

State of the Sector V Giving



6. Giving

The data presented in this chapter is taken from the *Northern Ireland Giving Survey 2008* (NICVA, 2008). The survey was conducted in November 2007 and involved a total of 1,008 telephone interviews with a representative sample of the general public. Where it is appropriate direct comparisons have been made with previous research into charitable giving in Northern Ireland.

In 2008 there was a fall in the percentage of individuals who gave to charity but the overall amount donated to voluntary and community organisations increased. In 2008 83.8% of those surveyed had donated in the previous month – down from 2005, when 93.8% of those surveyed had done so. Overall donations increased by 4%, from £310 million in 2005 to £324 million in 2008.

Charitable donations, other than those made in a place of worship, fell by 10% between 2005 and 2008. The overall amount donated fell from £199 million in 2005 to £180 million in 2008. The average monthly donation, excluding those made in a place of worship, is £14.22 compared with £22.69 when religious donations are included.

One of the biggest challenges to fundraisers in the voluntary sector is to encourage planned, long-term donors. Many fundraisers use on-street fundraising to recruit direct debit donors. *The Northern Ireland Giving Survey 2008* found that 18.2% of donors use this method of giving,

a marginal increase from 2005 when 17.1% of individuals used this method of giving.

There is a more widespread use of Gift Aid but there are still large sums of money going unclaimed. In 2008 29.6% of all eligible donations were gift-aided, this is a significant increase from 2005 when 22% of all suitable donations were gift-aided. The increase in donations that are gift-aided is certainly a positive development. However 70.4% donations that qualify to be gift-aided are not. This is an estimated annual loss of £48.2 million to charities in Northern Ireland. This raises a challenge to the sector: what can be done to encourage better use of the gift aid scheme?

Out of all individuals that had made a will only 4.5% had left a bequest for a charitable purpose. Of those individuals who had no will 29.3% may consider making a charitable bequest when making a will and a further 8.2% stated that they would make such a bequest when they made a will.

6.1 Giving in Northern Ireland

The Northern Ireland Giving Survey 2008^[10] (NICVA, 2008) found that 83.8% of respondents surveyed had made a donation in the last four weeks ^[11] (91.0% stated they had made a donation over the last 12 months). These figures represent a decrease since 2005 when 93.8% of individuals stated they had made a charitable donation in the previous four weeks (NICVA, 2005). *The UK Giving Survey 2007* found that 54% of respondents had made a charitable donation in the last four weeks, a decrease from 57% in the previous year.

The Northern Ireland Giving Survey 2008 found a 4% growth in the financial yield of charitable donations compared with 2005 (the estimated value of donations was £310 million in 2005 compared with £324 million in 2008). This would suggest that despite the indication that in the rest of the UK giving is stagnating, giving in Northern Ireland is continuing to grow. However cash donations made in a place of worship have a considerable effect on the picture of giving. When cash donations made in a place of worship are excluded from analysis, it actually reveals that in terms of actual revenue, giving in Northern Ireland declined by 10% between 2005 and 2008 (£199.6 million in 2005 compared with £180.1 million in 2008).

10 A detailed picture of charitable giving in Northern Ireland is available in the *Northern Ireland Giving Survey 2008*, (NICVA, 2008).

11 *The Northern Ireland Giving Survey 2008* was conducted in November 2007.

Table 6.1 examines how much individuals donate to voluntary and community organisations on a monthly basis.

Table 6.1 - Monthly charitable donations

	All donations including those made in a place of worship	All donations excluding those made in a place of worship
Average ^[§]	£22.69	£14.22
Median	£14.00	£10.00

As can be seen in Table 6.1 *the Northern Ireland Giving Survey 2008* found the average monthly donation of donors in Northern Ireland is £22.69. This figure represents the total sum of all donations divided by the number of donors. For this reason this statistic is at risk of being skewed by particularly low and high level donations. In this survey, the lowest monthly donation made by a donor was 20p and the highest monthly donation made was £181.00. The median average monthly donation represents the exact middle donation in the sample. For this reason the median is less sensitive to extreme donations than the mean. The median monthly donation in Northern Ireland is £14.00. This can be compared with 2005 when the average (mean) donation was £12.76 and the median donation was £7.67. These statistics would indicate that individual giving is continuing to increase in Northern Ireland. The actual breakdown of the amounts donated will be discussed later.

