

Research Report

Individual Giving in Scotland

Donations, legacies and fundraising

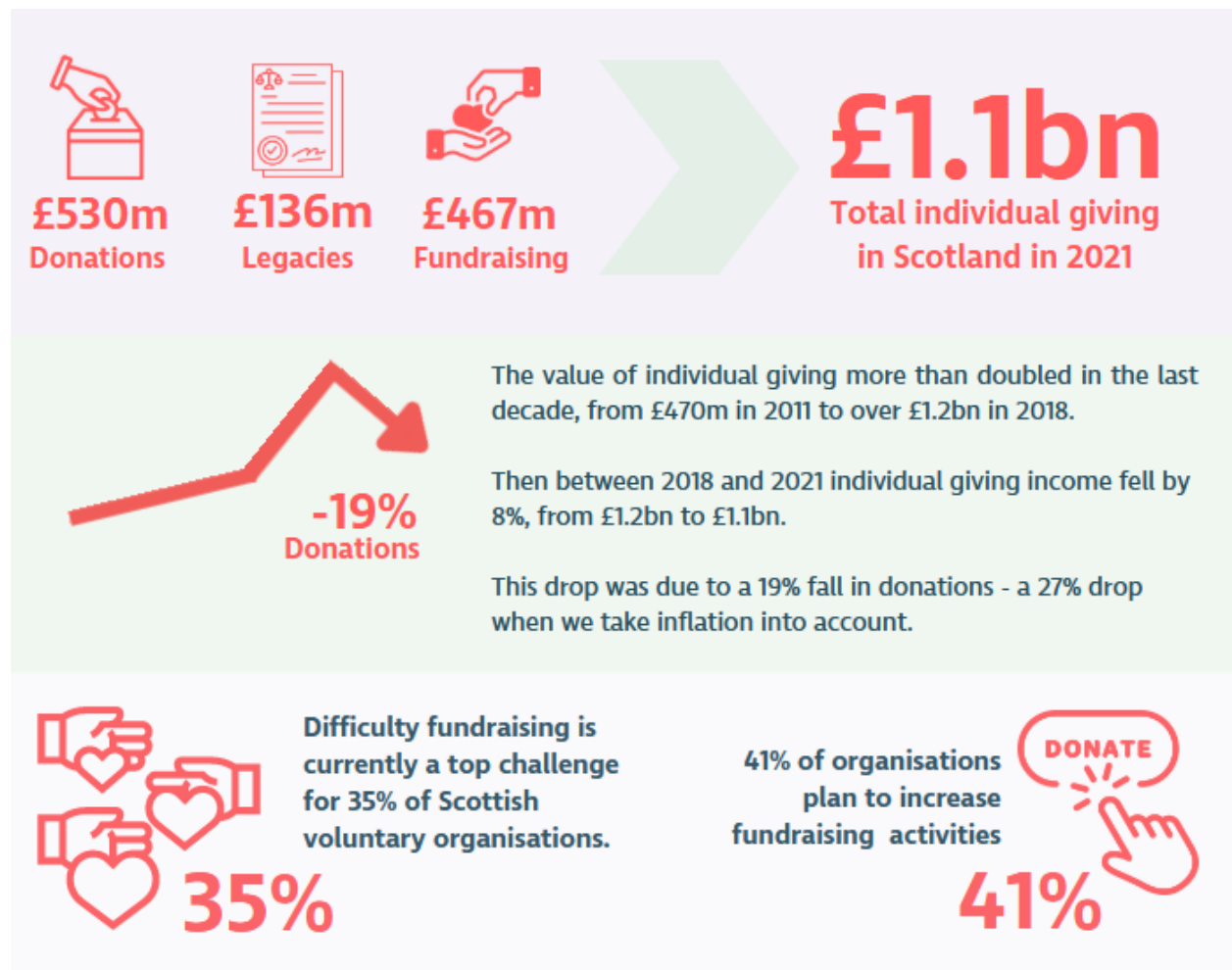
September 2023

Summary

Individual giving via donations, legacies and fundraising was worth £1,133 m to the Scottish charity sector in 2021. The value of individual giving doubled over the last decade, in part thanks to time and effort invested by charities and voluntary groups in things like new funding strategies, funding sub-committees, recruitment of fundraisers and profile raising.

However, we saw a downturn in fundraising income particularly in 2021, primarily because of COVID-19 and the cancellation or postponement of small and large fundraising events. Donations income also fell, particularly in 2022 - this appears to be less linked to the pandemic, and more due to the Cost-of-Living crisis impacting on people's ability to give.

As a result, difficulty fundraising has been one of the top challenges reported in the Scottish Third Sector Tracker over the last two years and seems to be a growing area of concern. In Spring 2023 over a third of the Tracker panel said that 'Difficulty Fundraising' was one of their top challenges.



About this briefing

This paper pulls together key facts about the individual giving landscape in Scotland and UK in one handy paper, using a range of data sources including the [Scottish Third Sector Tracker](#) and [CAF](#). Individual giving is an essential source of income for many charities and voluntary groups and helps fund an enormous range of activities. Here we highlight some headline figures, with a focus on key trends post COVID-19. We hope the information on current trends in donations and fundraising will provide useful benchmarking info for boards, managers, and community fundraisers, helping place the impact of current giving and campaigns in the wider picture.

Key Stats

- 80% of Scottish charities receive donations and fundraised income from the public.
- Individual giving – donations, legacies and fundraised income - was worth £1,133m to Scottish charity sector in 2021.
- That £1,133m was made up of: Donations (£530m), Legacies (£136m) and Fundraising (£467m).
- Individual giving accounted for 16% of the Scottish charity sector's income in 2020/21.
- The value of individual giving has more than doubled in the last decade, from £470m in 2011 to over £1bn in 2018 due to strong growth in both donations and legacies, alongside a large jump in fundraising income.
- However, between 2018 and 2021 individual giving income then dropped from £1.2bn to £1.1bn. This drop was due to a 19% fall in the value of donations - a 27% drop when we take inflation into account.
- Although many organisations saw increases in fundraising and donations in the last 3 months of 2022, these are outweighed by the number reporting decreases.
- According to the Third Sector Tracker, difficulty fundraising is currently a top challenge for over a third of Scottish voluntary organisations.
- 41% of organisations plan to increase fundraising to help meet current financial challenges.
- Fundraising costs have risen for almost half of organisations (48%).
- People in the UK gave £12.7 billion to charity in 2022, up from £10.7 billion in 2021.
- The average amount donated per month in 2022 was £60, up from £49 in 2019.
- However, the typical amount given is £20 – this figure has been unchanged for several years, and its real term value to charities has been lessened over the years due to inflation.
- Further, only 54% of people said they donated in 2022, down from 58% in 2019.
- The current Cost of Living crisis is a major factor behind people's reduced likelihood to donate.
- High inflation rates are currently a concern for the sector on several fronts – as well as rising fundraising costs, overheads and staffing costs, the real term value of donations such as Direct Debits is being gradually eroded.

