**Towards a National Strategy for Philanthropy and Charitable Giving**

***A framework to build a renewed culture of philanthropy and charitable giving in the UK***

**Introduction and summary**

Philanthropy, along with social investment, and impact investment, plays a crucial role in our society. Their work to deliver social impact reaches places and drives innovation in a way Government cannot, takes risks and challenges the status quo. The “impact economy” drives social and environmental change, improves the lives of millions and can boost economies.

It has been behind some of the most important innovations in modern times – such as the Covid-19 vaccine, work that led to the development of the national minimum wage and the establishment of the UK Biobank. Historically, philanthropy has been the starting point for many public services we now take for granted - such as the NHS, ambulance service, universities, and the probation service – and it still plays an essential role in funding crucial charitable services such as the Air Ambulance services and the RNLI. Civil society is made up of charities large and small doing essential work up and down the country. The health of civil society is directly tied to the health of philanthropy and charitable giving.

However, philanthropy does not exist in a vacuum, and Government needs to play a key role in encouraging philanthropy if it is to meet its full potential. We have seen this historically in the US, which is one of the most philanthropically generous countries in the world, and more recently in Australia and Ireland where national philanthropy strategies have been developed along with ambitious targets.

The current approach to philanthropy in the UK represents a missed opportunity – an opportunity the Government needs to grasp. There is enormous opportunity for the Government to work alongside this potentially significant source of funds and expertise, in pursuit of common objectives and social goals. The work of the Social Impact Investment Advisory Group (SIIAG) and the commitment to produce a place-based philanthropy strategy for England are encouraging early steps towards a government approach that properly legitimises, enables, encourages, and incentivises strategic charitable giving and social investment. In return, the offer to Government is considerable. In a challenging fiscal and economic environment, Government should seize this golden opportunity offered by philanthropy.

**We recommend a long term, ambitious target for giving to be 2% of GDP over 10 years, with a milestone of 1.5% over the first five years. This could mean more than £9bn of additional giving per year at the end of the parliament.**

To achieve this, we believe the Government needs to develop a national strategy for philanthropy and charitable giving. This document, developed by a group of organisations and individuals with an expertise in philanthropy, is a suggested outline of what such a strategy could look like. It outlines a series of recommendations – 49 in total – which we, collectively, think the Government could take forward, including through the work of the SIIAG and in the preparation of the place-based philanthropy strategy in England. They cover engaging with philanthropy and enabling the sector; making use of local connection; supporting giving by individuals and companies; and promoting philanthropy.

Promoting giving in this way is not just about money, but about the kind of society we want to build, one in which we connect with our fellow citizens and work together to build change that lasts. The most significant of the recommendations in this document, in our view, are as follows:

* **A strong presence for philanthropy within Government**

There needs to be a step change in Government’s relationship with and understanding of philanthropy. This should include a permanent, dedicated policy function for philanthropy; a philanthropy champion in the heart of Government; a clear focus on philanthropy in every Government department where relevant; activity to champion philanthropy at a local level; and a presence for philanthropy across all five of this Government’s Missions.

* **Match funding**

Match funding is one of the most effective tools available to government for incentivising donations. The Government should adopt a ‘match first’ approach for Government grant and spending programmes, meaning that once the Government is in the programme design phase for a new intervention or policy they should, as a matter of course, consider the feasibility and suitability of attracting philanthropic match funding.

* **Regional match funding**

The government should match donations targeted at certain areas and invest in these areas’ philanthropic infrastructure, with a goal of multiplying the impact of funding secured in these places and strengthening their ability to fundraise and deliver charitable activities for the long term.

* **Wealth adviser training**

Financial advisers must be equipped to discuss philanthropy alongside wider tax and spending decisions. There has been positive progress from the Government and the FCA on this issue and this progress should continue. This could include making philanthropy and impact investing training mandatory, or the Government directing the FCA to use its powers to add philanthropy to CPD and the curricula of industry qualifications.

* **Gift Aid**

Gift Aid is an invaluable part of the UK charity landscape, providing an incentive for giving and supporting charities’ resilience. Unlocking unclaimed Gift Aid represents a significant opportunity to boost the value of giving to charities. But the processes for claiming Gift Aid were designed for a paper-based age and are creating barriers both for donors and for charities using the relief. The Government needs to invest in improvements to Gift Aid processes and ensure that it is fit for the future.

It is worth noting that we do not see this document or package of measures as the fixed, finished product when it comes to a comprehensive national strategy. We see this as a starting point, and we would welcome the Government developing its own strategy in full consultation with the sector, similar to the processes which took place in Australia and Ireland when developing their national strategies.

As a sector, we look forward to working with the Government on this crucial issue and sincerely hope it grasps the full potential of what philanthropy can offer the UK.

**Contributors to this document:**

This second edition of the working document has benefitted from input from a number of organisations that have deep expertise in philanthropy[[1]](#footnote-2). We aim to continue to deepen and broaden the range of contributors over time to develop and refine the proposals that are framed here.

The document was authored and co-ordinated by the Charities Aid Foundation (CAF) and the Beacon Collaborative. Other contributors are as follows:

The Chartered Institute of Fundraising (CIOF)

The Association of Charitable Foundations (ACF)

UK Community Foundations (UKCF)

New Philanthropy Capital (NPC)

Onward

The National Council for Voluntary Organisations (NCVO)

Quartet Community Foundation

Arts Council England

Pro Bono Economics

Charity Finance Group (CFG)

Centre for Philanthropy, University of Kent

Philanthropy Impact

Better Society Capital

London Community Foundation

Environmental Funders Network

Global Returns Project

Local Government Association

The Big Give

The Impact Investing Institute

London Funders

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Remember a Charity **Leveraging the impact economy: What do we mean by philanthropy and social investment?**

The impact economy refers collectively to people and organisations using their assets to deliver social impact - building a better world - alongside financial goals. This includes philanthropists, social investors, impact investors (pension funds, asset managers, and foundations) and purpose driven businesses.

In this section we explain how we understand each of these terms and the differences between them.

By philanthropy we mean working to address societal challenges through donations and by providing grants. Some philanthropists give with the intention to change things at scale, while others seek to contribute rather than to shape the change.

Philanthropy seeks a purely “social return” or “social impact”. There are a range of ways that a financial market return can be achieved alongside this social return, as we move along the “spectrum of capital.” This includes social investment and impact investment.

By social investment we mean providing (typically) repayable finance to charities and social enterprises. As part of this, social investors seek return-of-capital, rather than return-on-capital. The primary aim of social investors is to enable a social or environmental outcome, while recycling their investment capital for future deployment.

By impact investing we mean investing to seek a financial return while also having an intentional, measurable environmental or social impact.

Each approach offers a different capacity for social return, has a different financial risk profile, and meets different needs. These approaches are complementary and closely connected. The practice of blended finance, where grants are combined with repayable finance, is the clearest example of the way that donors are thinking about how they deploy capital in a range of different ways.

Philanthropy sits within the broader environment, not replacing but working alongside the market and the welfare state. It is not about the priorities of private individuals taking precedence over collective priorities. Instead, Government, philanthropists, businesses, and charities each have differing ability to take on risk or trial innovation. Philanthropy may be able to take risks that the state is rightly not in a position to take with public money. Philanthropists also bring additional experience, expertise, passion, and drive to addressing social challenges.

Philanthropists and social investors will have a range of different vehicles they may use to direct their capital. This includes through foundations, donor advised funds, social investment and venture philanthropy, and different vehicles or combinations of vehicles will be suited to different donors.

Supporting all this is the critical work of the philanthropy sector and fundraisers who invite donors to contribute in all these different ways.

The recommendations in this paper are primarily aimed at boosting philanthropy but we recognise that philanthropy sits as an important part of the wider impact economy. Many of those working on this document are involved in a grouping called the Impact Economy Collective, which works to advise Government and, as of March 2025, looks to feed into the work of the SIIAG. This document sits alongside this work, and also builds on previous initiatives in the space, such as the 2017 report “[Growing a culture of social impact investing in the UK](https://assets.publishing.service.gov.uk/media/5a82c44fe5274a2e8ab593ed/Full_Report_Growing_a_Culture_of_Social_Impact_Investing_in_the_UK.pdf)”, developed by a Government Advisory Group on the issue led by Dame Elizabeth Corley.

