

SCOPING THE HIGH NET WORTH PHILANTHROPY MARKET

Introduction

There are multiple surveys and sources of data on philanthropic giving in the UK, providing an invaluable bank of information. Yet despite the huge financial and social value of the philanthropy of the UK's wealthiest people, very little giving research has a focus on high net worth (HNW) giving. This is particularly surprising given the distinct nature of HNW philanthropy, and its specialised professional fundraising and wealth advisory approaches. It means that we have very limited understanding of its particular contribution to total giving in the UK.

A further problem is that the current measurements of giving available from HMRC tax relief data, and giving surveys by sector intermediaries including CAF, ACF and NCVO present differing perspectives on UK philanthropy, with often conflicting conclusions on trends. This lack of clarity and coherence has significant real-world consequences. For example, fundraising organisations cannot plan strategically to grow their major donor segment. Without the ability to build a clear business case, they miss out on investment from their organisations that would help them to develop their capabilities and their capacity to work with major and HNW donors.

The philanthropy sector is hamstrung in its ability to advocate effectively with policy makers. How can we call for regulatory changes, match funds, tax incentives or strategic investment if we cannot pinpoint the size of the prize? Last but not least, the ill-defined nature of HNW giving allows a media discourse which is ambiguous. For example, without an agreed definition and survey methodology, it is easy for the media to seize on a narrative that the rich are not pulling their weight. Behavioural economics tells us this type of narrative is catastrophic if our goal is to stimulate more giving from this segment because it reinforces a herd mentality that philanthropy is not a normal pastime for the rich.

Aims of the project

Within this context, Beacon Collaborative sought funding for initial research to assess the feasibility of using existing data combined with new statistical analysis to create a model that can advance our current understanding of how much is given annually by the UK's HNW population.

Key objectives were to reach an estimate for HNW giving based on available data sources, and to develop a robust method that can be repeated over time to increase understanding of trends in HNW giving across changing political, social and economic circumstances

By developing, testing and building consensus around a financial model for HNW giving, the aim was to take an important step forward to understanding the current dynamics of philanthropic investment from the UK's wealthiest individuals, and the potential for increasing that amount through targeted interventions.

Approach

Given the wealth of existing data and expertise, it was felt essential to avoid re-invention of the wheel, or duplication of effort. To this end, the project was guided by a Working Group of experts who have experience working with existing giving data in various ways.

The first step was to assess the data resources already available and to identify how to use those data and bridge data gaps effectively. Three main strands to the research design were consequently evolved:

- 1) A review of existing giving data;
- 2) Appraisal of various options for improving the measurement of HNW philanthropy with guidance from the Working Group, whether through extensions to existing surveys, new surveys, etc;
- 3) Recommendation of a model which built on existing knowledge and insights, and was feasible.

As highlighted, there is little precedent in the UK for a specific study of HNW giving. The term ‘major donor’ is very widely used in giving and fundraising literature and practice, but the difficult definitional boundary between ‘high-net-worth’ and ‘major donor’ has not been clarified. Such issues meant that the research was inevitably a process of discovery, and its design had to be sufficiently flexible to build on findings along the way. In practice, this approach proved important, and the research fell into two distinct phases. The first reviewed existing resources and developed options, and the second explored a model derived from these findings.

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List of abbreviations

We use a number of abbreviations in this report. For ease of reference, we have listed the abbreviations here.

ACF	Association of Charitable Foundations
CAF	Charities Aid Foundation
DCMS	Department for Digital, Culture, Media & Sport
DAF	Donor advised funds
HNW	High net worth
HMRC	His Majesty's Revenue and Customs
MillVue	MillionaireVue
NCVO	National Council for Voluntary Organisations
ONS	Office for National Statistics
LCF	ONS Living Costs and Food Survey
WAS	ONS Wealth and Assets Survey
STGL	Sunday Times Giving List (also called Sunday Times Giving Index)
STRL	Sunday Times Rich List
UHNW	Ultra high net worth

Recommendations for developing HNW donor market sizing

Our review of methodologies adopted by existing surveys to estimate levels of giving in different segments of the UK population identified significant limitations to providing a measure of high net worth (HNW) and ultra high net worth (UHNW) giving.

*Further research and analysis, via development of a test model, estimated giving by the UK's HNW and UHNW population for 2022 at **£7.76 billion**. We believe this figure is an initial indicator of the likely level of giving by the UK's wealthiest individuals and that little of this is captured in current methodologies.*

The following paper outlines the process that led to the design of the test model and its limitations, as well as our recommendations for further work in this area.

It is our strong recommendation that in the short term there should be a new regular survey building on these findings that can provide the charity sector, the philanthropy sector and policy makers with a more precise understanding of the level and importance of HNW and UHNW giving, as well as of the patterns of giving in different segments of the HNW and UHNW population, at different life stages and through different circumstances.

Our review of existing data and sources, input from the Working Group and the findings from our test model on levels of HNW and UHNW giving have indicated that HNW and UHNW giving is not well understood in the UK and is likely to be significantly under-estimated in current methodologies.

Our work has led to the formulation of a number of conclusions and options for developing a better model for measuring HNW giving. Our recommendations for a new study are summarised below.

- The best and most direct source of information on HNW and UHNW giving levels and patterns is the donor. A future survey should focus on the donor as the unit of measurement, not the size of gift or other proxy measures like tax relief.
- The ideal way to get comprehensive data on levels of giving across the full UK wealth spectrum would be the future inclusion of a question on philanthropy within the Office of National Statistics Wealth and Assets Survey (WAS). This would be a longer-term goal, depending on government interest and priorities.
- In the short or medium term, a new survey should be designed and commissioned, building on and improving current survey approaches such as in CAF's Giving UK which goes out directly to a general public sample, or the Savanta MillVue survey which goes out directly to people with investable wealth of >£1 million.
- A new survey should have a dedicated design incorporating a larger and more representative sample of donors by wealth, and a specific focus on HNW and UHNW donation behaviour. We recognise an enhanced survey of this kind would bring additional cost, however our test model suggests that significant sums of HNW and UHNW giving are being missed from current research thus limiting understanding of the value of giving by this substantial base of donors in the UK.