Contents

Summary	2
About this briefing	3
Key Stats.....	3
Donations and fundraising: importance to Scottish voluntary sector.....	5
Variations by organisation size	7
Current fundraising challenges for voluntary sector	8
Recent changes to donations and fundraising income.....	9
Donations and Fundraising trends.....	11
Fundraising spend	12
Fundraising plans	13
Donors: recent donation trends	14
Scottish donors	15
Legacies.....	16
Gift Aid	16
Payroll Giving	17
Data Sources	18



"Given the many challenges charities have faced over the past few years, from the COVID-19 pandemic to the current cost-of-living crisis, the steady increase in the nominal value of legacy and fundraising income shows us how hard fundraisers have worked to inspire people to give in a way that works for them. That said, with inflation eroding the real value of this income and donations in decline, it's vital that the whole sector makes growing charitable giving a priority. This can only happen if government, charities and their stakeholders recognise the importance of fundraising and ensure fundraisers have the investment and resources to reach the right supporters with the right ask."

Charlotte Weatherly, Growing Giving Policy & Partnerships Manager

Donations and fundraising: importance to Scottish voluntary sector

Individual giving has always been a key source of income for the voluntary sector. This briefing follows the conventions for classifying income typically used in charity accounts, where Donations tend to be given with nothing expected in return, while Fundraising tends to reflect a small transactional element – see footnote 1¹ for examples.

Around 80% of Scottish charities receive money via donations, legacies or fundraising income, and this figure has been stable for over a decade. Despite the perception that the charity sector has shifted away from more ‘traditional’ income sources in favour of more business-like models including social enterprise and a greater role in the delivery of public services, the importance of individual giving has not diminished.

In fact, over the last decade the role of individual giving has increased, from 10% of the Scottish charity sector’s income in 2012 to 20% in 2018.

Individual giving only slightly dipped in the wake of COVID and accounted for 16% of the charity sector’s total income in 2020-21.

The total gifted by individuals has more than doubled in the last decade rising from £470m in 2011 to over £1bn in 2018. The increase was due to strong growth in both donations and legacies, and a large jump in fundraising income – see Chart 3 for breakdowns.

However, we can also see from the data that individual giving income dropped by 8% between 2018 and 2021 from £1.2bn to £1.1bn (Chart 2) – in cash terms this was a drop of -£102m, but if we account for inflation the real term fall in value was over £200m.

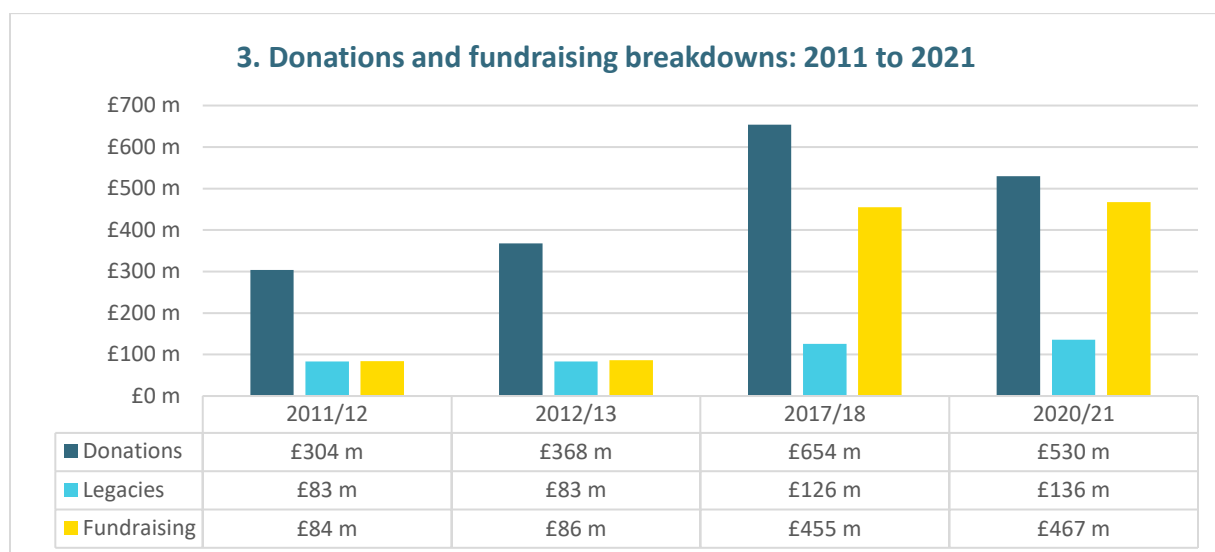
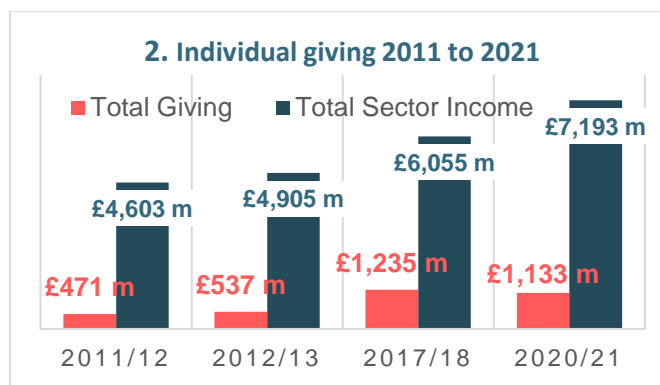
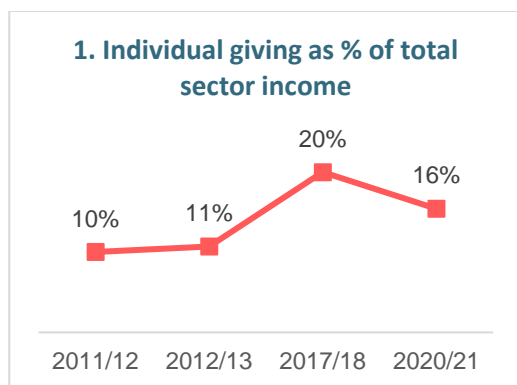
This drop was due to a 19% fall in the value of donations (a 27% drop when we take inflation into account). Legacies and fundraising both rose in terms of nominal ‘cash’ amounts, although when inflation is taken into account, we saw a small fall in real terms (Table 1).

Financial data for voluntary groups without charitable status is not publicly available, but given the [make-up of community groups](#) (eg many sports and arts clubs and small local support groups) we can reasonably assume that donations and fundraising form a core part of their funding streams.

¹ ‘Donations’ here includes cash donations, collection tins, donations of goods, direct debits, sponsorship, payroll giving, online giving, and membership fees where no goods or services are received in return.

‘Fundraising’ here includes fundraising events (quizzes, charity balls, coffee mornings), fundraising ‘non-commercial’ sales eg bake sales, raffles, membership fees where people receive something meaningful in return eg discounted or free access to facilities, regular magazines etc.

Donations tend to be given with nothing expected in return, while fundraising usually has a transactional element, albeit not at a conventional commercial level (which would be categorized as Sales and Trading income). However, the distinction between donations and fundraised income can be quite blurred, for example with community fundraising. The SCVO figures are based on analysis of charity accounts and therefore reflect how charities themselves have categorized income sources in their accounts.