**Why we need philanthropy**

The UK has strong and vibrant philanthropic and charitable sectors. However, the pandemic and the cost-of-living crisis has undoubtedly taken its toll on both.

Data shows that donations and volunteering behaviour have not recovered to pre-pandemic levels. CAF’s UK Giving Report 2025 found that although donations from the public to charity amounted to £15.4 billion in 2024, for the first time, only half of people had given to charity in the last 12 months. This is down from 58% of people donating in 2019, equivalent to approximately four million fewer donors.

Meanwhile donations from the wealthiest are not keeping up with this group’s rising incomes. Research commissioned by CAF and delivered by Altrata estimates that in 2023 high-net-worth people in the UK donated an estimated £7.96bn equivalent to 0.4% of their investible assets. It found that if all high net worth individuals donated 1% of their investible assets, this would mean an extra £12 billion going to charities. A cultural shift is needed so that every citizen in the UK feels secure and supported to deliver on their responsibility to give back.

The cost-of-living crisis is not over for charities. Charities are experiencing higher demand while costs remain higher than before the pandemic, and charity incomes are not keeping up. An increasing number of people are relying on charitable services.

CAF’s Charity Resilience Index published in October 2024, showed that the vast majority of charities (86%) report increased demand for their services. Over half of charities (54%) say that demand has increased a lot, up from 43% reporting the same in 2024. This growing demand for services comes as half (50%) of charities cite increased competition for funding - with nearly a third (30%) reducing their workforce or planning to do so.

In addition to helping those in need, charities play a key role in driving and supporting the social and cultural fabric of our communities, improving the quality of peoples' lives through provision of the arts, sport, and culture. They enhance human life by funding initiatives that promote culture, education and experiences that make life meaningful. Charities, cultural institutions and universities are all supported through philanthropy.

Additionally, a strategic approach to philanthropy helps us to identify the most pressing shared challenges and mobilise resources to address these challenges, including those which have received insufficient attention or are under-resourced.

Increased charitable giving and strategic philanthropy are needed to help change this narrative. Our long-term vision is to see philanthropy help the UK move away from responding reactively to the charity sector’s short-term needs and take a longer term, strategic, approach to address the pressure on charities through fundamental change. Despite rising financial insecurity, greater philanthropy can be unlocked when it is at the heart of our culture — where it is understood and expected that we all give back in the ways we can to drive social good.

The philanthropic and charitable communities stand ready to support long term Government interventions which have a preventative effect, supporting long-term savings from reactive work.

**The ambitions of a strategy**

The engagement of private citizens in civil society requires leadership. Government should properly legitimise, enable, encourage, and incentivise strategic charitable giving and social investment. In return, the offer to Government is considerable. In a challenging fiscal and economic environment, the opportunity offered by philanthropy should not be dismissed. Although there is a need for more comprehensive data on the amount given each year, we estimate that £20-30 billion is given annually across individual giving, high net worth, and foundation giving. In addition, corporate donations also contribute to the UK’s generosity. Our data indicates that about 1% of UK GDP is donated annually across all forms of giving.

The example of the universities sector demonstrates that capacity building and sustained focus on fundraising has worked to bring in income to support the sector.

There is international precedent for the development and delivery of a government-led strategy on philanthropy. In Australia, the Labor Government elected in 2022 set out an ambitious target to double giving by 2030 and has undertaken a number of reforms to strengthen philanthropy, as recommended by its Productivity Commission. Ireland too has developed a national philanthropy policy.

Similarly ambitious targets should be introduced in the UK**. We recommend a long term, ambitious target for giving to be 2% of GDP over 10 years, with a milestone of 1.5% over the first five years.** This would bring the UK in line with the US, where giving as a proportion of GDP is also 2%. We appreciate this is ambitious, and that there are cultural differences between the US and UK in relation to giving – however we believe that the UK has a strong philanthropic baseline to build upon and this target is in reach if a concerted effort is made to increase giving of all kinds across the whole of society and to deploy it to the places where it can deliver life-changing impact.

Although the UK is one of the most generous countries in the world, we rely on an increasingly concentrated group of donors to support our charitable sector. Even taking into account squeezed disposable incomes and increased financial insecurity, research suggests some groups could afford to give more. And there is a missed opportunity to harness the power of local connection to support community projects on our doorsteps. Our approach calls for us to understand the psychology of giving and the drivers that make people feel secure enough to be willing and able to give.

If Government takes this seriously, a step change in philanthropy and social and impact investing can be achieved. This will take time, given the ambitious goal and the need for cultural change. We anticipate significant progress on this issue can be achieved within five years.

**What this document includes**

We are the bodies that together represent much of the UK philanthropy sector.

Our vision is for a renewed culture of giving across the UK, one where Government has deep understanding of philanthropy across multiple policy areas and where a coherent Government narrative, enabled by incentives and encouragement, motivates donors to give what they can strategically to the causes that need most support.

The underlying principles of this document are:

* Philanthropy is a public good, which is part of a civically engaged, cohesive society with a resilient social fabric.
* Government can incentivise strategic philanthropic giving towards national priorities, but it should not compel or direct the causes that the philanthropists choose to spend their money on.
* Philanthropic capital should not be a substitute for state funding (this is sometimes known as the principle of additionality).
* There are important policy areas around which Governments and philanthropists can align and work on together.
* Philanthropy, especially long-lasting institutional philanthropy such as charitable trusts and foundations, have vital insights, data and resources that can work in a complementary way with Government, particularly around innovation.
* Place and local connection are fundamentally important.

With that in mind, this document considers how charities can help deliver social goals, and the current state of philanthropy in the UK, and goes on to identify six strategic priorities for activity:

1. Understanding and engaging with philanthropy
2. Enabling an effective philanthropy sector
3. Making use of local connection
4. Supporting more giving by individuals
5. Supporting more giving by companies and in workplaces
6. Promoting and celebrating philanthropy

**Who needs to be involved**

The sector is committed to working together and alongside Government in order to maximise philanthropy and ultimately to achieve impact. We believe that when the private sector, public sector and third sector come together, and we work across silos on cross-cutting priorities, we can achieve far more together than we could alone. The unique risk appetite and strengths (such as insights, data, and resources) of philanthropy and social investment have the power to support innovation, develop new technologies and find new ways of addressing social challenges in ways which complement Government activity.

This draft document, and any potential Government strategy on philanthropy and charitable giving, would need to sit alongside or as part of a broader and much needed civil society strategy, which NCVO and ACEVO have been leading the call for. This work also builds on the work of Pro Bono Economics and the [Law Family Commission on Civil Society](https://civilsocietycommission.org/). Cross government work on philanthropy should link into related initiatives such as work being undertaken on the Impact Economy.

The strategy should cover the whole of the UK. There will be aspects of this strategy which the Westminster Government could roll out UK wide, and other aspects where it will need to work in partnership with devolved administrations and regulators.

**Suggested priorities for a Government national strategy for philanthropy and charitable giving**

**Strategic priority 1. Understanding and engaging with philanthropy**

***Current state of relationship***

There have been some recent, initial, steps forward towards greater Government focus on philanthropy. These include:

* A new philanthropy policy team set up in DCMS in September 2023.
* The Office for Investment identifying philanthropy as a source of potential inward investment to the UK to address shared national challenges.
* The Charity Commission’s 2024-29 Strategy acknowledging it has a role to play in supporting philanthropic giving and appointment of a Board member appointed to champion philanthropy. It should continue to have this focus going forward.

We have supported these steps but believe Government can go much further, more quickly, with limited fiscal implications.

**How this document will help**

This framework calls for a step change in Government’s relationship with and understanding of philanthropy. If the Government demonstrates that it supports and understands philanthropy, this will send a clear positive message to donors and ultimately help drive giving.

Supporting philanthropy is a function which needs to be both dispersed throughout Government, given its importance to the work of every department, but also driven and led from the centre. The actions below will help to embed understanding of philanthropy, and the policies needed to enable it, throughout Government.