- The new survey should be conducted annually, or at least biennially, with a sufficiently large and representative sample across the wealth spectrum, especially bridging the gap between individuals with investable wealth of £30 million and those represented in the STGL. In the UK this would require a structured annual sample of at least of 1,500 individuals whose wealth exceeds >£1 million.
- The new survey should collect data on income and wealth, bearing in mind the value of considering HNW and UHNW giving at both individual and family/household levels, and the scope to include questions which enable compatibility and comparison with other relevant surveys measuring personal and household resources. For example, a question on personal income could be made compatible with HMRC tax data on self-assessment Gift Aid and payroll giving claims.
- The new survey should include details on investable and total wealth to help determine the best definition of HNW and UHNW in the context of their giving, including, for example, cash, equity and bond investments, property and private business ownership, and pensions. This will help to determine how the combination of income and assets affects giving decisions through a lifetime and into legacies.
- Ideally, any future survey would collect these data points in a numerical, continuous form (ie. not banded) to allow for more in-depth statistical analysis of the relationships between wealth and giving, and a more accurate understanding of wealth from which to base inferences.
- Survey information in itself is unlikely to be sufficient for measuring annual levels of HNW and UHNW giving. Following precedents including the WAS, and the main US annual survey of giving, we suggest that survey data is supplemented with additional external data from sources such as the STRL and the STGL into the model. This approach will define and produce a new data series over time, whose results can be explored for consistency and comparability, and which can be further refined if necessary.
- Ideally, STGL data would be reformulated to list top givers by size of gift rather than proportion of wealth donated, and extended beyond the top 100. This would be one alternative for a regular and relatively easy way of gauging the bulk of UHNW giving.
- The test model has shown that we lack insight into the types of beneficiaries and recipients of the level of HNW and UHNW philanthropy which has been established, and this should be an essential topic area in a new survey.
- To maximise the use of any new survey to the philanthropy and charity sectors, demographic and behavioural data would also be valuable, for example on types of giving and social investment, causes supported, numbers of charities supported and gifts made. Further questions might include changes in personal circumstances and responses to the social, economic and political environment to understand how these factors might affect the value and distribution of gifts.
- Consideration should also be given to using a standard taxonomy of causes to maximise comparability with other surveys.

Review of existing data and sources

The aim of the first stage of the work was to review the methodologies adopted by existing surveys to estimate levels of giving in different segments of the UK population, and explore overlaps, discontinuities, strengths and limitations particularly in relation to HNW and UHNW giving. A central issue was the definition of ‘high net worth giving’. Is it about particular gift sizes or types, or particular donor types, or levels of income or assets? If the latter, what ‘worth’, or level and type of income or assets should qualify?

Findings

The review revealed that there were significant limits to the capacity of existing giving data or surveys to provide a measure of HNW and UHNW giving. A number of methodological issues arose, both general and related specifically to assessing HNW and UHNW giving. These issues are summarised below, in a table which identifies the unit of measurement used, and gives practical examples.

Figure 1: Highly varied approaches to the key unit of giving measurement

Unit of measurement	Examples	Notes
Donation/ size of gift	The Coutts Million Pound Donor ¹ reports focus on gifts of >£1 million, not donor characteristics	
Nature of gift	<p>ACF Foundation Giving Trends² series focusses on grants made by the largest grant-making foundations</p> <p>CAF’s World Giving Index³ uses a unique definition of giving which encompasses donations to charities as well as volunteering and direct gifts to strangers, which are generally excluded from UK giving surveys</p> <p>The ONS Living Costs and Food Survey (LCF)⁴ excludes all charity purchases from its definition of giving</p>	
Type of donor	<p>The giving questions placed by Beacon Collaborative in Savanta’s MillionaireVue omnibus survey⁵ focus on people with investable wealth of >£1million</p> <p>The Sunday Times Giving List (STGL) reports on giving by ultra-high-net-worth (UHNW) individuals as included in its annual compilation of the UK’s 1,000 wealthiest people in The Sunday Times Rich List (STRL)⁶</p> <p>CAF’s Giving UK⁷ and the ONS Living Costs and Food Survey cover the general population</p>	There is no independent verification of completeness of representation of the wealthy population in samples.

Charity	The NCVO Almanac series ⁸ focusses on giving income as reported by a selected sample of “general household charities”	
Giving tax relief claims	ProBono Economics ⁹ analysed self-assessment tax returns HMRC data covers Gift Aid claims by charities and donors ¹⁰	
Gifts through intermediaries	Data sources such as the STRL, the NPT UK DAF report ¹¹ and Coutts Million Pound Gift report count gifts into and out of foundation or trust giving vehicles	Figures contain some double-counting of gifts

Figure 2: Limitations to survey scope

General population representation	CAF’s Giving UK and LCF surveys are unable to capture, or capture sufficient, HNW respondents because the distribution of wealth is highly skewed, and the very wealthy are highly inaccessible ¹²	
Varying criteria for inclusion in recipient samples	NCVO Almanac focuses on a subset of annual accounts submitted to the Charity Commission by registered ‘general household charities’ only	Exempt charities, including major cultural and educational organisations, receive major gifts, but do not report to the Charity Commission
Dedicated data	DCMS ¹³ and Arts Council England ¹⁴ focus on arts and culture only The CASE-Ross Report ¹⁵ surveys gifts to higher education institutions only	
Major gifts and donors as identified subjectively by media/ anecdote	Lists like the STGL are based partly on media and anecdotal reporting	

Significant variation in timelines

There are also challenges in compiling a view of HNW and UHNW giving from existing studies due to the timescales of the research. Two issues emerged:

- **Frequency of surveys** some research has been produced annually, other occasionally;
- **Different time-scales of surveys** different research also uses different reporting timelines, eg Foundation Giving Trends includes calendar, fiscal or tax years; HMRC tax data covers fiscal years, while Giving UK covers calendar year; the STGL specifies only 'giving in the most recent year for which data is available', so it is, for example, difficult to triangulate giving as reported in the STGL with the figures and trends on new major giving into and out of foundations reported through Foundation Giving Trends.