[§] This represents the average amount donated if only people who donate are included and not all members of the public

As stated before the average monthly donation made in Northern Ireland is £22.69. However analysis of the data set revealed that cash donations made in a place of worship have a significant impact on the overall picture of giving in Northern Ireland. When donations made in a place of worship are removed from analysis it reveals a very different picture of giving with the average monthly donation substantially lower, as shown in Table 6.2. The exclusion of donations made in a place of worship decreases the average donation by 37.3% to an average (mean) donation of £14.22. The difference between the means of charitable donations when places of worship are included indicates that people who donate in places of worship tend to donate higher amounts. In addition, the higher median indicates that charitable donations in a place of worship generally attract higher average donations.

6.2 Distribution of giving

Analysis of the distribution of giving in Northern Ireland gives more of an insight into giving patterns in Northern Ireland. Table 6.2 illustrates the distribution of giving.

Table 6.2 - Distribution of charitable giving and financial share of all donations (including monthly donations made in places of worship)

	Average donation (£)	% of donors	% share of total donations
1p-£1.00	0.95	3.2	0.1
£1.01-£2.00	1.98	7.8	0.7
£2.01-£5.00	4.25	14.6	2.7
£5.01-£10.00	8.13	16.7	5.9
£10.01-£20.00	15.33	19.6	13.3
£20.01-£50.00	32.79	28.2	40.7
£50.01-£100.00	67.75	7.2	21.6
£100.01 plus	124.52	2.7	15.0

As can be seen in Table 6.2 four out of every ten donations (42.3%) made were £10.00 or less a month, compared with 2005 when 63.6% of all donations made were less than £10.00 a month. Analysis of donors who made donations of over £20.00 a month reveals a changed picture from the previous survey. In 2005, 13.7% of donors made charitable donations of between £20.01 and £50.00 a month. In 2008 the proportion of all donors making a donation of between £20.01 and £50.00 a month has more than doubled to 28.2%.

From Table 6.2 it can be seen that individuals who donate between £20.01 and £50.00 per month account for the largest share of total donations made (40.7%). This is a small increase from 36.1% in 2005. In 2005 only 2.3% of donors made charitable donations over £50.00 (accounting for 15.6% of the total financial share of donations). In 2008 this figure has risen to 9.9% which comprises 36.6% of the total financial share of donations.

On the surface, these figures indicate that there has been a change in giving patterns in Northern Ireland, with a move away from the small change donations, towards larger donations. As is shown in Table 6.2, 77.3% of the total financial share of charitable donations were made by individuals who donate more than £20.00 a month. This represents a significant increase compared with 2005, when 51.6% of the financial share of donations was made by individuals who donated more than £20.00 a month to charity.

Closer examination of the data reveals that charitable donations made in a place of worship have a significant impact on the results. For this reason, Table 6.3 demonstrates the distribution of giving in Northern Ireland excluding donations made in a place of worship.

As can be seen in Table 6.3 removing charitable donations made in a place of worship from the analysis shows that a high percentage of remaining donors donate small amounts with over one third of remaining donors (37.6%) giving £5.00 or less per month. This figure falls to 25.6% when cash donations in places of worship are included in the analysis (see Table 6.3). Over half of all charitable donations (57.3%) made outside of a place of worship in a month are £10.00 or less. This can be compared with 42.3% when charitable donations in a place of worship are included.

The influence of places of worship on

Table 6.3 - Distribution of charitable giving and financial share of all donations (excluding monthly donations made in places of worship)

	Average donation (£)	% of donors	% share of total donations
1p-£1.00	0.97	7.1	0.5
£1.01-£2.00	1.97	11.3	1.6
£2.01-£5.00	4.18	19.2	5.7
£5.01-£10.00	8.53	19.7	11.8
£10.01-£20.00	15.91	20.9	23.4
£20.01-£50.00	29.98	18.5	39.0
£50.01-£100.00	64.54	2.9	13.1
£100.01 plus	146.00	0.4	4.9

charitable giving is particularly apparent when you analyse monthly donations of over £50.00. When charitable donations made in a place of worship are excluded from analysis, it reveals that individuals who donate over £50 per month represent a very small minority of donors in Northern Ireland (3.3%). This represents 18.0% of the financial share of all charitable donations made, whereas including charitable donations made in a place of worship in the analysis of giving reveals that almost one in every ten donors (9.9%) donate £50.00 or more a month to charity, representing over a third (36.3%) of the financial share of charitable donations made.