**Action 1A.** **A permanent, dedicated policy function for philanthropy**

We welcome the introduction of the philanthropy team in DCMS, which now sits within the civil society impact funding team. We recommend retaining and building upon this team allowing the function to build rich, long-term, expertise and understanding of philanthropy and develop policy which supports shared national objectives.

We are aware that some in the sector have specifically called for philanthropy, or indeed civil society, policy to move to the Cabinet Office, the Treasury, or other departments. There is not a uniform view regarding this across the sector, but we all agree that the most important thing is that such a team is resourced, connected to other departments, and listened to across Government and within its own department. Wherever it is, it is sensible for it to be alongside civil society policy more broadly.

**Action 1B.** **A philanthropy champion in the heart of Government**

Assigning explicit responsibility for philanthropy to a senior, influential figure in Government will help to ensure that understanding of philanthropy is embedded and give other parts of Government with responsibility for philanthropy a point of contact to co-ordinate cross-government activity. Others in the sector have also recommended this, including the Law Family Commission on Civil Society. This champion might be a senior civil servant or the Secretary of State in the department responsible for philanthropy. They would be responsible for co-ordinating departmental activity and would co-chair the Prime Minister-led council (see action 1C).

**Action 1C.** **Every relevant department has a clear focus on philanthropy, including a ministerial and official philanthropy lead in every department**

Philanthropy is relevant to the activities of nearly every Government department. Therefore, each department which seeks to have impact in the same policy areas as philanthropists (for instance, Treasury, DCMS, MHCLG) should have an approach setting out how they intend to engage with philanthropy and a responsibility to report back to a council led by the Prime Minister (and co-ordinated by the philanthropy champion) periodically.

To facilitate this, each relevant department could have a Minister responsible for convening the philanthropists working in their policy area (with the support of the philanthropy sector), maintaining an ongoing dialogue with them on shared objectives, and a mutual understanding on what they will and will not fund.

In addition, every department should have a senior civil servant who is an assigned point of contact responsible for ensuring that philanthropy is appropriately considered as part of policymaking and operational activity.

Philanthropy leads within each Government department should operate as part of a cross-Government working group to prevent duplication and co-ordinate efforts. We understand that some early steps have been made by DCMS on establishing cross-department discussion on philanthropy. This needs to be further developed and embedded.

Similar measures are in place in the US, where there are over 40 Federal Liaisons embedded in federal level departments who are responsible for managing the partnership between the public sector and the philanthropy sector. There are also states and cities with their own offices managing strategic partnerships with philanthropists.

Currently, Government departments do not consistently engage with philanthropists in shaping and designing programmes nor do they seek match funding when designing Government programmes delivered by charities, despite the opportunity this offers to multiply the impact of such programmes. Establishing philanthropy leads both at the Ministerial and civil service level, who are connected across Government, would help ensure these opportunities are not missed. It would also ensure that civil servants across Government have greater awareness and understanding of the opportunities presented by philanthropy.

**Action 1D. An assessment of civil society (and philanthropy) as part of a Spending Review**

The resilience and capacity of civil society are about more than just money. But charities and the philanthropists who support them work across the delivery areas that will be crucial to progress against the priorities of current and future governments. The Spending Review process should require departments to make an assessment of the current resilience and delivery capacity of civil society to support their work, including the role and potential of philanthropy (for example, through inviting in match funding) in addition to that allocated in Government spending programmes. Adherence to the principle of additionality would be critical here.

**Action 1E.** **Representatives of civil society and philanthropy to help guide Government missions**

Civil society and those that fund it (including those that support its innovations) will play an important role in progress against the Labour Government’s Missions. Philanthropy, in partnership with civil society, has the unique capacity to meet the needs of the most marginalised and champion issues that most often get missed. To create fundamental change in how we address the most pressing societal challenges, we need to harness this philanthropic power.

To reflect the role of civil society and philanthropy, Mission Boards, which serve as the steering groups for each of the government’s five priority Missions, should include representatives of both civil society and philanthropy. This could include national representatives of the philanthropy sector, or philanthropists with specific interest in the mission in question. Fundraisers will play a key role in identifying appropriate supporters of each mission. Failing this, there should be a designated philanthropy lead for each Mission in Government.

**Action 1F. Acknowledge the cultural diversity of giving practices**

Government should recognise the range of forms of philanthropic giving, including giving driven by faith. It should strengthen its understanding of how to engage and support communities across the UK, respond to their giving preferences, and recognise and value these forms of community building, removing barriers to enable them.

**Action 1G. Make greater use of match funding**

Of all the incentives available to Governments, match funding is one of the most effective at incentivising donations. There are benefits for the Government: it serves to multiply the impact of Government funding by leveraging in resources from other sectors where objectives align and its alignment with national priorities ensures democratic accountability. It also de-risks and motivates giving by the individual, acting as a powerful incentive.

Match funding should be seen as a route to unlocking additional generosity, not redirecting existing funds, and the principle of additionality should be strictly adhered to. Government should also recognise that not all funders will want to align their work with that of government. Independence is an important principle in the sector and match funding should always be positioned as an opportunity and a choice, not an expectation.

One option would be to adopt a ‘match first’ approach for Government grant and spending programmes, meaning that once the Government is in the programme design phase for a new intervention or policy they should as a matter of course consider the feasibility of attracting philanthropic match funding. A match fund will not always be appropriate for every case. We know that there is appetite amongst philanthropists to become involved in match funding initiatives, particularly if there is clear direction from the Government in relation to a clear goal or mission it is trying to achieve.

In 2021/22 £14.3bn or 26% of charities’ income, came from Government, according to NCVO’s [Civil Society Almanac 2024.](https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/financials/where-do-voluntary-organisations-get-their-income-from/#type-of-income) This presents a huge opportunity to encourage philanthropic match funding. While Government money spent through contracts or through grants aimed at delivering public services may not be suited to match funding, other opportunities have been missed. For example, the Community Organisations Cost of Living Fund under the previous Government would have been well suited to match funding and it is unfortunate that this opportunity was missed.

When designing match funding programmes, Government will need to pay careful attention to the principles and practices that underpin strategic philanthropy. Not every issue that is important to government will be important to philanthropists or foundations.

Through time and experience, government and the philanthropy sector will become more adept at identifying the issues where match funding is most effective. This should not deter government from investing in important and worthy causes that may be less attractive to philanthropists.

There are a significant number of examples of where match funding has demonstrated how effectively match funding can multiply the power of government investment, including:

* The CAF Resilience Fund combined funding from DCMS through its Community Match Challenge with funds from the long-term savings and insurance industry demonstrates how effectively philanthropic capital can multiply the power of Government investment.
* The Big Give’s Christmas Challenge raised £44m in 2024 and is now the biggest public fundraising campaign in the UK.
* Catalyst: Evolve - With a focus on helping small cultural organisations to invest in their fundraising skills, Catalyst: Evolve helped 160 organisations to raise over £11 million, which was matched by Arts Council England investment between July 2016 and August 2019.The programme focussed on issues such as how to help staff overcome barriers in asking for charitable donations, and how to get boards more closely involved with fundraising, helping organisations to use their existing resources more effectively as well as investing in new initiatives.
* Catalyst Endowment for creative and cultural sector- Arts Council England invested £19,492,084 of match funding from DCMS between 2012 and 2015 to 17 organisations including Royal Shakespeare Company, Sage Gateshead (now known as The Glasshouse), City of Birmingham Symphony Orchestra (CBSO), Turner Contemporary and others. The organisations raised additional funds from individuals, trusts and foundations incentivised by the match funding to generate funds in 25-year endowments of over £52 million. Annual returns range from 2.5% to 6%, generating recurring income of between £60,000 to £300,000 for each of these organisations, which allows them to continue to support a range of activity including investment in new productions, education, outreach and health and wellbeing work in the local community or support for London based organisations to tour out of capital.
* The Big Give Arts for Impact campaign 2024- The Big Give secured a match fund pot of £1.3 million from philanthropy champions including £500,000 from the Reed Foundation. The match funding during the Arts for Impact campaign week in March 2024 incentivised supporters to donate in order for organisations to raise valuable additional donations. The campaign week realised a total of £2.876million in additional income for a total of 238 creative and cultural organisations across the country. Big Give supported organisations to develop their case for support and hosted on the Big Give platform which had the added benefit of building their resilience, digital fundraising skills and profile.  Other Big Give campaigns have included the Green Match Fund/Earth raise, which raised £8m, Champions for children which raised £5m, and the Women and Girls Match fund which raised £2m in 2024.
* Match funding in higher education Between 2008-10 a match funding scheme saw the Government match philanthropic donations to universities, adding at least a third to the value of the gift. Universities could apply for one of three tiers of matches reflecting differing fundraising capacities: Tier 1 allowed a match of 1:1, capped at £200,000 over three years, Tier 2 matched at 1:2 (i.e. 50p match for every £1 raised), with a cap of £1.35 million, and Tier 3 matched at 1:3 with a cap at £2.7 million. The scheme resulted in a boost to donations to universities but also changed the culture around alumni donations, continuing to support the university sector long after the scheme had ended by building a stronger culture of philanthropic donations to support higher education.