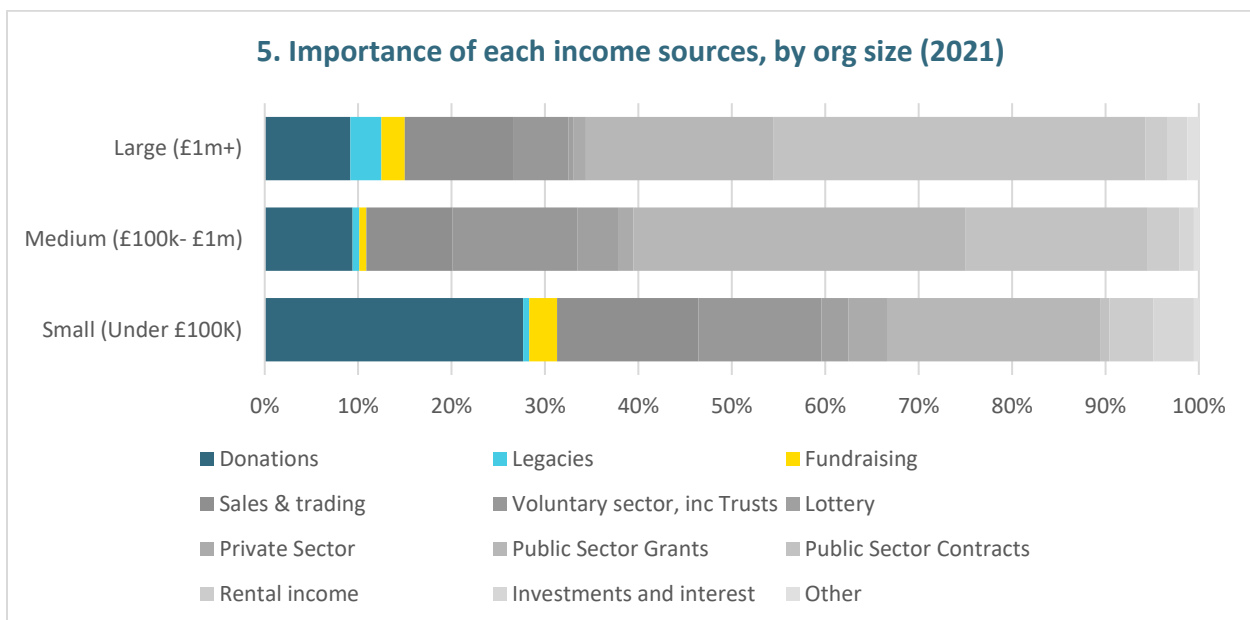
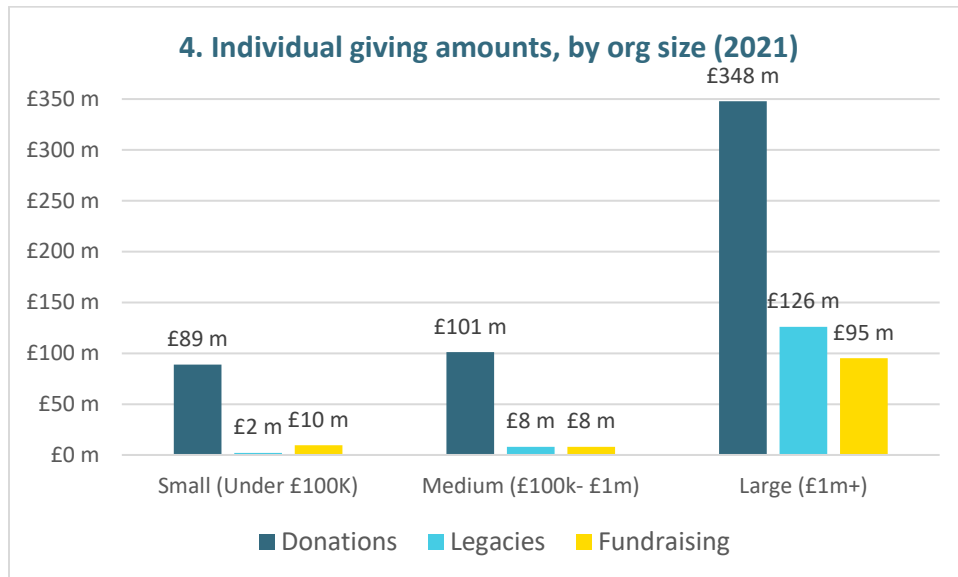
Data source: <https://scvo.scot/policy/sector-stats>

Table 1: Income sources 2018-21	2017/18 adjusted for inflation ²	2020/21	2018 to 21 £ Change	2018 to 21 % Change
Donations	£727 m	£530 m	£-197 m	-27%
Legacies	£140 m	£136 m	£-4 m	-3%
Fundraising	£506 m	£467 m	£-39 m	-8%
Total Individual Giving	£1,374 m	£1,133 m	£-241 m	-18%
Total Sector Income	£6,735 m	£7,193 m	£458 m	7%

² Inflation calculated using ONS deflators at June 2021: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-june-2021-quarterly-national-accounts>

Variations by organisation size

- Large organisations (£1m+) received a total of £569m in 2021 from individual giving, accounting for the largest share across all three types of giving – donations, legacies, and fundraising (Chart 4)
- Small and medium charities receive very little income from legacies and fundraising.
- However, donations are particularly important for smaller organisations, making up nearly 30% of the total income for this group (Chart 5).



Data source: <https://scvo.scot/policy/sector-stats>

Current fundraising challenges for voluntary sector

The [Scottish Third Sector Tracker](#) is a quarterly survey taking the pulse of a panel of hundreds of Scottish voluntary organisations, carefully selected and weighted to be representative of the wider sector.

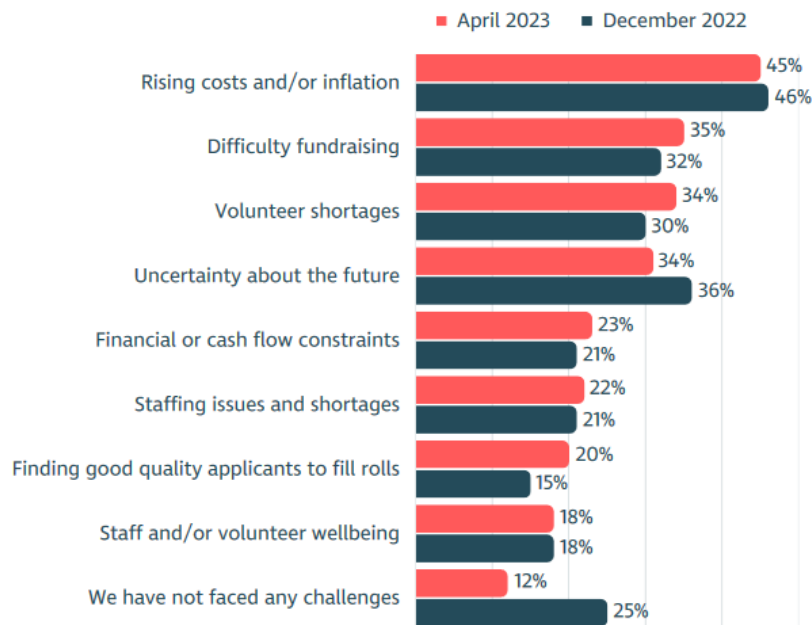
As the quarterly waves of the Tracker have progressed, **financial issues** have become a growing concern for third sector organisations. In the Spring 2023 wave, 71% of organisations reported that financial issues were a top 3 challenge, up from 47% in the first wave in Summer 2021. This is due to steeply rising concerns about rising costs and inflation, adding to more general financial and cash flow concerns.