Variability in results

In view of the variability of methodology in the sources illustrated above, it is not surprising that we find a very wide range in the estimates of annual giving, and of annual giving trends.

While different surveys often provide consistent measurement within their own parameters, their results often conflict with each other because of differences of methodology. There has been little triangulation of the differing survey findings.

Conclusions of the review

Existing data is fragmented and discontinuous

The review reveals that while each of the existing data sources makes a particular contribution to the giving picture, together they constitute a fragmented and discontinuous set of measures. To sum up the issues in relation to identifying HNW and UHNW giving:

- General population giving surveys lack sufficient representation of the wealthiest people in society and give few details of their samples.
- Dedicated surveys of the wealthy tend to focus on millionaires and upwards, but we do not know how representative their samples are of people with wealth, or how far their donor samples might overlap with or extend other survey samples.
- It is difficult to identify how far major gifts or gifts from HNW and UHNW individuals reported in one survey relate to the same time period as gifts reported in another because of differing timescales.
- Surveys of giving from the recipient end tend to be limited to particular types of recipients, and only cover a segment of the whole spectrum of organisations, individuals or good causes to which HNW and UHNW donors might give.

For example, a number of national arts and culture organisations are regulated directly by DCMS and are therefore not included in the Charity Commission's register of charities. Similarly, many educational organisations, including universities, higher education institutions and academy trusts, are directly regulated by the Department for Education, and therefore also do not appear in the Charity Commission's register of charities.

- Studies of tax relief claims are restricted to samples of income tax-payers.

It was concluded from the review, therefore, that it would not be possible simply to extrapolate or combine existing information. The exercise would be complex and would fall well short of being able to provide a measure of the value or trends in HNW and UHNW giving.

Need for representation of wealth in giving studies

The review revealed that significant sampling gaps lie between general population surveys with poor representation of wealthier people, dedicated surveys of the wealthy with a lower threshold of >£1 million in wealth, and those which focus on the UHNW. This means that there is a lack of continuous data on giving across the wealth spectrum.

Considerable research on giving in the UK and the US looks at giving in relation to the donor's income, generally showing a positive and progressive relationship. Many HNW and UHNW individuals, however, are giving based on their level of wealth, not income, as it is the asset base of an individual that provides the financial security which prompts the decision and capacity to give larger amounts.

Therefore, without including information on wealth, measured by assets, it is impossible to identify the wealthy population or study the relationship between HNW and UHNW giving and their total resources.

There are just a handful of surveys which contain data on asset levels and giving. Only the STGL has looked at giving in the context of overall assets. The STGL provides details of the philanthropy of 100 highly wealthy families or individuals. The lower wealth threshold of those included in the STGL in 2023 was £50 million. This is well above the millionaire threshold used in many HNW surveys (see below). Largest gifts in the STGL over the last five years range from £300 million to just over £500 million, with an exponential top gift of over £755 million in 2023.

Savanta's omnibus survey MillionaireVue (MillVue) is carried out on 300-500 millionaires, and captures a representative sample of the UK's HNW population. The sample is dominated by individuals with investable wealth of around £1 million¹⁶ to >£30 million. This is well below the STGL range, and is another example of the gap in survey wealth coverage.

MillVue includes questions on giving commissioned by Beacon Collaborative¹⁷, and finds *quarterly* giving in the range £10,000 to £75,000. This is also well below the STGL range. Data on respondent wealth is included in the Savanta MillVue questions, but has not previously been analysed as a variable in conjunction with the giving questions commissioned by Beacon.

Challenges of the wealth variable

Whatever our aspirations, however, getting a more representative sample of wealth is not straightforward. There are a number of private surveys of wealth, generally starting from a lower threshold of >£1 million, and with an upper limit >£30 million, with no further breakdown on sample sizes, wealth or giving in the upper band. There are also some specialised wealth reports, with a relatively narrow focus.¹⁸ Generally these surveys do not record philanthropy levels.¹⁹

The only source of continuous data on the distribution of wealth across the UK population is the government's official survey of all UK household Wealth and Assets (WAS).²⁰ In spite of including a booster sample of the hard-to-reach very wealthy households, even the WAS has been found to underestimate wealth because of sample limitations, non-response and variability or error in wealth reporting.

Researchers both outside²¹ and inside the UK²², have found that, at the top end of wealth, survey measures are inadequate by themselves. They have therefore recommended adding external wealth data from sources such as the STRL to improve survey samples of HNW and UHNW. This method has been used in the UK to estimate total wealth across the whole population. Those who conducted the research in the UK have argued that the gap in the WAS wealth estimates is around 5%, or between £400 billion - £800 billion of wealth that is missing from the official estimates of total household wealth in the UK.²³

While it is impossible to extrapolate from this research how much HNW and UHNW giving might be missing from current surveys, when we assessed these findings with the Working Group, it was felt there is a significant gap in our understanding of HNW and UHNW giving in the UK because of the same methodological challenges.

The Working Group also considered different approaches to sizing the levels of HNW and UHNW giving in the UK. However, all were felt to present significant short-term challenges.

Therefore, it was proposed that we should carry out new modelling to estimate the levels of HNW and UHNW building further on existing data on giving. The modelling should consider the value of adding in external data on exceptionally large gifts and exceptionally wealthy people. It is the approach taken in the authoritative Giving USA, the main annual estimate of giving in the US.²⁴

The definition of wealth is also another source of variability amongst surveys of the wealthy. Household net wealth might include assets such as owner-occupied housing and other real estate, vehicles, valuables, bank accounts, mutual funds, bonds, shares, private lending, self-employment businesses, voluntary pension plans and life insurance minus liabilities like mortgage and non-mortgage debt.²⁵ Such assets, however, have varying levels of liquidity, or disposability.