**Action 1H. Match fund under-served causes**

As noted in section 3, match funding can be a way to crowd-in social purpose capital to support a specific place. It can also be used to support a specific cause. To help direct funding to where it is most needed, a robust assessment of causes with the greatest need could be considered with match funding offered, to bring in donations, as well as to give donors the information they need to make an informed choice. This could be combined with other policy ideas, for example, when creating regional place-based funds, sub-themes could be delivered in areas such as culture, and match funding restricted to particular under-served elements. This would need to be rooted in robust data about local needs and based on available data and evidence.

**Action 1I. A partnership approach**

Working in partnership can unlock progress on shared priorities between philanthropy, local government, central government and communities around the UK.

Each has unique strengths and networks and may already be funding similar priorities. A partnership approach entails bringing together those with in-depth knowledge and local connections and taking advantage of the convening power of government to facilitate dialogue, share best practice and coordinate action.

**Strategic Priority 2. Enabling an effective philanthropy sector**

***Current state of the sector***

The sector welcomes initiatives to improve data around grantmaking such as 360 Giving, and UKGrantmaking which seeks to draw together data from grantmakers and funders, helping to provide a clear picture of the causes and initiatives that are being funded and by whom.

In the absence of market data, regulatory data, in the form held by the UK’s Charity Commissions (The Charity Commission for England and Wales, The Charity Commission for Northern Ireland and OSCR, the Scottish Charity Regulator), has emerged as the primary source for information about charities, and the charitable purposes and spending of grantmaking organisations.

Alongside this, trusts and foundations are increasingly sharing their grant data to support the wider philanthropic community to give effectively.

However, the data quality is variable. The Charity Commissions’ registers do not facilitate easy comparison between charities or grantmaking activity. There is also a lack of official data on philanthropy more broadly, to put the work of individual organisations in the context of wider market trends.

Given this backdrop, it is not easy for philanthropists to use data to support their decision-making about where to make their charitable commitments.

The UK lacks the equivalent of a trade body for strategic giving that could help to drive change in data quality. There are a number of bodies representing parts of the UK philanthropy sector, but no institution for tasks such as data collection, standard setting, convening, and engaging with Government on behalf of philanthropy in general.

In the past, there have been schemes designed to encourage more people to volunteer and give to charity. For example, the 2011 Innovation in Giving Fund by NESTA supported projects that sought to engage people to give their time money skills and resources to good causes. The fund highlighted the importance of seed funding to support innovation to grow giving, particularly through technology[[2]](#footnote-3), but the funding for the programme ended and was not replaced.

**How this document will help**

Better data will enable better tools, which in turn will make it easier for philanthropists to make strategic funding decisions and identify areas of underfunding or financial challenge.

Sector representation will bring a single voice for the philanthropic sector. Philanthropy is (and should always be) a subsector of wider civil society. Creating a representative voice would enable best practice to be anchored in the needs and practices of the wider sector.

**Action 2A. Support the development of the philanthropy sector**

Although philanthropy in the UK is significant and widespread, the infrastructure for philanthropy as a sector is not well developed. If Government wishes to harness the potential of greater and better philanthropy, it should offer to work with the sector to support the development of Philanthropy UK. While a body by this name has existed in the past, there hasn’t ever been a body with strategic focus at this scale. Such a convening and advocacy body would be well placed to help Government build the dialogues and relationships it needs. This body, convening a group of existing sector organisations, could also provide a home for solving some of the longstanding challenges that affect the sector’s effective growth and engagement with policy such as gaps in data and the need for better impact reporting.

Philanthropy UK would act as a convening forum and potentially develop into something like a trade body for the philanthropic sector for the whole of the UK, overseeing tasks including collecting data, setting standards, producing training materials, running a national philanthropy campaign, making Honours nominations, and sizing the market. This body would engage with the sector as a whole to develop and advocate for policy ideas which support the philanthropic sector, complementing the work of existing sector organisations. In its enabling role, a small amount of Government funding could be provided as match funding to kick start the development of this initiative. Operating as a convening layer, Philanthropy UK would not be in competition with the bigger civil society sector bodies but would work in partnership with them, drawing from the expertise to contextualise philanthropy against the needs of the wider charity sector.

Government funding would act as valuable seed funding to set up this body supported by wider sector funding.

**Action 2B. Determine a standard for data reporting**

The existence of multiple, non-standardised data gathering activities makes it difficult to combine available data in ways that can be analysed efficiently and effectively. Data is gathered from charities by the regulators, by grantmakers and by Government departments. To date, there has been only limited work undertaken on definitions, categorisations and data management. This makes it difficult to integrate data sets and produce meaningful analysis. In turn this hinders the development of tools that would help donors to give more effectively. There needs to be a committed effort by the sector, led by Government, the regulators and other arm’s length bodies, to set the standards that will enable a stronger data culture in civil society. This includes data on the geographies and causes that are receiving funding and data on the impact charities are delivering.

Developing clearer reporting rules for income and expenditure is essential to facilitate comparison between different charities, and to enable philanthropists to identify charities to donate to and those at risk.

**Action 2C. Share distribution data from trusts and foundations**

Government should encourage trusts and foundations to publish data about their distributions, supporting benchmarking and impact measurement. This step would strengthen trust in the sector, by ensuring transparency about the sector’s positive impact as well as help trusts and foundations to understand sector norms. Different foundations have different spend down regimes, for instance some may fund multi-year programmes, making large distributions every few years, whilst others pay out consistent amounts each year. Publishing the data would highlight this diversity of practice and enable good practice to continue while also shining a light on poor practice.

**Action 2D. Expand the revitalising trusts programme**

We welcome and support the Revitalising Trusts Programme - a successful partnership between the Charity Commission for England and Wales and UK Community Foundations. We also welcome the Revitalising Trusts project in Scotland, delivered through a joint working agreement between Foundation Scotland and OSCR.

Since its launch in 2018, the programme has unlocked over £100 million from dormant trusts across England and Wales, redirecting these funds to serve the public good. This success has been enabled by a streamlined and supportive process that assists trustees who are finding it difficult to manage charitable trusts and foundations.

Over the past three years, the programme has focused its efforts in Wales. As of February 2025, £11.6 million has been revitalised in Wales alone. Since 2021, 346 Welsh charities have engaged with the programme: 80 have been successfully reactivated after years of inactivity, and the remaining 266 have transferred their dormant assets to ensure ongoing contribution to the charitable sector.

Despite these achievements, significant untapped potential remains. With around 3,000 dormant trusts still on the register - and with additional funds held by Churches, Charities and Local Authorities Investment Management (CCLA) and local government - it is estimated that over £400 million could still be unlocked for charitable purposes.

There is a compelling case for renewed and increased investment in the Revitalising Trusts Programme. We also recommend exploring how the model could be extended to include dormant accounts and other underutilised charitable assets. Furthermore, there is a clear opportunity to streamline the transfer of trusts currently held by local authorities to local community foundations or other appropriate charities, ensuring that these valuable resources are put to active and impactful use in communities across the UK.

The Charity Commission for Northern Ireland should also establish its own programme to release dormant funds from charities and trusts in Northern Ireland, as, there is currently no such scheme in Northern Ireland.

The think tank Centre for Social Justice has recommended that funds unlocked through the Revitalising Trusts programme should be directed to expand the data capabilities of the sector including both philanthropic giving and the charity sector.