Difficulty fundraising has consistently been one of the top challenges reported by Tracker respondents - chart 6 below. In the latest wave 35% of the Tracker panel reported that 'Difficulty Fundraising' was one of their three most important challenges. This rose to 41% for smaller (under £100k turnover) organisations (Chart 7).

In response to meeting current financial challenges, 20% of charities said they were planning to develop new income streams, including fundraising.

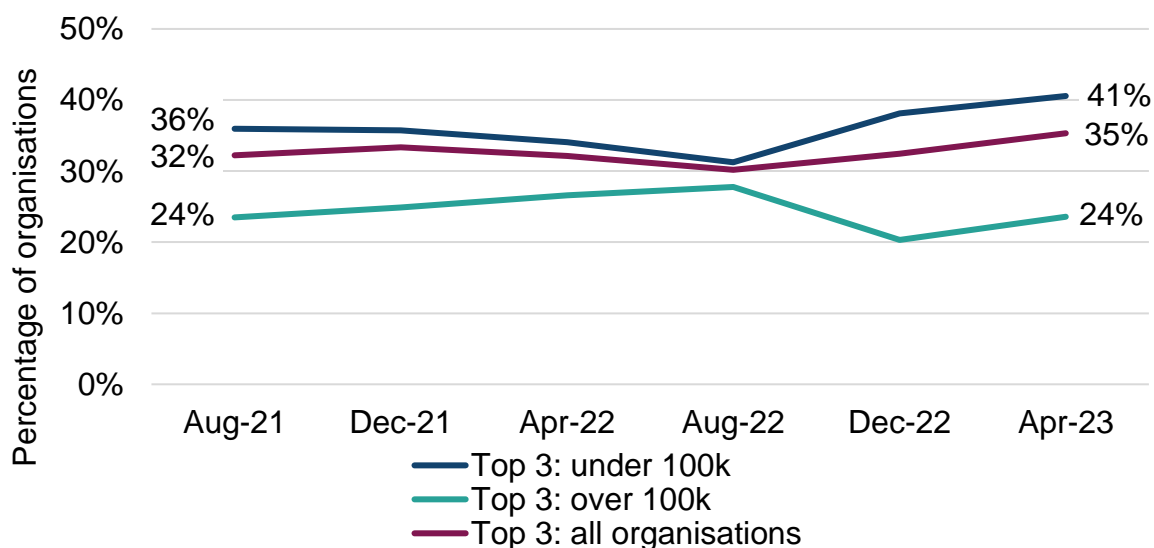
6. Across the last four months, which, if any, of the following have been the three biggest challenges your organisation has faced in trying to deliver its planned programmes and services?

Top three challenges for third sector organisations



Data source: <https://scvo.scot/policy/research/evidence-library/2023-the-scottish-third-sector-tracker-wave-6-summary-report-spring-2023>

7. Organisations reporting difficulty fundraising as a top challenge they are facing, Wave 1 to Wave 6



Data source: <https://scvo.scot/policy/research/scottish-third-sector-tracker> (Tracker Waves 1-6 Report)

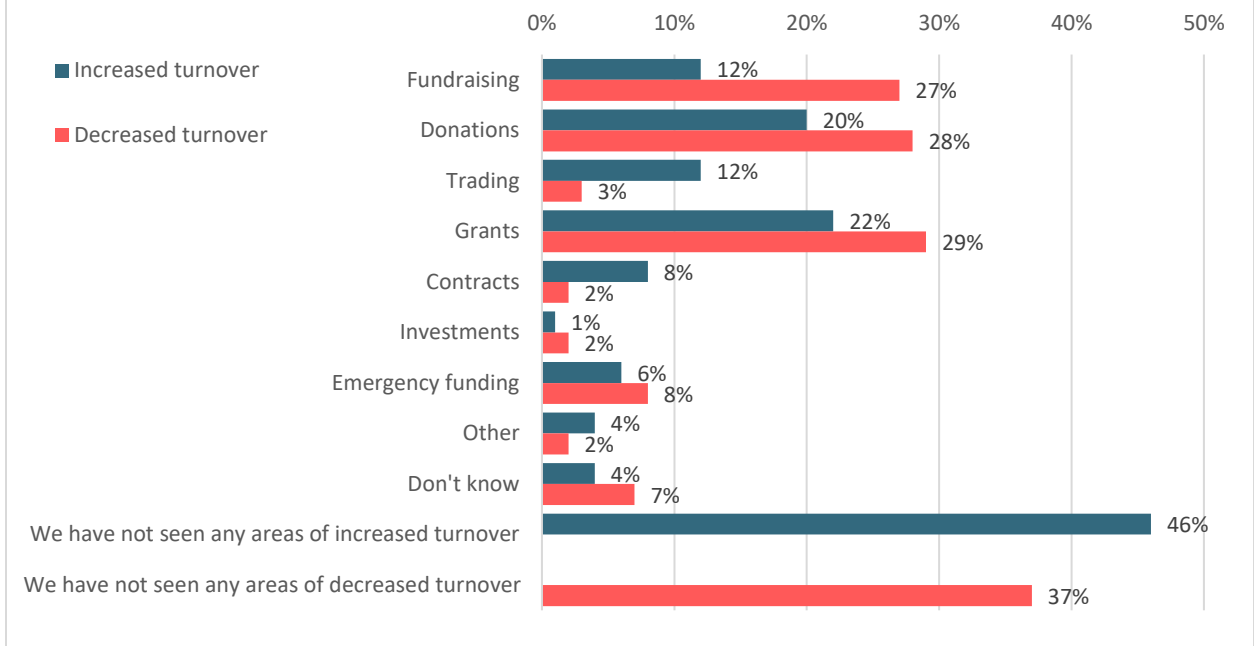
Recent changes to donations and fundraising income

The Tracker asks panel organisations about various funding sources, and whether these have increased or decreased over the last few months. While many organisations saw increases in fundraising (12%) and donations (20%) in the Spring 2023 wave, these are outweighed by the number of organisations which reported decreases: Fundraising income decreased for 27% and Donations income decreased for 28% of responding organisations (Chart 8).

Further, when looking at which funding sources had contributed the most to increases and decreases in income in Spring 2023 (Chart 9 below), we can see that the number of organisations experiencing substantial decreases in fundraising income (16%) far outweighs those who experienced large increases (4%) More organisations also experienced a substantial reduction in Donations income (17%) than experienced substantial growth (7%).