6.3 Causes

Table 6.4 examines the causes which attract the most donors and the average amounts donated on a monthly basis. Overall there has been an increase in the number of donors making donations to religious charitable causes (a trend witnessed in *The UK Giving Survey 2007* as well, but to a lesser extent). Outside of religious causes the popularity of the other main causes remains constant with health being the second most popular charitable cause, representing 14.4% of all donations. As can be seen in Table 6.4 one in every ten donors (10.0%) did not notice the cause to which they made a charitable donation.

Table 6.4 – Monthly donations made to each charitable cause

	% of all donations	Average donation (£)		% of all donations	Average donation (£)
Religious organisations	20.4	14.33	Older people	3.1	8.78
Health	14.4	10.75	Disabled	2.8	12.49
Children	11.1	9.20	Physical/mental	2.6	11.22
Medical research	10.8	12.34	Human rights	2.5	9.63
Didn't notice	10.0	7.44	Sports/ recreation	1.7	5.44
Disaster	5.9	22.04	Schools	1.2	2.11
Hospitals/ hospices	4.8	9.81	Animal welfare	1.2	12.33
Other	3.4	1.71	Conservation	0.7	3.31
Homeless	3.3	10.38	Arts	0.1	4.60

6.4 Methods of giving

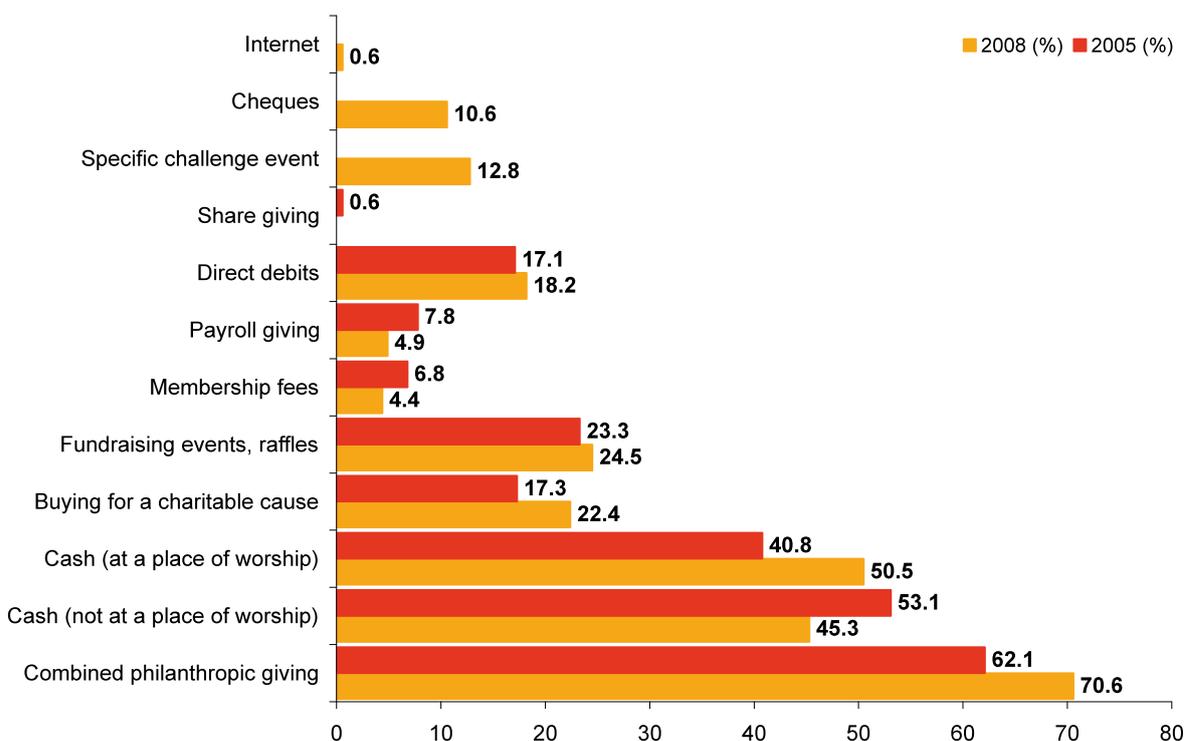
Among the 83.8% of individuals in Northern Ireland who stated they had made a charitable donation over a one month period, there is much variation in the methods by which donations are made.