Broadly market surveys of millionaires vary mainly in whether they include property in the calculation of asset value. While the MillVue survey, for example, excludes property from asset value, the Capgemini survey includes it.²⁶ The WAS employs a definition of wealth composed of four components - net property (value of residences minus mortgage debt), physical (household contents, vehicles), private pension and net financial (savings or investments minus financial liabilities).²⁷ Its analyses look at these components separately and in different combinations.

Variations in definition lead to differing estimates of the total population of millionaires in the UK.

It is also important to think about what is not included in household disposable net wealth which might influence spending decisions, such as future claims on pensions, human capital or the net present value of future earnings. Research suggests that future prospects and financial security are important in facilitating donations.²⁸ A robust model for measuring HNW and UHNW giving needs to consider the most appropriate definition for wealth for the purpose.

The model presented in this paper is based on the MillVue data and therefore uses investable assets as the basis for assessing wealth. This approach is widely used in the financial services sector because the illiquidity of property means it cannot be easily accessed for the purpose of investment. The same is likely to apply to decisions to give during an individual's lifetime, but may not hold in the same way for decision-making relating to later-life giving and future legacies which is also strongly related to other factors such as family relationships. These issues need to be explored. Collecting data relating to the total wealth of HNWs and UHNWs as well as legacy intentions and any other major planned giving will enable us to get a better picture of HNW and UHNW giving over a lifetime.

Additional input from the Working Group

In addition to sizing the amount of giving from the UK's HNW and UHNW population, the Working Group also highlighted other factors that should be considered in the design of any future survey in this area, specifically:

- More demographic and behavioural data would be useful to the sector in areas such as causes supported, the effect of changes in circumstance on the distribution of gifts by size and cause, types of giving, social investment, numbers of charities supported and gifts made.
- The value of framing survey questions in ways that connect with other surveys by including questions on wealth and income.
- The use of standard taxonomy of cause areas would also improve comparability between different surveys and methodologies.

Rationale for a new survey – developing a test model

The main conclusion from the first phase of research was the need, at least in the short to medium term, for a new or enhanced survey developed on the platform of existing insights to improve understanding of giving by HNW and UHNW individuals. With limited funding it was not possible at this stage to commission a large-scale new or survey with a larger sample of the wealthy, but there were sufficient resources to commission some feasibility work to help determine the benefit of investing additional resources into this area of research.

The second stage of the project sought to develop a test model to estimate approximate levels of HNW and UHNW giving, based on the findings of the first stage of the work. The aim was to determine how far the level of likely HNW and UHNW giving being missed from existing surveys justified a new survey approach in this field.

The unique data collected through questions on giving placed by Beacon Collaborative in Savanta's MillVue survey represented a sizeable and under-utilised opportunity for this. The quarterly survey targets 300-500 individuals with investable wealth of >£1 million (ie. excluding property). Data pooled from quarterly surveys in 2020, 2021, 2022 would provide a large sample of donor responses.

The survey collects data on respondent wealth as well as giving, which had not been fully analysed. This could be mined to explore and appraise a number of areas helpful to future survey design including:

- Representation of UHNWs and how best to improve or enhance sample design;
- The relationships between wealth and giving levels, comparing results for both MillVue and higher value STGL samples and assessing compatibility;
- Ways of addressing the known large skews in the data on HNW and UHNW wealth and giving when trying to develop total population estimates;
- The challenges, opportunity and value of incorporating external data like the STGL into population estimates for giving by the very wealthy;
- HNW and UHNW participation rates, and levels of giving across the sample;
- Potential relationships between income, age and levels of giving, and comparison with findings in other surveys.

Savanta was commissioned to carry out this further analysis, and kindly provided additional access to demographic and other respondent data collected in the MillVue survey.

Test model - key findings

Topline findings are highlighted here, with full details on the approach to the curation and analysis of the data set out in the subsequent technical section.

Sample

Pooled data from quarterly giving questions in 2020, 2021, 2022 provided a substantial total of 4,398 analysable responses. This sample provided good representation of the wealthy population in relation to age, gender and overall wealth distribution in the UK. It was drawn mainly from the top 1% by wealth²⁹, which has almost 25% of all wealth in the UK.

The age and gender splits across the sample showed a pre-dominance of men and older people, with 35% female and 65% male, and 46% aged over 55. This is consistent with findings from the WAS of a clear tendency for older people and men to live in high wealth families.³⁰

Demographic details were not available on the further 300 cases added from the STGL.

Methodological issues

The test model used various methods to tackling the two key issues of the under-representation of UHNW and the significant outliers in the value of UNHW gifts.

Three methodological approaches were adopted which were judged likely to provide the most comprehensive and balanced picture:

- supplementing the survey with the top 100 donations by cash value in the STGL - this meant re-ranking donations currently ranked by percentage of wealth represented;
- using the median rather than mean value of giving within the three wealth bands to avoid the skewing effects of the largest donations;
- adding top outlying gifts to the survey calculations manually to include them in the market estimates.

Results

The test model provided important new evidence and insights:

- Primarily it demonstrated that there is a high level of giving amongst HNW and UHNW individuals which is largely not captured in other studies, though there are likely to be some limited areas of overlap with existing statistics, such as with the estimates of giving based on Gift Aid tax relief claims and with general population giving surveys which capture a small amount of giving by the wealthy. We do not have sufficient information at present to establish overlap.
- It provided a potential model for estimating HNW and UHNW giving in the UK, as well as indications of where this needed to be enhanced (discussed further below).

- It found that people with wealth of >£1 million have a high rate for participation in giving of 91% in 2022.
- It provided a new total population estimate of **£7.76 billion** (confidence limits ranging between £6.45 billion and £11.99 billion) for giving by people with wealth >£1 million in 2022.
- It showed a moderately strong relationship between investable wealth and giving, and that the more wealth people have, the more they tend to give. Limits to the available data restricted how far the relationship could be explored in this study, but this finding indicates the importance of developing a fuller study of giving in relation to wealth, and specifically HNW wealth.