8. Across which of the following income sources has your organisation seen increased/decreased turnover, over the last 4 months? (Spring 2023)

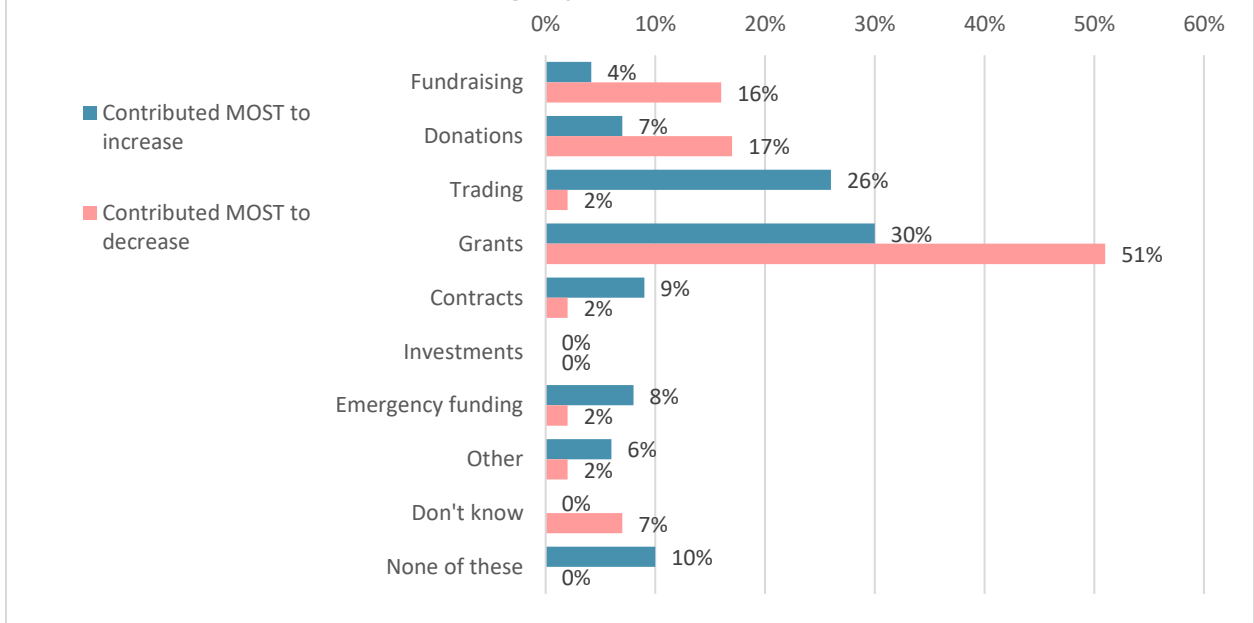
Multiple options: total > 100%



Data Source: <https://scvo.scot/policy/research/scottish-third-sector-tracker>

9. Which funding source contributed most to increase or decrease in turnover, over the last 4 months? (Spring 2023)

Single option: total = 100%



Data Source: <https://scvo.scot/policy/research/scottish-third-sector-tracker>

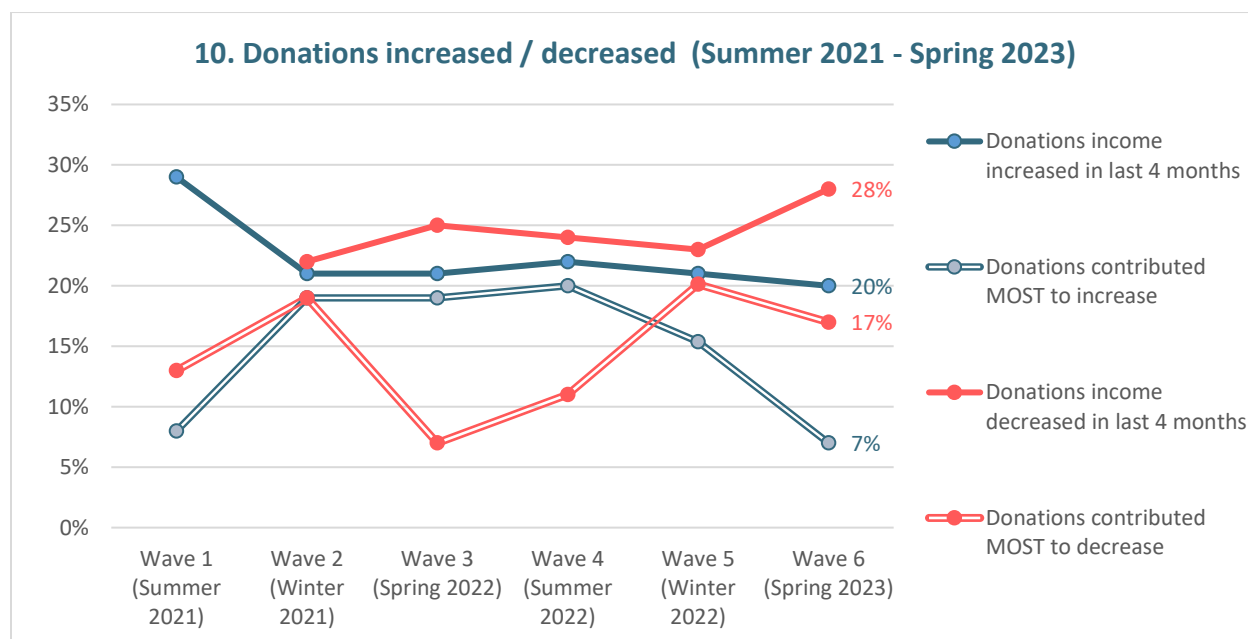
Donations and Fundraising trends

Donations

The Scottish Third Sector Tracker shows that since Summer 2021, usually just over 20% of organisations reported that their donations income has increased, while the proportion reporting that donations income has decreased tends to track a few percentage points higher but rose to 28% in the Spring 2023 wave (Chart 10).

The number of respondents reporting that donations were the income source that had contributed **most** to an increase in income has declined over the last few waves of the Tracker.

The number of respondents saying that donations contributed most to a drop in income shows a more mixed picture, dropping from 20% in Winter 2021 to 7% in Spring 2022, before rising again in Winter 2022, and sitting at 17% in Spring 2023 (Chart 10).