Figure 6.1 shows that the most popular form of giving in Northern Ireland is combined philanthropic giving^[12] which has witnessed a growth in donors from 62.1% in 2005 to 70.6% in 2008. Both types of philanthropic giving witnessed a growth from 2005. Cash donations made by donors not in a place of

worship increased by 7.8% to 53.1% and donors who made cash donations in a place of worship increased by 9.7% to 50.5%

One of the biggest challenges to fundraisers in the voluntary and community sector is to encourage planned, long-term donors. Many fundraisers use on-street fundraising to recruit direct debit donors. *The Northern Ireland Giving Survey 2008* found that 18.2% of donors use this method of giving, a marginal increase from the previous survey in 2005 where 17.1% of individuals used this method of giving.

Figure 6.1 - Methods of giving used by donors (%)



12 Combined philanthropic giving includes cash donations in a place of worship and cash donations not made in a place of worship.

Payroll giving is an important type of planned giving. *The Northern Ireland Giving Survey 2008* saw a decline in individuals using this form of giving from 7.8% in 2005 to 4.9% of donors in 2008.

6.5 Gift Aid

Gift Aid is a tax relief scheme that was introduced by the government in 2000 to encourage planned giving. The scheme enables organisations (registered with HM Revenue and Customs as charities for tax purposes) to claim back the basic rate of income tax on a donation made by a tax paying donor from HM Revenue and Customs. Gift Aid has provided significant extra financial income for charities and it was estimated to be worth £830 million to UK charities in 2007/2008 (HM Treasury, 2008). The Budget 2007 announced a consultation with the voluntary and community sector on measures to increase take-up of the relief. In response to the consultation the government introduced a package of measures aimed at increasing the uptake of Gift Aid. *The Northern Ireland Giving Survey 2008* found that 29.6% of all eligible donations were gift-aided, a significant increase from 2005 when 22% of all suitable donations were gift-aided. The increase in donations that are gift-aided is certainly a positive development. However seven in every ten donations (70.4%) that qualify to be gift-aided are not. This is an estimated annual loss of £48.2 million to the voluntary and community sector in Northern Ireland if all eligible donations were gift-aided.

The majority of donors surveyed are aware of the Gift Aid scheme, with only 14.5% of donors stating that they were unaware of the scheme. Approximately one third of all donors did not gift-aid their donation(s) because it was not offered by the charity. This raises a challenge to the sector: what can be done to encourage better use of the Gift Aid scheme?

6.6 Legacy giving

Beyond the traditional methods of giving, legacy giving offers donors the opportunity to make a donation in their will. A bequest from a donor's will is one of the more traditional forms of giving to charity and remains a very important one. A donor can leave bequests in two ways, either through residuary bequests or pecuniary bequests. A residuary bequest is one where once family and loved ones have been provided for, the remainder or a proportion of the deceased's estate is pledged to one or more charities. A pecuniary bequest is where the deceased pledges a specific sum of money to a particular charity.

The Northern Ireland Giving Survey 2008 found that 85.7% of individuals surveyed responded to the questions on legacy giving, revealing that 4.5% of these individuals had set up a will where they had left a bequest for a charitable purpose.

Table 6.5 reveals that of the remaining respondents just over half (52.3%) stated they would not set up a charitable bequest. However it is interesting that 29.3% of individuals may consider it when making

Table 6.5 - Would you consider setting up a bequest if and when you make a will?