**Action 2E. First loss catalytic capital**

The government should consider engaging in structuring models that allow philanthropic capital to act as first loss catalytic capital in blended finance structures. This would incentivise other types of funders to support the structure by de-risking the potential for capital loss. Philanthropic capital or government capital can act as first loss catalytic capital, taking on some of the risks, and giving institutional investors the confidence to put larger sums into the project. This model previously worked effectively in the community led housing sector.

**Strategic priority 3. Making use of local connection**

***Current state of local giving and charity landscape***

The UK has a rich network of local giving schemes. For example, the UK’s network of 47 Community Foundations, covering the entire United Kingdom, effectively encourages local philanthropy, understands local need, and convenes community resources. Community Foundations offer a model of place-based grant funding, where grants are distributed according to the needs within the local area or region where the funder is based, supporting philanthropists to address the causes they care about.

But there is more that can be done to strengthen the capacity across all parts of the UK to attract donations. There are examples to learn from: between March 2019 and June 2020, CAF worked with six schemes across England as part of DCMS’s Growing Place-Based Giving programme. The Government provided funding of £100,000 over 18 months and put in place a support programme with CAF as a partner.

More broadly, there are issues with the landscape of charitable giving reflecting localised ability to give, rather than reflecting the geography of local need. Research by Centre for Cities found that the North East and North West have strong preferences for local giving but high deprivation rates mean that the overall donation rates from these regions are limited. Meanwhile Yorkshire, the West Midlands and Wales have fewer and smaller donations to local causes than richer Southern areas. There is also untapped philanthropic capacity relative to incomes in wealthier places, like parts of London.

With stronger place-based infrastructure we can change this.

**Case Study: Thrive at Five**

Thrive at Five is a project which seeks to ensure that babies and children receive the support they need in the all-important first five years of life. It is focussed on supporting children from more deprived backgrounds to reach expected development goals by age five. The project brings together philanthropists, grant-makers, and early years experts to explore opportunities to collaborate and generate impact for children and families. The project supports parents and careers, and builds connections between different teams and interventions, in the early years systems.

The project takes a place-based approach, working in partnership with Local Authorities for seven years, investing to deliver a support network that can deliver lasting change. The project’s first “pathfinder areas” are Stoke-on-Trent and Redcar and Cleveland.

**How this document will help**

Place matters to people making their giving decisions. Understanding this and the connections people feel will help unlock and motivate greater generosity. The government has committed to delivering a place-based philanthropy strategy. As a group we were pleased to have been able to develop policy recommendations that may inform the development of this strategy. We recommend that such a strategy includes the following actions:

**Action 3A. Regional match funds**

The Government should match donations targeted at certain areas and invest in capacity to attract donations in these areas (using existing infrastructure where available), with a goal of multiplying the impact of funding secured in these places and strengthening their ability to fundraise and build the capabilities and resilience of civil society to meet local social need for the long term. Evidence suggests that the match element will be most effective at boosting the size of existing donations, while capacity building will help to encourage new donors.

Think tanks Centre for Cities and Onward have recommended “Charitable Action Zones” as a mechanism for delivering match funding. The think tank NPC has similarly called for “Social Growth Zones” with national funding in deprived areas — coming from sources such as Levelling Up, the UK Shared Prosperity Fund and dormant assets funding — made accessible to charities to deliver programmes to support people’s health, education, skills, employment, and wealth in the places of greatest deprivation. We recommend working closely with key stakeholders locally, including local authorities, to design and develop these schemes. Broadly, the priorities of the fund could be rooted in the data about need, working with local stakeholders to understand the specific patterns of local need.

Some campaigners have called for variable Gift Aid, with higher levels accessible to donors in deprived areas, with similar effect.

The Big Give is also piloting a project on regional funds, which could be developed to form part of the delivery mechanism into these places.

The government should consider how to align philanthropy focussed work with other investment in place, such as the Community Help Partnerships, Growth Mission Fund and Regional growth funding (including the local growth fund, mayoral growth funds, and community investment) announced at the Spending Review 2025. This could be facilitated through place-based business cases announced in June 2025 as part of the Green Book review.

**Action 3B. Support the philanthropy capacity of local civil society organisations**

The Government should also fund capacity building in areas with weaker levels of charitable activity, to support places and organisations to develop their ability to connect with major donor philanthropy. This is particularly important in areas which may struggle to attract major donors locally due to a wealth deficit, and therefore need to forge national connections with diaspora wealth holders or national funders. Capacity building is crucial for attracting new kinds of donors to these places. Capacity building activity might include support with fundraising, working in partnership, or setting up teams responsible for attracting investment, and building the confidence of charities to develop relationships with philanthropic funders. Capacity building support for organisations could cover both their capacity to raise funds to meet the requirements of the match-funding scheme referenced in recommendation 3A, and their capacity to scale up the delivery of services if they receive additional funding.

Government should fund shared expertise and resources that can assist many charities and civil society organisations. This should be done by supporting local civil society infrastructure organisations, which provide support to charities and civil society organisations. These organisations need to strengthen their capacity to understand and work with philanthropy, and to support local organisations to do so. By funding the capacity of infrastructure organisations to understand and work with philanthropy, government’s investment will have a multiplier effect toward the frontline of local needs. There has been a decline in the extent of civil society infrastructure organisations over the last decade and this is an area of the sector which it is often difficult to secure investment from donors for. Government support to the infrastructure sector may include providing resources or supporting networks, data exchange processes and communications. This would enable the charities they support to better engage with philanthropy.

**Action 3C. Roll out place-based giving schemes and diaspora giving schemes**

Building on the success of initiatives such as Made in Stoke, people can be encouraged to give back to the places they have a connection to. A place’s diaspora is made up of the people who have a strong personal connection to a place, but have moved away, often for economic reasons. They are a particular important group of potential donors. Place-based giving offers a mechanism for these people to give to the places they have left, and which, more broadly, have often become economically left-behind. =. To facilitate the delivery and administration of these schemes, sources of funding such as crowdfunding and philanthropic support should be considered.

There is already strong precedent for this. London Funders convenes London’s Giving, a network of 25 local based place based giving schemes, now covering the majority of London boroughs. Each giving scheme brings together local funders, businesses, civil society infrastructure and residents to create connections, financial resources and capacity for local community groups.

One such scheme is in Barking & Dagenham which was one of areas to receive initial investment from DCMS in 2019 as part of its [Growing Place Based Giving Programme](chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https:/www.cafonline.org/docs/default-source/about-us-publications/growing-place-based-giving-end-of-programme-report.pdf), a programme of pilot schemes which CAF worked with the department on. Barking & Dagenham Giving (BD Giving) was then established in 2020 as a participatory grantmaker and since then, it has developed innovative place-based approaches to impact investing, community asset ownership, and social infrastructure as well as grantmaking.

BD Giving invites local people to lead on the design and decision-making processes for all its funds. This inclusive approach ensures outcomes that truly reflect the community's needs. For instance, in its most recent grants programme, 83% of applicants and recipients were from racially minoritised backgrounds. The impact of BD Giving extends beyond financial support; the participatory process itself is transformative. Data gathered from local decision-makers reveals a number of personal and community benefits of inclusive decision-making[[3]](#footnote-4).

BD Giving’s work is influencing other funders, investors, and places to consider a similar approach, showing that power can be successfully shifted to individuals from disadvantaged places and those without formal financial experience. Most of BD Giving’s decision-makers are women of racially minoritised backgrounds—unlike the UK financial sector where less than 1% of decision-makers look like them.

National funders have turned to BD Giving to pilot new models of funding, while the organisation actively develops initiatives like impact investing products tailored to emerging market demands. This work has earned BD Giving a nomination for "Social Investment Deal of the Year" at the 2024 UK Social Enterprise Awards alongside leading national investors.

**Action 3D. Work with local leaders**

Local leaders, including mayors and local authority leaders are in the best position to tailor their approaches to the preferences of those who want to give in and to that place, the nature of local need and local ability to give. There are isolated examples of success here. For example, the Greater Manchester Mayor’s Fund has demonstrated how local funds can work to direct funding to local charities under the broader cause umbrella of ending homelessness. Many local councils hold their own grant funding pots.