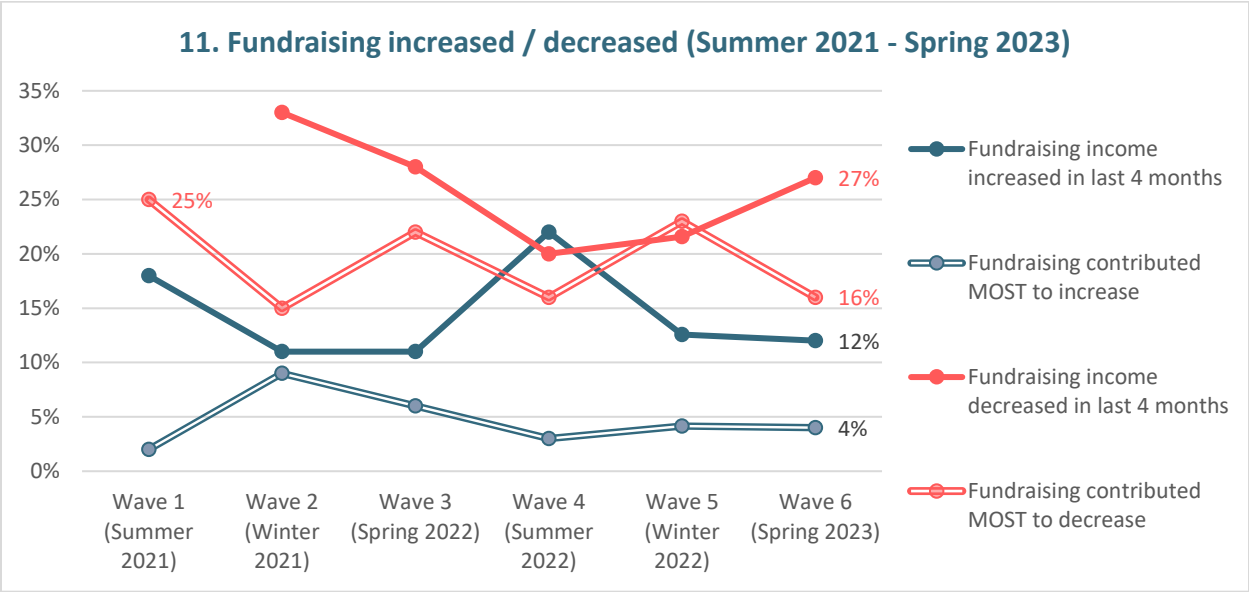


Data Source: <https://scvo.scot/policy/research/scottish-third-sector-tracker>

Fundraising

Tracker respondents reporting an increase in fundraising income reached a peak of 22% in Summer 2022 before dropping back down in Winter 2022 and Spring 2023 (Chart 11).

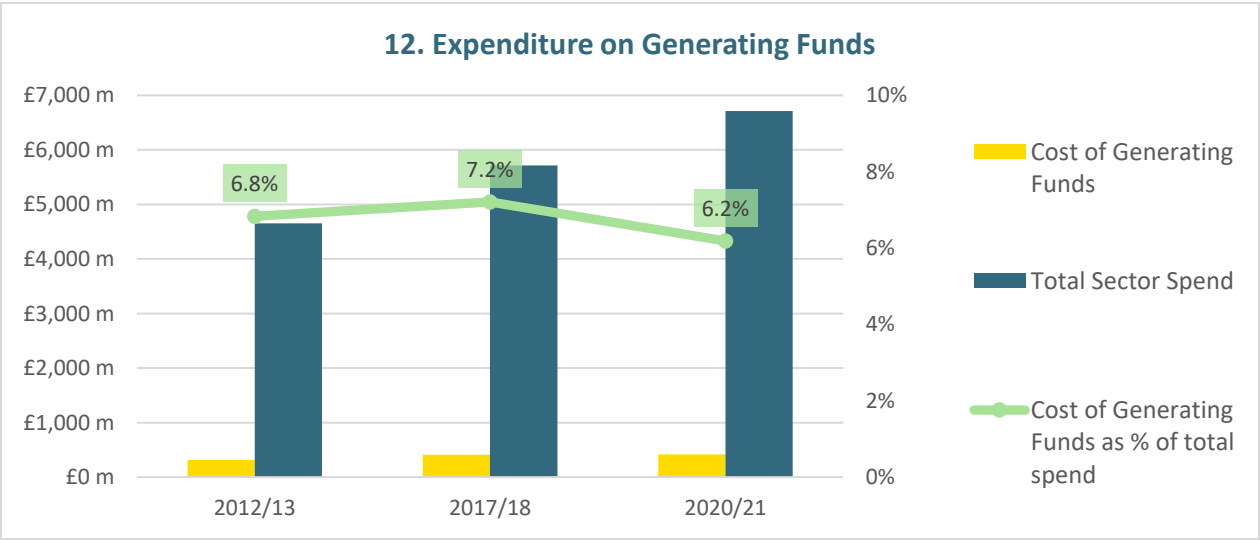
We saw a fall in the numbers reporting that their fundraising income has decreased, from a high of 33% in Winter '21, but that figure seems to be rising again, and was back up to 27% in the Spring 2023 wave. Chart 11 shows that for 16% of respondents a decrease in fundraising income was still the largest contributor to a drop in income.



Data Source: <https://scvo.scot/policy/research/scottish-third-sector-tracker>

Fundraising spend

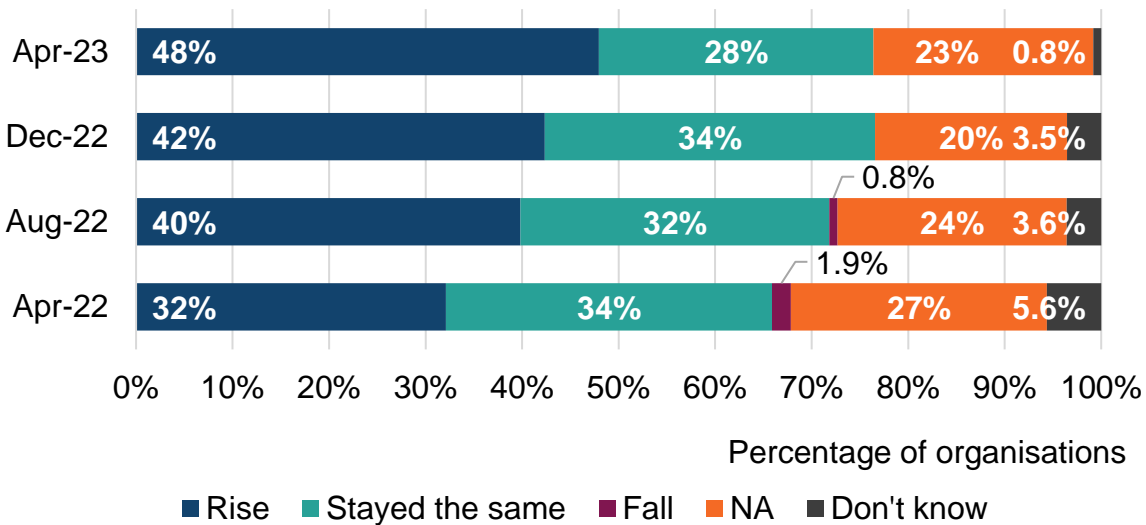
Based on analysis of charity accounts, expenditure on generating funds usually makes up around 7% of the charity sector’s total annual spend (Chart 12). However, while we saw the charity sector’s turnover increase by £1bn between 2017/18 and 2020/21, expenditure on generating funds dropped slightly, making up 6.2% of total spend in 2021. This is likely to be due to the impact of COVID and the reduction or cessation of many fundraising activities.



Data source: <https://scvo.scot/policy/sector-stats>

As we saw in the earlier section, many organisations are currently finding fundraising particularly challenging. One explanation for this could be down to the rising costs of marketing, advertising, and fundraising. Over the last four waves of the Tracker the number of organisations reporting that these types of costs have risen has been steadily increasing, to 48% in April 2023 (Chart 13). The reasons for this are likely to be twofold, linked to an increase in activity levels as things like fundraising events make their return after COVID., alongside inflation and current markets raising the costs of materials and overheads.