	% of respondents
Yes	8.2
No	52.3
Don't have a will	10.2
May consider it when making a will	29.3

Base 825

a will and a further 8.2% of individuals stated they would when they are making a will. This indicates that there is potential to develop the pool of legacy givers.

6.7 Motivations for giving

Research carried out on individual giving has revealed that donors often make donations for a mixture of both altruistic and egotistic reasons. The decision to make a charitable donation is often a very personal one.

The Northern Ireland Giving Survey 2008 found that for approximately three quarters of donors (73.5%) the act of donating to charity gives them a sense of fulfilment.

22.2% of all donors make a spontaneous decision to make a charitable donation while 16% of donors donate because they are asked by a charity representative. In addition, a further 14% of donors stated that they made a charitable donation because they were asked by a friend or family member.

The Northern Ireland Giving Survey 2008 also found that approximately seven in every ten individuals (67.5%) continue to make donations because they want to improve things or they feel it is their moral duty to help others. A further 18.8% of donors continue to make donations because the cause is important to them.

While it is very important to understand why people make donations it is equally important to consider why individuals do not. 14.6% of all individuals surveyed did not make a charitable donation, with over half of all these individuals (57.6%) stating they have never thought about it. This may suggest that there is a proportion of people that may consider giving to a charitable cause if they were asked in the correct way. The second most common reason for an individual not making a charitable donation is an inability to afford it.

6.8 Attitudes towards giving

As the sector relies on the general public for 31.6% of its income, it is important for organisations to have some understanding of attitudes of the general public towards the voluntary and community sector and its fundraising activities. In the *Northern Ireland Giving Survey 2008*:

- 77.0% of respondents to *the Northern Ireland Giving Survey 2008* believed it is very important or important that people in Northern Ireland benefit from a charitable donation.

- 54.1% of respondents felt they are either very well informed or reasonably well informed about how charitable donations are spent. Three in every ten respondents (31.9%) were either not sure or did not feel well informed about how charitable donations are spent.
- Two thirds of respondents were very or fairly confident (66.6%) about the management and regulation of charities in Northern Ireland.
- Approximately one in every five respondents (19.0%) knew where to report a fraudulent charity.
- Over half of respondents (54.3%) believed there are adequate controls over fundraising activities in Northern Ireland.

Other sources of information on charitable giving:

The Centre for Charitable Giving and Philanthropy aims to build a better understanding of charitable giving and philanthropy for donors, charities and policy-makers. The Centre aims to promote the strategic role of philanthropy in meeting today's social needs (www.cass.city.ac.uk/philanthropy/index.html).

NCVO in conjunction with the Charities Aid Foundation, publishes the *UK Giving Survey 2008* which is an annual publication providing an overview of the latest estimates and long-term trends in individual charitable giving (www.ncvo-vol.org.uk).

nfp Synergy produces a wide range of reports into attitudes towards charitable giving in the UK (www.nfpsynergy.net).

State of the Sector V is the latest edition in the *State of the Sector* research programme. The previous *State of the Sector* reports have developed the only comprehensive picture of the scale and scope of the economic activities of the Northern Ireland voluntary and community sector. The publication of each *State of the Sector* report represents another step in the evolution of this type of statistical analysis and as such adds to the already broad and in depth knowledge of the sector, by examining many of the key issues currently affecting and shaping it.

State of the Sector V provides high level statistics on the various types of resources available to the sector and the relationship between voluntary and community organisations, government, funders and the general public.

State of the Sector V is invaluable to all those who need an up-to-date and reliable source of statistics and commentary on the voluntary and community sector in Northern Ireland. People working in the sector — academics, decision-makers, social science students and journalists — will all find this publication useful.



Published February 2009 by:
Northern Ireland Council for Voluntary Action

Tel: (028) 9087 7777
Fax: (028) 9087 7799
Minicom: (028) 9087 7776
International code: +44

Email: nicva@nicva.org

Websites: www.nicva.org
www.communityni.org

ISBN 978-0-903087-54-5

Price:

£12.00 plus P&P (NICVA members)

£15.00 plus P&P (non NICVA members)

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Company limited by guarantee (No1792)