A number of implications and issues arise from the findings.

- How can the survey sample be improved, and any relationships or overlaps with other surveys identified to help build up a picture of the full spectrum of giving?

As noted above, we recommend that any future survey is designed with questions that will maximise the comparability with other data sources.

- How can the data collection be improved to allow for more precise statistical testing, as well as a more refined understanding of how wealth affects giving decisions at different times in donors' lives? Assets are inherently volatile, and individuals' access to wealth can vary over time.

The HNW sample size of any future survey should be sufficiently large to ensure representation across the wealth spectrum, especially bridging the gap between individuals with investable wealth of £30 million and those represented in the STGL. In the UK this would require a structured annual sample of at least of 1,500 individuals whose wealth exceeds >£1 million.

Additional questions should be asked to determine the nature of their wealth, including personal income, cash, equity and bond investments, property and private business ownership, and pensions.

This will help to determine not only how the combination of income and assets affects giving decisions through a lifetime, but it would also improve comparability with other data sources.

Implications of findings from test model

The estimated value of giving at £7.76 billion is significantly higher than assumed in other studies, so it is important to understand more about the public and social good which this HNW and UHNW philanthropy supports.

As noted above in the review of existing data, surveys of voluntary income to the charity sector based on data in charities' annual accounts, such as NCVO's research, do not provide breakdowns on donor sources such as HNW and UHNW giving. Neither do they include figures for cultural, educational and religious organisations which are charities but exempt from Charity Commission registration³¹, or other organisations which donors support but which may not be registered charities such as, for example, some social enterprises and Community Interest Companies.

A key message from the findings of the test model is that if we are to understand and further validate HNW and UHNW giving, we need to know more about the destination of HNW and UHNW gifts.

A number of data sources provide evidence of the significant levels of philanthropy received by types of exempt organisations. The available figures are fairly generic, and do not identify specific giving from HNW and UHNW individuals, but they provide very good pointers to levels of major philanthropy. Partial corroboration lies in the evidence of the very large gifts made to individual institutions from beneficiaries' own publications, press releases, websites and public acknowledgements and listings of patrons and donors, as well as from the media, and the STGL. Data sources on philanthropy which include exempt charities are:

- ***Total Income of DCMS-funded cultural institutions 2020/21***³²
This DCMS report gives details on income fundraised from charitable giving (excluding donated objects) by the 15 DCMS-sponsored museums and galleries. It represented an average 10% of their total income, and is estimated at £413 million.
- ***ACE. Private Investment in Culture Survey 2022***³³
Based on analysis of publicly available financial data of not-for-profit arts and culture organisations and data on National Portfolio Organisations reporting to ACE, this survey recorded £327 million in income from '*individual giving and memberships*'.
- ***CASE-Ross Support of Higher Education***³⁴
The CASE-Ross report states that '*large gifts continued to contribute significantly to the sector's success. Amongst 79 institutions that provided the data, 219 donors made gifts or pledges of £500k or more during 2019-2020.*' Total philanthropy to UK and Irish universities was just over £1 billion.

This listing of organisations which receive philanthropic gifts, but are not covered comprehensively in other charity surveys, is far from exhaustive. Other areas include giving to many faith-based and religious organisations where this is primarily dedicated to religious and missionary purposes, and giving to overseas NGO and other organisations not registered in the UK. An indication of the scale of direct overseas philanthropy can be gleaned from the national accounts:

- ***UK National Accounts, Chapter 6. Capital Account***³⁵

This provides data on international transfers of legacies or large gifts to non-resident, non-profit institutions, and exceptionally large donations made by households or enterprises for financing capital projects such as gifts to universities to cover costs of building new facilities. The total of such transfers is £1.2 billion.

While it is not possible to identify the HNW and UHNW element separately, this figure provides an important pointer to direct major international giving to non-profit causes, and is additional to other smaller-scale international giving such as other regular donations, gifts in kind, membership dues which are recorded elsewhere in the National Accounts.

Finally, the evidence around wealth-related giving raises the issue of tax reliefs related to charitable donations. While data on Gift Aid claims by higher-rate income tax-paying donors is well-documented, we have little systematic understanding or data on other ways in which philanthropic giving is related to tax considerations. We also know little about willingness to give to organisations where gifts cannot attract a tax break. A full picture and verification of HNW and UHNW giving would require further exploration of this.

Curation and analysis of the data

This section sets out the steps of the data curation and analysis used in the test model in more detail.

The dataset

The dataset analysed in the test model was created by taking data from quarterly giving questions in the 2020, 2021, 2022 Savanta MillVue omnibus surveys and merging it with demographic metadata from the omnibus survey, where this was available. The total number of records in the MillVue dataset was 4,398.

The compiled MillVue survey dataset captured wealthy individuals up to the £30 million mark. To represent the UHNW population with wealth in excess of £30 million, including billionaires, we merged data on wealth and donation amounts from the STGL for the years 2020, 2021 and 2022, into the MillVue dataset adding a further 300 cases to the dataset.

Published STGL data from 2019-2023 was loaded into an Excel spreadsheet, and re-ranked by *value of donation*, rather than by *percentage of wealth donated* as in the published tables.

Over the period there was a change in the STGL methodology, and the number of gifts published was reduced from 200 to 100 in 2021.

This has implications for the data as used in the survey research, as it meant that the top 100 donations by value for years 2019 and 2020 were selected from a larger list of 200 donations ranked by percentage of wealth given. In subsequent years just 100 top donations by percentage of wealth given were published, as selected by the publishers. These sets of donations were then re-ranked. This means that the donor selection criteria may not be exactly the same across the STGL data series as used in the research.

Demographics of sample

Questionnaire changes year on year meant not all demographics were available for the entire sample. (n=4,398)

However, there was demographic information for thousands of cases, and it was sufficiently substantial to have confidence in the population profile presented below.