13. Change in marketing, advertising and fundraising costs in the last 3 months, Wave 3 to Wave 6

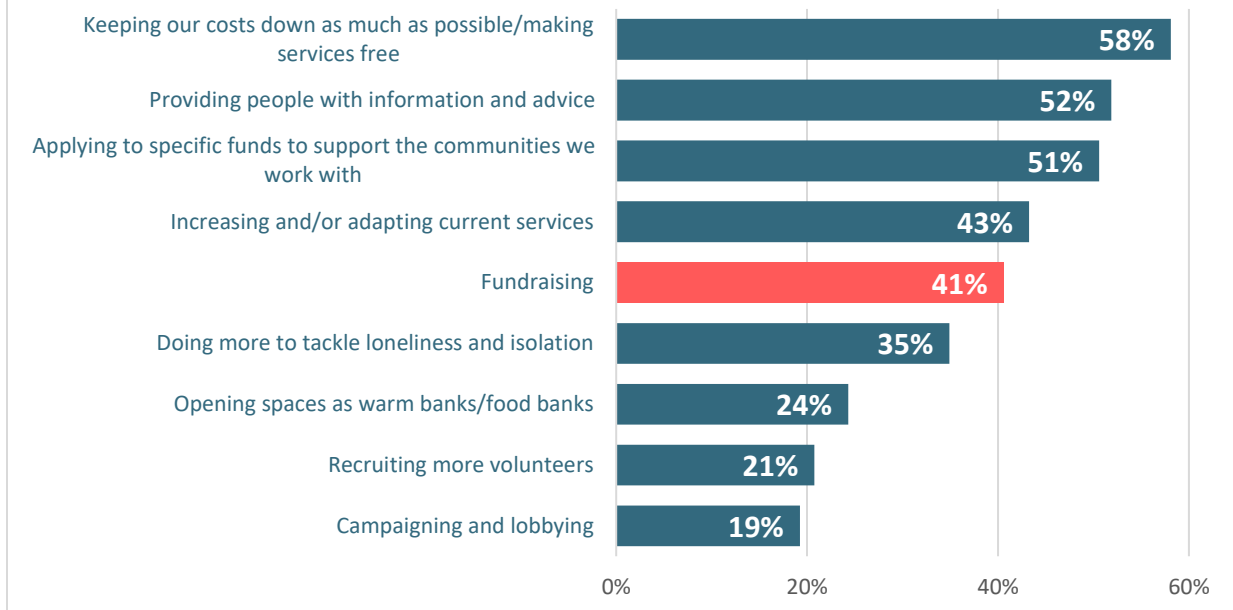


Data source: <https://scvo.scot/policy/research/scottish-third-sector-tracker> (Tracker Waves 1-6 Report)

Fundraising plans

Tracker organisations are responding in several ways to meet the current financial challenges facing the people and communities they serve. In the Spring 2023 wave, 41% of charities said they were planning to undertake fundraising activities.

14. In which, if any, of the following ways is your organisation responding to the financial challenges that the individuals and/or communities you serve are facing?



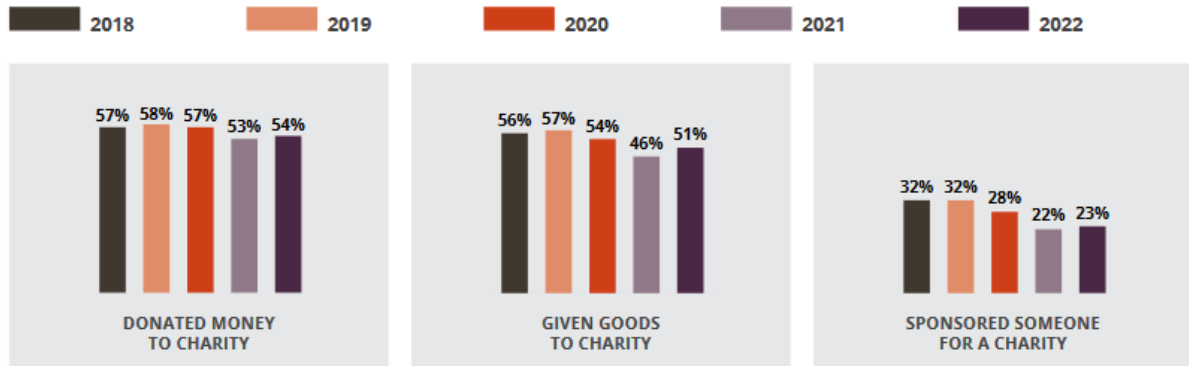
Data source: <https://scvo.scot/policy/research/evidence-library/2023-the-scottish-third-sector-tracker-wave-6-data-tables-spring-2023>

Donors: recent donation trends

The following section pulls together donor data from sources including Charities Aid Foundation (CAF).

- We are seeing a continued trend towards individual donors giving larger value donations, but fewer people donating.
- Across 2022, the average (mean) amount donated per month was £60, an increase from £46 in 2019. (CAF 2023)
- The typical (median) donation remains £20 and has been unchanged for several years.
This means that even before the high levels of inflation seen in the UK over 2021 and 2022, the value of a typical donation, in real terms, has been eroding for some time (CAF 2023)
Pro Bono Economics forecast that a monthly charity donation of £20 started in 2017 [will be worth just £14.90 by 2024](#) due to inflation.
- People in the UK gave £12.7 billion to charity in 2022. This is a substantial increase from £10.7 billion in 2021 (CAF 2023)
However, the number of people donating money has still not recovered to pre-pandemic levels, with only 54% of people saying they donated in 2022, down from 58% in 2019. Donations of goods and sponsoring someone have also not recovered post-COVID. (CAF 2023)

15. CAF 2023: Which, if any, of the following have you done in the last year?



Data source: <https://www.cafonline.org/about-us/publications/2023-publications/uk-giving-report>

CAF research suggests that this slow recovery is directly linked to the Cost of Living crisis:



“Across 2022, more than two thirds (69%) of people indicated they would need to make cuts to their spending to help manage bills, including 17% who said they would be likely to cut their charitable donations.

In total, a quarter (24%) of people reported they had made, or were considering making, changes to their charitable behaviours. This included *reducing or cancelling a regular charity donation (5%), and choosing not to make a one-off donation (10%).*”

This decline in donations was also seen in other surveys of giving habits:



“There was a decrease in the proportion of people giving to charitable causes.

In 2020/21 63% of respondents reported having given to charitable causes in the last 4 weeks. This was lower than in 2019/20 where 75% of respondents reported doing so and the lowest since the Community Life Survey began in 2013/14.”

Community Life Survey 2020/21

Scottish donors

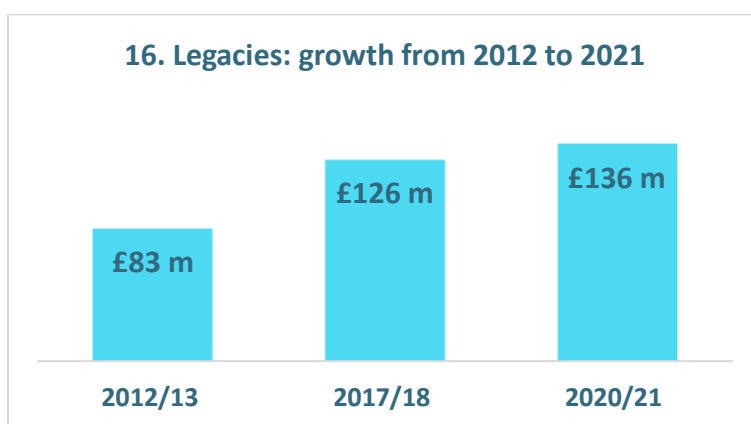
We do not yet have detailed breakdowns for the picture in Scotland post-COVID and the impact of the Cost-of-Living crisis. The most recent CAF report focusing on giving in Scotland ([CAF Scotland Giving 2019](#)) found that:

- Scots were considerably more likely than the UK as a whole to have participated in a charitable or social activity in the last four weeks (76% vs 64%).
- 61% of people in Scotland said they had donated to charity in 2018, down from 65% in 2016.
- The typical (median) monthly amount given by a Scottish donor in 2018 was £20, the same as the long-standing UK average.