Another example is [Propel London](https://londonpropel.org.uk/), a ten year £100 million, cross sector, collaborative funding programme convened by London Funders. The Mayor of London was a founding partner of the collaboration alongside the National Lottery Community Fund and other philanthropy organisations including City Bridge Foundation and Bloomberg. In the past 3 years, £37 million has been distributed to local community organisations across the capital. The programme builds on the Missions of the Mayor’s Recovery Board established during Covid-19, which were developed with civil society and equity partners. Propel is creating transformative, long term funding relationships with organisations led by and for the communities they represent so they can tackle systemic issues across the capital.

**Action 3E. Draw on civic or ceremonial convening power**

Town mayors and ceremonial rules such as Lord-Lieutenants have an important symbolic role and can tap into local networks of businesses, donors, charities and civil society in their areas. Government should encourage civic mayors to take a leadership role, driving philanthropy at a local level. Measures to do this can include:

* Hosting local patrons’ dinners.
* Engaging in training on charities and fundraising, and good practice working with philanthropy.
* Participating in giving days to raise awareness of charitable causes.
* Sharing positive stories and raising the profile of charities.
* Creating networking opportunities bringing together charities, funders and philanthropists.

**Action 3F. Share and use local data**

Government should facilitate, support, and use platforms which allow its local data to be effectively combined with data from charities and funders, for example on local needs and charity provision. This would allow Government, charities, and funders alike to use multiple data sources to build a picture of needs and provision, and to make informed decisions about where funding and interventions can be best targeted. For example, NPC’s Local Needs Databank has successfully brought together data on health and social care, advice and support services, data on poverty and deprivation, and on grant availability.

**Action 3G. A substantial endowment match challenge.**

As noted in action 1G, match funding is a powerful incentive to build a stronger culture of giving and attract new philanthropists to give for the first time. Studies suggest that matched donations are, on average, 2.5 times higher than unmatched donations.

Historically, Governments of all parties have used endowment match funding effectively to support place. For example:

* Under the previous Labour Government, the Cabinet Office ran its **Grassroots Grants Programme** aiming to improve access to funding for local community groups. A part of this programme was the Grassroots Endowment Challenge Fund which offered successful applicants endowed funding from the Government, subject to their securing a match from their own donors. The scheme acted as an incentive to encourage giving by donors, who were already supportive of the charities and their impact, but needed a trigger to get them to give to help build an endowment.
* **Community First** was an £80 million programme to fund new and existing neighbourhood community groups under the Conservative / Liberal Democrat Coalition Government. As part of this, the Community First Neighbourhood Match Fund was a small grants programme targeted at deprived wards, where every £1 provided by the Government needed to be matched by donations, in the form of cash, services, free products or volunteer time. Similarly, the Community First Endowment Match Challenge was a national programme where donations from the public and businesses were matched by Government funding. The pot was then invested ethically, and returns on the investment granted to local charities across the country.

A large endowment match challenge would see the Government match fund donations to the endowments of grantmakers, particularly Community Foundations. These and existing endowments could be invested to generate income that can fund civil society organisations sustainably over time.

Its focus should be broad enough to be tailored to local need, which is more likely to attract philanthropic donors, whilst still aligned with the Government’s overarching Missions. It would also need to ensure it tackled, rather than entrenched, regional inequality by incentivising giving in more deprived communities. We have received feedback that there is substantial appetite from donors to participate in a scheme of this sort which could be transformative in recapitalising communities over the longer term. Local authorities could also consider building on existing grantmaking schemes and match funding schemes that support community fundraising, and where appropriate setting up their own endowment match fund schemes.

**Action 3H. Work with civic mayors**

Civic mayors can play an important symbolic role in growing philanthropy and can tap into strong local networks with understanding of key businesses, donors, charities and leaders in their area. Government should encourage civic mayors to take a leadership role in driving philanthropy locally and connecting and convening key institutions and organisations.

**Action 3I. Dormant assets and Community wealth funds**

The unlocking of dormant assets to support good causes has been successful, and we welcomed the recent expansion of the scheme to further asset classes. In June 2025 the government published its Dormant Assets Scheme Strategy and announced that the £440 million dormant assets funding for England would be allocated across the four named causes (young people, personal finance, social investment wholesalers, and Community Wealth Funds).

The government should publish its response to the technical consultation on the design of the Community Wealth Fund, which will be delivered by the National Lottery Community Fund. It should also look to ensure that dormant assets funding is distributed at pace to address pressing social challenges.

**Strategic Priority 4. Supporting more giving by individuals**

***State of everyday giving and the state of high-net-worth giving***

We are concerned that charities are increasingly reliant on a smaller pool of generous donors. More needs to be done to spread norms of giving and democratise giving throughout society.

Giving is a voluntary financial commitment, and therefore one way to normalise this act would be to support donors to make decisions about how much they can afford to give through regular financial planning. CAF’s High Value Giving report shows 57% of under 35s would choose a financial adviser who offered support on charitable giving, which is an indicator of the potential to engage wealthy donors in a lifetime of giving through better financial advice. Yet, other research by CAF has found that only 5% of financial advisers have a high level of confidence to give advice on giving.

Giving is not routinely discussed as part of financial decision making in the UK. Financial advisers, accountants, and other providers of professional services are at the heart of the UK’s financial services economy and play a significant role in supporting high-net-worth individuals. However, these advisers do not routinely engage in discussions of philanthropy and charitable giving with their clients. Similarly, the UK’s expert legal community plays a hugely significant role. Solicitors are involved in drafting wills, supporting clients with their financial affairs and are often the mode of introduction to financial advisers for wealthy individuals.

Financial services regulators regard philanthropy as being outside the perimeter of their regulatory boundary. This means the subject of philanthropy is rarely raised in annual financial reviews. If money is not put aside for giving as part of annual financial planning, then it inevitably remains ad hoc and of lower value. There is also limited understanding of the full spectrum of ways capital can be used for impact; moving beyond market investment which seeks the highest return, through responsible investment, and ESG investment, toward impact investment, social investment, and philanthropy, where the social and environmental impact of the investment becomes increasingly important. In the case of philanthropy, donations and grants exclusively seek social impact.

**How this document will help**

Placing financial advisers and financial services at the heart of the giving ecosystem will help drive a step change in the culture and narrative around giving. Using the existing infrastructure of the UK’s world-leading financial services sector could generate far-reaching impact, rapidly and effectively.

**Action 4A. Introduce and encourage new philanthropy training for financial advisers and consider making it mandatory**

There has been positive progress on developing training for financial advisers to improve their understanding of philanthropy and social investment which must continue at pace. There are training courses now available to advisers and the sector should encouraged to continue to develop and deliver training, and secure CPD accreditation for it.

The next step is to ensure that uptake is adequate. Making philanthropy training mandatory is one possible option. The Government could direct the FCA to use its powers to add philanthropy to CPD and the curricula of industry qualifications; and include philanthropy and social investment in all its work on sustainable finance, recognising the position of philanthropic capital on the spectrum of capital about which individuals may seek advice. The FCA has been broadly supportive of advisers talking to their clients about philanthropy but more needs to be done on the regulatory framework to ensure customers can access high-quality advice across their impact goals, including philanthropy. Financial advisers operate in a highly regulated environment and therefore tailor their advisory processes to operate within those boundaries.

Financial advisers must be equipped to discuss giving alongside wider tax and spending decisions. This should include impact investing and how to talk to clients about a wider range of use of assets.

If the financial advice sector was more informed and confident on the topic of philanthropy, it would mean they could signpost clients to expert, tailored advice on how they can give – be it via a foundation, a DAF, cash or shares - ensuring they can make the most of their donations and achieve their desired impact.

Once advisers routinely engage with clients on the topic of their giving, the Government must support product innovation in the financial services sector so that an appropriate range of products and solutions are available to deliver this giving. This will enable financial advisers to provide relevant structures and solutions to enable their clients to implement long-term strategic giving plans using vehicles that are appropriate to their life-stage and financial circumstances.

