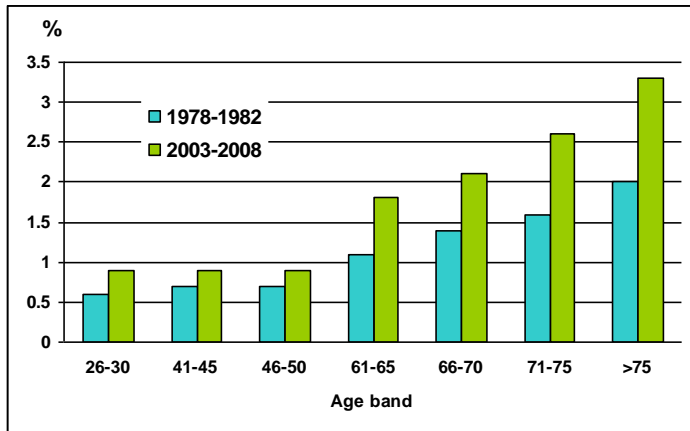
Sources: (McKenzie and Pharoah, www.cgap.org.uk/uploads/TaxAndGiving.pdf
 UK Giving 2009 (CAF/NCVO); HMRC Table 10.2, 2009; Legacy Foresight 2009;
 Sunday Times Rich List, 2008 (what happened to 2009?)



Trends in proportion (%) giving, by age



Trends in % of income given, by age





New fundraising - trends, wings and prayers

Online Giving

Blackbaud survey - Year-on-year online fundraising grew 35% in 2010 (large), 16% (medium)

Online giving is 7.6% of total fundraising/ US online shopping ranges from 8-13% of different markets

Cash machine giving

Bank Machine, with 3,500 machines in shops/garages, calculates a £5 donation on 1% of all ATM transactions would raise £150m a year: provider selects recipient charities

Link, which provides the infrastructure for UK cards and cash machines, aims to enable a donation at almost any cash machine with any of its 100m customers

Facebook

International Fundraising Congress research claims only 0.4% US charities have raised >\$100k on Facebook

Legacies

Mishcon de Reya finds most clients left cash gifts in their wills rather than residuary donations debit cards.

Bank Machine is a part of the Link network.



So - are we all on the same page?

New policy directions/ emphases

- wider donor group
- young/ less wealthy
- innovation, new technology/ media
- familiar old chestnuts eg GAYE
- transactional approach to growth
- welfare 'big society' role
- high net worths/ business models
- legacies
- economic contraction/cuts

Trends in philanthropy

- narrowing donor group
- older/ more wealthy
- limited access
- weak track records
- substitution effects
- Individualistic donor preferences
- women
- competing priorities
- links between wealth, growth, giving



Looking ahead – some opportunities

- older donors, women donors and changing demographics
- internationalism and globalisation
- growing localism in *some* services eg hospices, academy schools, conservation / heritage
- new donor advice services, donor specialisation, networks
- growth of engagement/ activism
- better market information
- market potential
- a new leadership



Looking ahead – some risks

- delusions of grandeur and of inherent goodness/ motivation
- new product development will not mean new market development
- strength of link between income and giving
- mismatch between growth in philanthropy and growth in needs
- shifting deckchairs/ nothing will change



What will increase philanthropy? does it lead or follow change?

- tax
- leadership, consensus
- values eg social justice
- localism, 'big society'
- need for clearer/ better market analysis