Figure 3: Demographic profile in the data set

Demographic	Group	%
<i>Gender</i>	Female	35%
	Male	65%
<i>Age</i>	18 to 34yrs	18%
	35 to 54yrs	37%
	55+ yrs	46%
<i>Household Income</i>	Under £50 000	5%
	£50 000 - £99 999	24%
	£100 000 - £149 999	18%
	£150 000 - £199 999	16%
	£200 000 - £249 999	14%
	£250 000 - £499 999	12%
	£500 000 +	9%
<i>Wealth</i>	£1 million to £2 million	54%
	£2 million to £5 million	24%
	£5 million to £7.5 million	6%
	£7.5 million - £15 million	6%
	£15 million to £30 million	3%
	£30 million - £249 million	1%
	£250 million +	6%
<i>Source of wealth</i> (Not mutually exclusive)	Inheritance	20%
	Sale of business/businesses	27%
	Savings through earnings/bonuses over time	58%
	Personal investments	63%
	Profit from property	30%
	Other	2%

(Source: MillVue data)

Key results

Extrapolating median giving amounts (see market sizing paragraph below) from the combined MillVue and STGL datasets and applying them to the estimated population of HNW and UHNW individuals in the UK yielded an overall market size estimate of £7.76 billion.

The analysis also showed a positive relationship between wealth and participation in giving. Donation rates increased slightly among wealthier respondents:

Figure 4: Donation rates by wealth band

Wealth band	% Donated
£1m to £2m	87%
£2m to £5m	93%
£5m to £7.5m	97%
£7.7m to £15m	98%
£15m to £30m	96%

(Source: MillVue data)

The statistical relationships between level of wealth and size of donations were explored and found to be moderately positively correlated.

For the MillVue survey dataset, wealth data had been captured within bandings, while donations were measured on a continuous scale (£). The relationship had to be measured according to ranked categorical bands and Spearman Rank correlation was therefore performed.

Figure 5: Spearman Rank correlation coefficients by year

Wealth band	% Donated
2020	+0.36
2021	+0.40
2022	+0.33

(Source: MillVue data)

By contrast, the STGL dataset collected continuous data for both level of wealth and donation amount. Pearson correlation was carried out:

Figure 6: Pearson correlation coefficients by year

Wealth band	% Donated
2020	+0.48
2021	+0.44
2022	+0.33

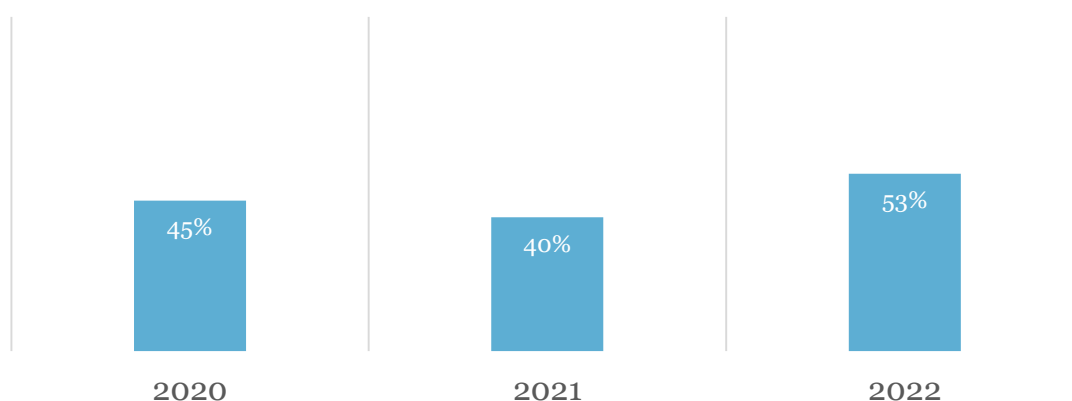
(Source: STGL)

While the correlations between giving and wealth were slightly higher for the STGL giving data, it was judged that results were close enough to underpin the case for incorporating the STGL data into the survey dataset. The results did not suggest that the relationships between wealth and giving in the MillVue and STGL samples were too different to be combined for the purposes of this test modelling.

Dealing with exponential gifts

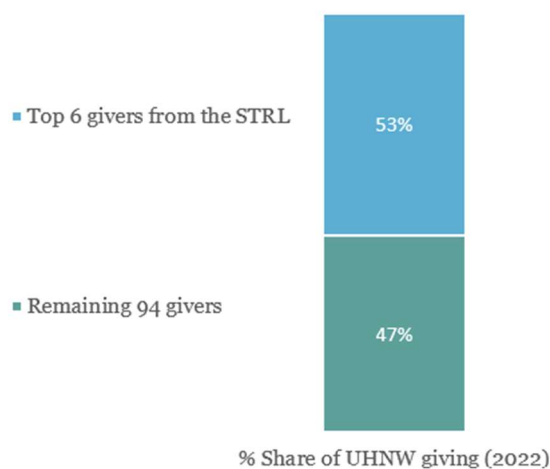
Giving in the STGL was also characterised by a handful of exponentially high gifts. For instance, in the years 2020-2022, the top six highest donations accounted for more than 40% of the total share of total giving from these UHNW individuals in any given year.

Figure 7: % Share of total UHNW giving from the top 6 donors in STGL, by year



(Source: STGL)