Government could also convene stakeholders from the finance and wealth management sectors into a working group, tasked with suggesting strategies for ensuring all customers can receive high-quality financial advice on their impact goals. These convenings should also happen regionally, as many individuals want to support social or environmental change in their local area which requires local knowledge.

**Action 4B. Unlock pension giving**

Any donation directly from a pension product would currently be classed as a non-authorised payment. While a salaried pensioner may be able to donate to charity through payroll giving, this is currently the only option for donating pension assets. A mechanism should be introduced to allow older people to make tax-free authorised payments from a pension product to charity. Plus, with pension wealth coming into the scope of Inheritance Tax from April 2027, there should be a straightforward mechanism for people to nominate charities directly as tax-free beneficiaries of their pension in the event of their death.

Another area to explore is how pensions can do more to deliver social impact through ensuring that pension assets can be used for impact investment.

**Action 4C. Charitable Remainder Trusts**

Charitable Remainder Trusts (sometimes known as Living Legacies) are an established vehicle for charitable giving in the US. They allow donors to set aside assets for charitable purposes using a standard IRS approved structure. These assets generate income for the donor or family member over a period of time, after which the donated asset or the proceeds of sale and any investment return in excess of the income paid out passes irrevocably to the charity. This allows donors to give assets during their lifetime that they otherwise might not feel they could give - without the assurance of regular income from those assets. The Government should legislate to create a legal structure for Charitable Remainder Trusts in the UK (ensuring an appropriate structure exists in each of the nations).

The Government could be concerned about the foregone revenues from tax relief, which may take an amount of time to become available to charities to benefit from. One response to this would be to introduce a limit on the relief initially. This would give fundraisers a powerful message to take to potential donors: “act fast if you wish to donate, or you will miss your chance this financial year.” Such a limit could act similarly to the limits on ISAs. There is a precedent for the Government offering tax relief to incentivise certain behaviour but imposing a limit on that relief.

**Action 4D. Unlisted shares**

Donations of unlisted shares to charities should attract income and corporation tax relief in the same way that donations of cash, land, and certain listed shares currently do. Our experience with philanthropic clients highlights an increasing group of donors wishing to give securities to charity. In 2023/24, private clients made £45 million worth of share gifts to charitable causes through CAF. Government should allow tax relief to be claimed on donations of all share classes. A pilot could set limits on the size and structure of the share classes to which this applies as the policy is developed. As new stock exchanges are developed such as PISCES, consideration should be given as to ensuring that valuations for intermittently traded shares are accepted for the purposes of donation to charity.

**Action 4E. Gifting alternative assets**

While we recommend that unlisted shares should be the first priority for expanding the scope of tax relief, there are a range of other asset types to which tax relief could be extended. Changes should be made to allow gifts of artwork, collectibles, and other tangible property to be made directly to charity, providing a robust appraisal qualification is put in place, as it is in the US.

**Action 4F. Gift Aid modernisation**

Gift Aid is an invaluable part of the UK charity landscape, providing an incentive for giving and supporting charities’ resilience. Unlocking unclaimed Gift Aid represents a significant opportunity to boost the value of giving to charities. But the processes for claiming Gift Aid were designed for a paper-based age and are creating barriers both for donors and for charities using the relief. The Government needs to modernise Gift Aid and ensure it is fit for the future.

We believe, a step change in the way that Gift Aid operates is needed to ensure that it is fit for today’s world. Donors should have the ability to hold their Gift Aid status within their HMRC account, enabling them to make a universal Gift Aid declaration that applies to all their charitable giving rather than having to make a new declaration for each charitable cause they donate to.

Some campaigners have called for Gift Aid to be automatically collected and paid to charities.

**Action 4G. A new UK solution for cross-border giving**

Trusted UK charities should remain at the heart of the UK’s approach to cross-border giving. A new approach should leave trustees secure in the knowledge that appropriate due diligence has been carried out on any overseas organisation they fund, reducing uncertainty. Our proposal is for third parties to conduct due diligence and offer a certificate, agreed with HMRC and the Charity Commission, which could then be relied upon by any charity making an overseas payment.

**Action 4H. Regulators to focus on philanthropy as a part of offering financial advice and financial services**

Oversight bodies and regulators should include requirements in regulation to talk about sustainability, impact investing and philanthropy. They should encourage finance, legal and accounting professionals to understand the capabilities and structures available to their clients, and to understand how to discuss these topics with their clients.

**Action 4I. Harmonisation between regulators**

We are aware of cases of issues falling between the cracks between regulators and that communication is not as linked up as it could be. Examples include freezing of philanthropic bank accounts when individuals are operating in higher risk countries, or difficulties faced by trusts and foundations investing for impact because of the advice gap in the financial sector. Regulators must develop ways to harmonise their approaches and to ensure joined-up support for philanthropic funders.

**Action 4J. Boost legacy giving**

The Government should maintain fiscal incentives for charitable bequests and explore further opportunities to reward those who sit below the inheritance tax threshold but choose to leave a charitable gift in their will.

Not only do such measures act as a fiscal incentive for giving but they also encourage solicitors supporting people with the drafting of their wills to have all-important conversations about making a charitable gift.

Legacy givers could also be encouraged to express a wish for their legacy assets to be invested for social impact.

Offering a Charitable Remainder Trust would also help to encourage people to make decisions about their “living legacies” and give charities greater knowledge of the pipeline of donations they will receive as well as allow them to develop relationships with a living person.

**Action 4K. Ensuring the probate service is appropriately resourced**

The Probate Registry plays an invaluable role in the timely distributed of legacy donations to charity beneficiaries. Starting in 2020, the probate process was hampered by delays in processing applications, impacting charities’ cashflow and legacy income reporting, with some having to cut back on urgently needed services and delay vital capital projects. Although probate outputs have subsequently improved, the Probate Registry must be equipped to handle the growing number of charitable estates, which generate vital income for UK charities large and small. It is particularly important that the Probate Registry is able to cope with forthcoming changes to inheritance tax, which will bring pension pots into scope of inheritance tax.

**Action 4L. State Pension Donation Scheme**

The Government should explore solutions to enable pensioners to donate all or part of their state pension to charity. Through an opt-in system, pensioners could make a tax free transaction to give a donation to charity acting analogously to the payroll giving system that applies to some private pensions.

**Action 4M.Encourage new philanthropy tools for wealth advisers within platform technology.**

Adjusting existing B2B platform technology to facilitate charitable donations is straightforward. It requires the addition of ‘charitable donation’ as a ‘withdrawal type’ for advisers to select on behalf of their clients. Advisers then select the charitable recipient from the list of UK-registered charities with whom the platform currently has established relationships.

Many advisors want to complement their core offering with philanthropy services. However, for most advisers, this is the only type of simple transaction that they cannot complete on behalf of their clients through their platform. Research shows that many potential donations are not completed simply because the donor does not get around to completing the transaction themselves.

In 2023, the platform Fundment created a tool for charitable giving directly through an investment platform. This was a UK-first integration, and it was simple, tapping into the existing features and functionality of the investment platform. All UK banking and investment platform providers should be encouraged to create these tools for advisers to conduct charitable giving on behalf of clients.

**Strategic priority 5. Supporting more giving by companies and in workplaces**

***State of corporate giving***

CAF research published in 2024 found that just 28 FTSE 100 companies donated at least 1% of their pre-tax profits to charity in 2023. There is significant variation between firms in terms of giving practices.

The offer from the third sector to the corporate sector is clear: companies can boost employee engagement and retention, support their social purpose and mission, and bring people together by working to raise money for charity and to offer volunteering opportunities and chances to engage with charities. Corporate giving has also played an important role in the development of the growing social enterprise sector.

**How this document will help**

Because corporations are not facing consistent incentives or scrutiny on the way they use their capital for impact, we see a wide variety of giving practices and CSR efforts which are inconsistent and varied. The actions in this framework will encourage corporations to use the language and narratives around philanthropy and impact.

There need to be improvements across all sectors – but we would argue that there is particularly scope for increased philanthropic engagement from the financial services sector, including in banking and wealth management, as it is one of the UK’s most economically important sectors and employees in the sector often have strong understanding of personal finance, supporting engagement with schemes like payroll giving

Additionally, many companies see their work in their local communities as a core part of responsible business practice — Government must recognise that place plays an important role in corporate giving too.

