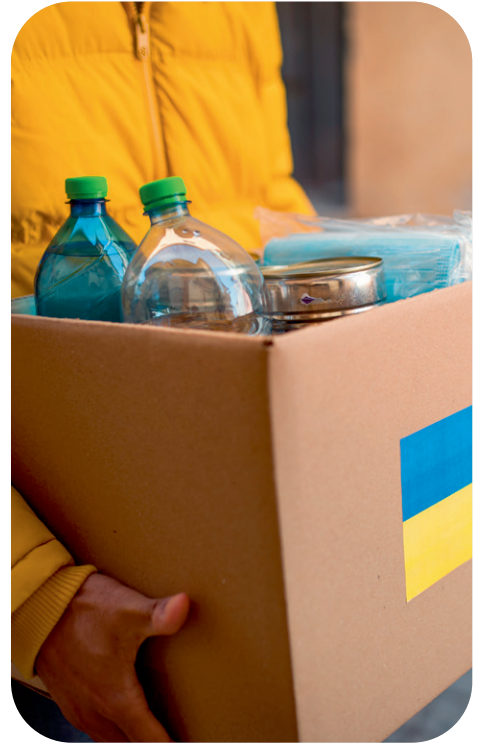


Has the cost of living hit charitable giving?

Research from Benefact Group has shown that the value of charitable donations in the UK fell by more than half in 2022. The organisation's first Value of Giving report says charitable donations amounted to £9.3 billion in 2021, and dropped £5bn to £4.3bn in 2022. "This significant drop", they say, "is likely down to the cost-of-living crisis."



The findings

Using our data on the frequency and level of charitable donations, the report found that:

- 76% of adults donated to charity in 2022, up from 64% in 2018/19, but the average amount given fell.
- The fall in donations reverses a decade-long upward trend, from £5.9bn in 2010/11 to an estimated £9.8bn in 2020.



The Group also looked at our data on the frequency and volume of voluntary work, and used hourly wage data to calculate a value for it, showing that:

- The decade before the COVID-19 pandemic saw a steady rise in the value of volunteering, from £11.2bn in 2010/11 to £18.7bn in 2018/19.
- The pandemic caused this figure to fall to £11bn in 2020, but 2022 saw volunteering return to pre-Covid levels.
- Since the pandemic, volunteer numbers have grown, but the average hours spent volunteering has fallen.

Benefits for donors

Benefact Group also wanted to examine what giving does not just for society and the economy, but also for the people who do it. The analysis shows that people who donate to charity and volunteer have higher life satisfaction than those who don't.

- On a scale of 1 to 7, people who donate to charity and volunteer have an average life satisfaction score of 5.4, compared to 4.9 for those who don't.
- Doing nine hours of voluntary work per month is associated with the same increase in life satisfaction as earning an additional £1,000 per month.
- Volunteers are significantly more likely to say they feel optimistic about the future than people who don't volunteer.

Using the data

Benefact Group used Understanding Society to calculate the volume of voluntary work between 2010-11 and 2021. To look at 2022, the Group commissioned a survey of 2,000 adults asking about “qualitative attitudes towards volunteering and charitable giving against the backdrop of increasing living costs”.

Data also came from other sources, such as the Charities Aid Foundation, and hourly wage statistics. They worked on the basis that people do voluntary work for free, but that this time would normally be paid for. This information was then “upscaled using population data to gain the overall annual value for a given year”.

Finally, they looked at whether volunteering and giving to charity were associated with an increase in people’s self-reported life satisfaction and mental health – taking other factors which can influence life satisfaction, such as income, into account.



People who donate to charity
and volunteer have higher life
satisfaction than those who don’t

The value of giving

The report points out that charity shops, food banks, heritage sites, and community centres all rely on volunteers to operate, but that “the economic value of their work has to date been overlooked”, with official economic statistics not measuring the volume or monetary value of volunteering.

The £18.7bn value of volunteering in 2022 is more than the £2.34bn spent by foreign visitors to the UK and agriculture’s £11bn+ Gross Value Added to the UK economy in 2021. The combined value of volunteering and charitable giving – £23bn for 2022 – is “larger than the sports and gambling sector”.

As the report says, “These figures aren’t directly comparable, but they help to illustrate the importance of the people who serve their communities voluntarily. Without volunteers, we would have to pay billions of pounds more in wages or lose billions of pounds worth of services.” Without charitable giving in the last decade, “the state or private individuals would have had to spend between £6 billion and £10 billion a year more on (in many cases) vital services, research and resources, or do without them”.

Analysing the findings

The report asks what may have driven the changes in donations and the increase of volunteering.



Falling donations

The number of people donating has risen: 76% of adults gave to charity in 2022, up from 64% in 2018/19. However, the average amount they gave over a year fell from £261 in 2018/19 to £101 in 2022.

The fall in the overall value of donations “is likely down to the cost-of-living crisis”, the report says. “It’s unlikely that such a large swing can be explained by a change in methodology as our bespoke survey conducted in 2022 mirrored the UKHLS wording and used a statistically large sample size.”

More volunteering

The rise in volunteering hours over the last decade may be due to austerity after the financial crash. “As more people needed charitable services,” the report says, “more volunteers stepped up to fill in gaps.”

A “post-pandemic surge in volunteering ... likely reflects the return to in-person contact after restrictions were eased, and potentially also the mass mobilisation of volunteers for the vaccination programme”. However, “at least some of the increase can simply be put down to population growth”.

Next steps

The report identified three themes and questions which need further scrutiny:

- Measuring the charity sector’s worth better to reflect its value to the economy, and identifying policies to make sure the sector thrives.
- The public’s engagement with civil society, and the benefits for wellbeing – and therefore the need to harness public support, and to promote volunteering.
- The importance of businesses, and encouraging corporates to increase their giving.

The Group now aims to bring together organisations and stakeholder groups “to discuss issues, agree research areas and commission research” and to identify “initiatives and policy recommendations” which will further the three themes.

The Value of Giving report was produced by Benefact Group, specialist financial companies first established in 1887 as the Ecclesiastical Buildings Fire Office, whose profits go towards funding the charitable giving of the Group’s owner Benefact Trust.



Read the report

<https://benefactgroup.com/fundraising-resources/charity-fundraising-articles/value-of-giving-report/>