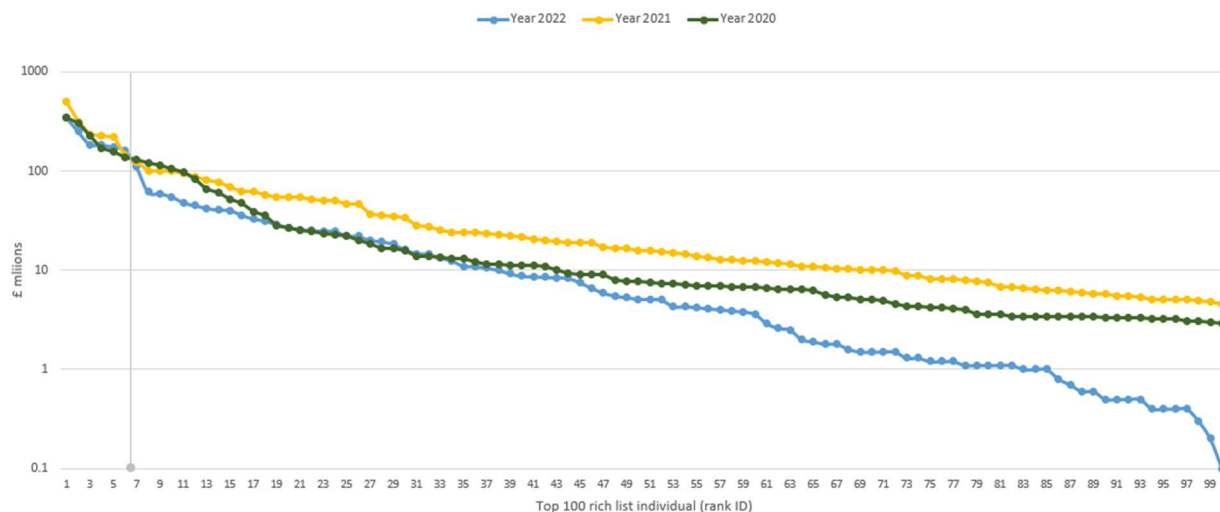
In Figure 7, we see a handful of individuals from the STGL account for more than half of total giving in the year 2022:



While the value of these top end gifts invariably fluctuates year-on-year, the trend of a handful of outliers persists in the data so the market sizing model included them rather than trimming them out of the final analysis. The vertical line on the graph below indicates the cut-off point used for the major outliers.

Figure 8: Donation amounts by Top 100 STGL individuals (ranked by size of donation)

Note: log scale



(Source: STGL)

Market sizing method

- Market sizing was calculated by extrapolating the median giving amounts from each wealth band to the population estimate of HNW and UHNW individuals in the UK.
- Using the median rather than the mean helped create a conservative, reproducible estimate. It was deemed that using the mean as an alternative would skew the results given a handful of wealthy individuals in each wealth band tend to give one-off, exponentially high gifts. It is difficult to predict the impact of these gifts in terms of their value year-on-year.
- The median also allowed all survey responses to be included rather than trimming or winsorising data points. However, both these approaches are viable alternatives and worthy of exploration in future modelling.
- To extrapolate the median giving amounts to the population of HNW and UHNW individuals, we used two vital parameters from the WealthX and Statista³⁶ resources:
 1. Distribution of high net wealth individuals from WealthX's proprietary data;
 2. Estimate of the population of HNW individuals in the UK from Statista.

As the tables below show, the population estimate was distributed according to the re-based percentages and then multiplied by the donation rate as a reasonable reduction factor. The median giving amount calculated for each of the three wealth bands was multiplied against the weighted population and summed to calculate total market size.

Figure 9: WealthX distributions used

WX category	WX bands *	WealthX distribution	Rebased distribution	Adjusted distribution
Mass affluent	\$250k+	85%	-	-
HNW	\$1m+	13%	88.0%	88.9%
VHNW	\$5m+	2%	11.0%	11.0%
UHNW	\$30m+	0%	1.0%	0.1%

*For the purpose of comparability, international wealth sizing models are based in US dollars. Due to the equivalent buying power of major currencies in their domestic markets, including pounds sterling, it is the convention that these models are maintained in US dollars and transposed to other currencies at a ratio of 1:1.

Figure 10: Calculating the weighted population and multiplying by wealth band medians

WX bands	Weighted population	Population * donation rate	Median	Expected giving	Sum (£ billions)
\$1m+	818348.50	736513.65	£ 2,000	£ 1,473,027,305	7.76*
\$5m+	101257.97	98220.23	£ 4,000	£ 392,880,924	
\$30m+	920.53	883.71	£ 5,200,000	£ 4,595,270,784	

Based on Statista's estimate of HNW population being 920,527 and weighting this by the Wealth X distribution

*This sum also includes manual entry of the top 6 donation amounts further discussed below.

An important caveat here is that a decision was made to adjust (down weight) the results from UHNW individuals given we only had access to the top 100 via the STGL, which perhaps is less than one-tenth of the true population of UHNW in the UK. The figures were adjusted after downweighting this group to 0.1. This approach needs further review and refinement but currently provides a reasonable estimate from such a nuanced group for the purposes of the test model.

- The STGL had a handful of wealthy individuals giving extremely large amounts. In 2022, they accounted for 53% share of all contributions among the top 100 wealthiest people in the UK. This was important information that would be omitted by solely using the median. To accommodate these top end gifts, an attempt to manually include the total sum from the Top 6 STGL givers was trialled. The sum from these 2022 'outliers' was added to the market size estimate for the same year. With their addition, the total estimate for giving reaches £7.76 billion, detailed above. Other approaches could be investigated, for example:
 - Take the average of the top six across several years and add these manually instead of the raw figures from the latest year.
 - Winsorise the top 5-6 for any given year and add a sum of these, more conservative figures, to the market size estimate. Winsorising involves replacing the figures for the top outliers in a dataset with the value at the 95th percentile, as an example. The percentile can be adjusted according to fit of the data. This approach protects against using wild outliers in any data modelling.
- The wealth bands from the MillVue dataset were collected as banded categories as shown in Figure 4. In the STGL, wealth was collected on a continuous scale. We combined and used these wealth variables to create a three tier banding to match the WealthX definition. This was made easier by mid-coding the wealth bands found in the MillVue data.
 - Ideally any future survey would attempt to collect wealth in a numerical, continuous form (in £ millions, for example) to allow for more sensitive correlation and provide a more accurate read of wealth to base inferences on.
- The final estimate was based on 2022 data.
- Note: MillVue survey responses asked respondents to reflect on the last quarter's giving. Figures were multiplied by four to calculate an annualised median. The STGL is framed in terms of giving across the year. There was no adjustment required to establish the annual median.

Confidence upper and lower limits were identified by first establishing the CI for each individual wealth band before applying the market sizing calculation described above to both the low and high estimates. The raw outlier donations were then added manually to each estimate.