**Action 5A. Reinstate mandatory reporting of charitable giving by companies**

The Government should reverse the 2013 amendment to the Companies Act which removed the requirement for companies to report their giving in their annual reports. This would enable greater transparency about giving practices, give companies a clear understanding of the giving behaviour of their market competitors, and set norms for what is reported and how. As noted below, there are standards that the Government could adopt to provide clarity on what should be reported.

**Action 5B. Designate a standard for corporate reporting of giving**

Several different standards exist, creating a lack of consistency on corporate reporting of charitable giving. Designating a standard, such as B4SI, would be valuable in bringing consistency.

**Action 5C. Recognise corporate giving**

Giving positive examples of corporate giving encourages companies to engage in this valuable practice. The Government and philanthropic sector could jointly instate a new annual award which recognises great practice in the corporate giving realm. A set of case studies would recognise the role of corporate giving in supporting charities, expanding social enterprise and other examples of good practice.

Local government could play a particular role on encouraging local employers to participate in giving to local causes. Many places have annual civic awards which can be given to companies as well as individuals and charities who have supported their city town or area.

**Action 5D. Incentivise corporate match funding for employee giving**

Employers can already choose to match employee donations in full, in part, or include a monthly matching cap, for example when they offer a payroll giving scheme. This match is a useful incentive to encourage employees to give to charity. The Government should encourage those employers that do not offer any sort of match to do so. One option is to fund a partial match to corporate donations for a certain period. The goal should be to encourage corporations to invest in matching employee giving and helping to collectively support causes that align with the company’s social purpose.

**Action 5E. A review of workplace giving**

The Government should conduct a review of Payroll Giving and alternative models for encouraging workplace giving. Workplace giving is a powerful tool for bringing employees and employers together. Workplace communities should be encouraged to come together to raise money and support good causes and encourage a direct connection between earnings and charitable donations. The review should consider how a scheme could align with existing schemes such as Gift Aid and ensure that it is as simple and user friendly as possible, suiting all types of workers including groups, like the self-employed, who are left out of existing schemes.

**Action 5F. Allow donations of goods from companies to charities**

The VAT rules that apply when retailers donate products to charities are hampering companies from donating excess stock to charity at scale and is therefore contributing to unnecessary waste and environmental harm. Currently, donations of goods to charities by corporates for onward sale attract full VAT relief. However, when goods are donated directly to support people in need or for the use of charities themselves, the donor is required to pay VAT. Exempting such gifts from VAT would support charities. We welcomed the announcement in April 2025 that HMRC would be consulting on extending VAT relief to the donations of low value goods to charities for onward distribution to those in need or for use in the delivery of their services.

**Action 5G. Encourage corporates to give locally**

Corporates typically have close connections to the places where they operate and have a vested interest in ensuring these places provide a good environment for people to live, work and thrive. This commercial interest in the social fabric of a place can be channelled towards greater corporate giving.

A good example of this in practice is [One For the City](https://oneforthecity.org/), a scheme in Leeds which encourages corporations to commit 1% of their revenues or profits to charities in Leeds.

Government should convene corporates to discuss how they can support places.

**Strategic priority 6. Promoting and celebrating philanthropy**

**State of the sector**

Philanthropy is not well understood in the UK. There is a lack of awareness of philanthropy — a 2024 YouGov survey on behalf of CAF revealed that 35% of the UK public do not know what the term “philanthropist” means and 72% could not name a UK philanthropist. The lack of awareness may be in part be down to the unwillingness of high-net-worth individuals to discuss it; only 23% of high-net-worth individuals proactively discuss their giving publicly. There is an opportunity here to promote best practice – whether it is from high-net-worth individuals or corporates – to help encourage and drive others to give.

The Chartered Institute of Fundraising has been leading on a national campaign for growing giving to encourage more donations.

**How this document will help**

What we need is a cultural step change. The UK has unique strengths when it comes to philanthropy. We have a rich history, and philanthropy is also adapting for the modern world. The Government can help to drive this step change in narrative, articulating how all citizens can play their part in giving strategically to deliver on social good. Strategic, and global, philanthropy partnerships can be an important component of projecting the UK’s soft power in an increasingly complex world.

**Action 6A. Rewrite tax guidance to support greater giving**

There should be a one-stop shop ‘Giving for Britain’ site bringing together clear and accessible tax guidance on giving, legitimising and encouraging the uptake of existing incentives, and setting out how the tax system seeks to enable giving. This site should then be the focus for targeted professional development and consumer campaigns to encourage greater giving.

**Action 6B. Recognise the contribution of philanthropy**

Just 1.1% of New Years Honour nominations made in 2024 explicitly mentioned philanthropy. Doing more to recognise and highlight philanthropy sets an example. We welcome the work that DCMS has done to date, working with the Honours Committee to distinguish those awards with a philanthropic connection. As a result, there was a marked uptick in the number of citations referencing philanthropy in the King’s Birthday Honours 2024.This practice should be continued.

The Government could learn from the examples of Ireland which hosts an annual event to celebrate the role of philanthropy nationally, and Australia, which holds national philanthropy awards.

**Action 6C. Government amplification of national giving initiatives to boost take up**

To help promote everyday giving, the Government should amplify existing initiatives such as “Giving Tuesday,” “Gift Aid Awareness Day,” and “Remember a Charity Week” to the public and to staff within Government departments. A concerted, co-ordinated campaign from Government to boost these initiatives can help focus and drive giving, and promote the benefits of donating to charity to the public.

If successful, such activity could evolve into a wider national giving campaign, tailored to different audiences and messages, to boost philanthropic and charitable giving across the country.

**Action 6D. Proportional consumer protection regulation and legislation**

Charities fully recognise the need for and importance of robust consumer protection so that all donors are treated fairly. Under the self-regulatory system, the Fundraising Regulator sets out specific standards relating to respecting donor privacy and working with people in vulnerable circumstances. There are also several other pieces of regulation and legislation that charities adhere to which are overseen by a range of departments and regulators, including the Charity Commission, the Department for Business and Trade and HMRC.

In some cases, Government departments may adjust or introduce new consumer protection legislation that conflicts with existing rules charities must follow. Or, it is focused on regulating the private sector and has not taken into account the nature of fundraising and donations. This can lead to disproportional administrative burdens that impact fundraising productivity and investment decisions, hampering charities’ opportunities to raise more money for their cause.

To make sure that donors have the right experience, and the highest standards of practice are upheld, we would like to see Government departments inform themselves of existing charity regulation and take any cross-over areas into account. Additionally, where charitable fundraising is routinely a part of a regulator or department’s remit, we believe that consumer research would ensure they are properly informed of risks and how they may differ to the private sector, so that regulation remains effective and proportional.

Related to this, there is also an opportunity to signpost and encourage giving in new consumer guidance, where appropriate.

**Action 6E. Encourage innovation in fundraising**

The Government needs to encourage innovation in fundraising so charities can become more sustainable in the longer term and are better equipped to attract donors.

One way the Government could do this is by using its convening power to encourage the technology industry, charities, and the Government departments to explore opportunities to innovate fundraising and discuss shared goals.

We would also want to see the reinstatement of the Innovation in Giving Fund, or an equivalent. This was launched in 2011 with a £10 million fund from the Cabinet Office. It was administered by Nesta and worked to increase the numbers of people who give, supporting innovators, charities and public services working in this field.

**6F. Share stories for under-represented causes**

The government has a role to play in amplifying the voices of those who are not to be heard. By sharing stories of those doing work in under-served causes they can help to shape the philanthropic and donor response.

1. Our thanks also go to Nilufer Atalay for fruitful discussions on wealth advice [↑](#footnote-ref-2)
2. [innovation\_to\_grow\_giving\_wv.pdf](https://media.nesta.org.uk/documents/innovation_to_grow_giving_wv.pdf) [↑](#footnote-ref-3)
3. Data gathered from local decision-makers reveals that involvement in funding decisions leads to a 15% increase in life satisfaction, a 30% decrease in anxiety, and a 15% reduction in feelings of alienation. This demonstrates the profound personal and community benefits of inclusive decision-making. [↑](#footnote-ref-4)