Legacies

Legacy giving to Scottish charities has risen steadily, and accounts for around a fifth of all money donated to Scottish charities. According to Legacy Foresight and Remember a Charity, almost half of all Scottish charities' legacy income goes to Scotland's top 50 charities, who received £66m in 2020/21, with the biggest share going to health causes.

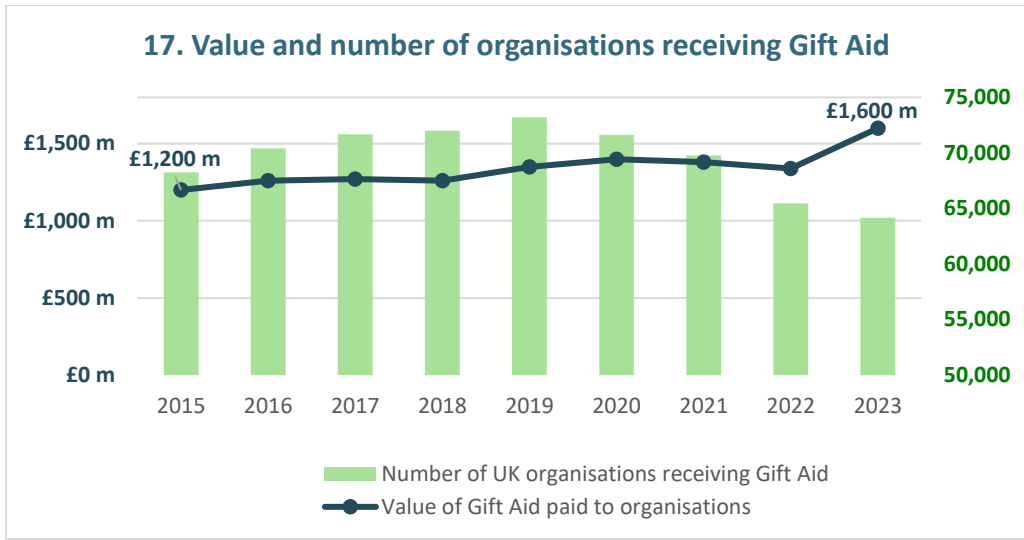
Despite the generally positive recent growth in legacy giving, [Remember a Charity highlight some areas](#) which are holding legacies back, including the delayed release of funds from grants at probate, and the lack of a legacy notification service in Scotland since 2019 meaning that legacy gifts may not all be reaching intended recipients.



Data source: <https://scvo.scot/policy/sector-stats> and <https://www.rememberacharity.org.uk/about-us/latest-news/new-report-shows-growth-and-breadth-of-scottish-legacy-market/>

Gift Aid

Gift aid remains an important funding source for charities in Scotland. Across the UK charities collectively received £1.6bn in gift aid last year, up on previous years. However, fewer organisations now receive Gift Aid, a drop now seen for the fourth consecutive year. While we are seeing growth in higher-value Gift Aid payments there has been a decline in number and total value of lower-value payments.



Data source: <https://www.gov.uk/government/statistics/uk-charity-tax-relief-statistics/uk-charity-tax-relief-statistics-commentary#summary>

Payroll Giving

In April 2019, HMRC changes resulted in a large apparent drop in the number of employees donating through payroll giving. HMRC emphasize that this did not reflect a real change in the number of employees donating, but there does seem to have been a small decline in numbers of employees participating between 2019 and 2021.

The gross amount of money donated through payroll giving has seen no real growth since 2015 and after some very small increases there was a small drop in 2022. If we take inflation into account, then the real term value of payroll giving has declined since 2015.

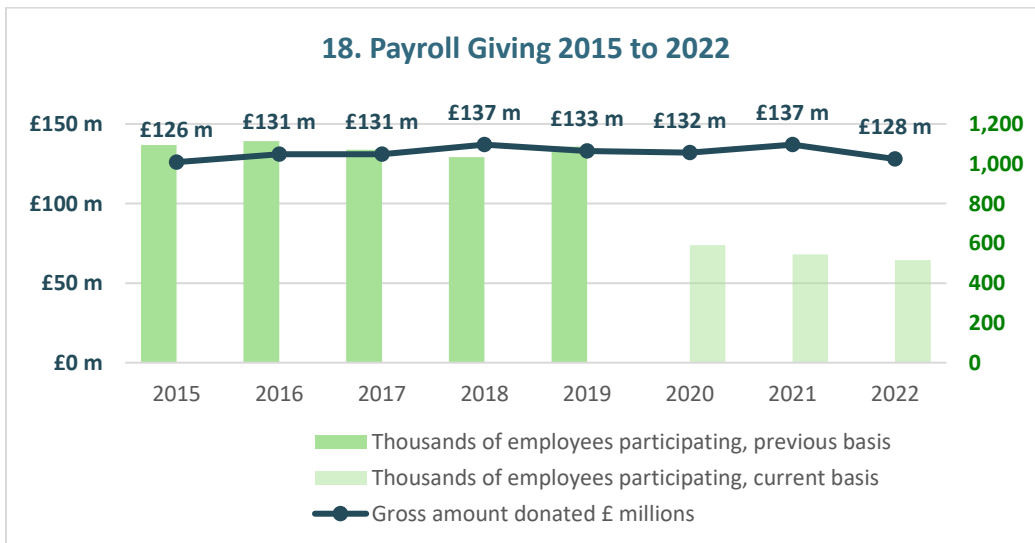


Figure 1 Data source: <https://www.gov.uk/government/statistics/uk-charity-tax-relief-statistics/uk-charity-tax-relief-statistics-commentary#table-6-payroll-giving-scheme>

Data Sources

CAF (2023) [UK Giving Report 2023](#)

CAF (2019) [Scotland Giving 2019](#)

Remember a Charity and Legacy Foresight (2023) [Scottish Legacy Market Report 2023](#)

SCVO (2023) [SCVO Sector Stats](#)

SCVO (2023) [Scottish Third Sector Tracker](#)

UK Government (2023) [UK charity tax relief statistics commentary](#)

UK Government (2023) [Community Life Survey 2020/21](#)

Accessing SCVO Data

SCVO Sector Stats

<https://scvo.scot/policy/sector-stats>

Scottish Third Sector Tracker

<https://scvo.scot/policy/research/scottish-third-sector-tracker>

The two main SCVO data sources used in this briefing have been published online and all data can be accessed easily by users. Users can explore the data and drill down into various fields, including filtering by Income Bands, Staff size, Geography, and fields of work.

The Scottish Third Sector Tracker publishes data tables for all survey Waves, including Donations and Fundraising income data for all six Waves of the Tracker (up to Spring 2023).

If you have any questions about the data or would like help accessing information relating to a specific query, please contact the SCVO Research Team.

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