APPENDIX

Feedback from the Working Group – after phase 1

As a final part of the research in the first stage of the project, the findings, conclusions and options were presented to a Working Group of representatives of sector organisations and other experts in HNW giving, fundraising, research, and policy. In addition to providing feedback on the findings, the group put forward many ideas for the potential design and uses of an improved survey. Stakeholder feedback is summarised below.

Measurement options

- There was general agreement amongst the stakeholder group on the challenges presented by the piecemeal nature of current sources, and the need for better measures and data. It was recognised that triangulating any of this data would be a lengthy and difficult process, even where feasible. Discussion around ways of improving or enhancing current data included ideas such as working with wealth advisers to provide data, or exploring with HMRC the idea of a single tax account which could link income and wealth (excluding off-shore wealth), which would also provide a new data source.
- There was general agreement that the combination of a new survey supplemented with external data like the STGL would be the best way to get improved measures in the short term.
- Key survey areas would be wealth, giving and giving behaviours; key outcome measures would be an estimated total for HNW and UHNW giving, and the distribution of HNW and UHNW giving by wealth and income.
- There would be merit in the inclusion of a giving question in the WAS, but this would likely be a long process. There might be little scope for additional behavioural questions which would help develop policy and practice towards increasing HNW philanthropy.

Methodological issues

- There is a need for agreed definitions and wealth bandings for HNW and UHNW giving surveys.
- Sample enhancement should potentially focus on the groups where most giving can be detected. This might, for example, be the £1 million - £100 million wealth range or the top 1% by income: there needs to be some modelling around various options.
- The 'lumpiness' in HNW and UHNW giving, and the skew produced by exceptional gifts, needs to be factored into considerations of the timing of survey questions (eg monthly, quarterly, annually).

- There might be scope to monitor trends in charities' giving income data to detect potential 'spikes' which might indicate exceptional gifts; also showing where HNW and UHNW funds were flowing.
- Should surveys of HNW and UHNW giving include any corporate or foundation giving?

Other general insights

- More behavioural data would be particularly useful to the sector in areas such as causes supported, the effect of changes in circumstance on the distribution of gifts by size and cause, types of giving, social investment, numbers of charities supported and gifts made.
- The value of framing survey questions in ways that connect with other surveys eg wealth, personal income and household income band; alignment of survey years; use of standard taxonomy of cause areas.

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- ¹⁰ https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fgovernment%2Fuploads%2Fsystem%2Fuploads%2Fattachment_data%2Ffile%2F1166388%2FTable_4.ods&wdOrigin=BROWSELINK
- ¹¹ <https://www.nptuk.org/reports/the-2022-daf-report/>
- ¹² For example, the ONS Living Costs and Food Survey covers the full income spectrum but contains little information on incomes in the top decile. (Current average equivalised gross income approx. £164k) The largest donation recorded in a study of 30 years of LCF data in 2011 was £1,500 per week. CAF's Giving UK survey aims to cover the income spectrum, but in practice mainly captures general public giving with few major gifts, or high incomes.
- ¹³ <https://www.gov.uk/government/statistics/total-income-of-dcms-funded-cultural-organisations-202021/total-income-of-dcms-funded-cultural-institutions-2020/21>
- ¹⁴ Private Investment in Culture Survey Report 2022_0 (1).pdf p22
- ¹⁵ <https://www.case.org/research/surveys/case-insights-case-ross-support-education-united-kingdom-and-ireland>
- ¹⁶ Although the sample is identified by records and other evidence of £1 million wealth, the value of assets actually reported has sometimes dropped by the date of the survey.
- ¹⁷ See, for example, <https://www.beaconcollaborative.org.uk/women-give-more/>
- ¹⁸ <https://altrata.com/reports/billionaire-census-2023>
- ¹⁹ See, for example, <https://www.capgemini.com/insights/research-library/world-wealth-report/>; <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>; <https://wealthx.com/reports/world-ultra-wealth-report-2022>
- ²⁰ Office of National Statistics, Wealth and Assets Survey <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2018tomarch2020>
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- ²² Advani, A., Banham, G and Leslie, J (2021). *The UK's wealth distribution and characteristics of high-wealth households*. *Fiscal Studies*, 42(3-4):397-430
- ²³ Note that in a further study Advani et al provide a lower estimate of missing wealth, at £280 billion. See Advani, A, Hughson, H and Tarrant, H. (2021) *Revenue and Distributional modelling for a UK wealth tax*. *Fiscal Studies*, 42 (3-4):699-376
- ²⁴ Giving USA Foundation, Giving USA 2021, Report 19. Methods
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- ²⁶ <https://www.capgemini.com/insights/research-library/world-wealth-report/>
- ²⁷ <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2018tomarch2020>

²⁸ Havens, J. J., O’Herlihy, M. A., and Schervish, P. G. (2006). Charitable giving: How much, by whom, to what, and how. *The Nonprofit Sector: A Research Handbook*, 2:542–567.

²⁹ See Advani, A, Bangham, G, Leslie, J. (2020) *The UK’s Wealth Distribution and characteristics of high wealth households*. Resolution Foundation. Note: Figure D2 shows the average wealth of individuals within families in the UK by percentile, indicating that most people with wealth over £1 million excluding primary residence are in the top percentile. (Wealth definition = net financial assets, net property assets excluding primary residence and any mortgage attached to it, business assets and an adjusted measure of physical wealth including cars, home contents, collectibles etc)

³⁰ See Advani et al (2020) *Op Cit* Resolution Foundation.

³¹ Charity Commission. Exempt Charities. Guidance CC23

³² <https://www.gov.uk/government/statistics/total-income-of-dcms-funded-cultural-organisations-202021/total-income-of-dcms-funded-cultural-institutions-202021>

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³⁵ <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/5secondaryincomethepinbook2016>

³⁶ Statista (August 2023) Number of individuals with a net worth of over \$1 million US dollars in the UK 2013-2023