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## **MEDIA INFORMATION**

(Embargoed until) 01 June 2010

### **Charity Sector in Danger of 'Double Whammy' As Public Spending Cuts Loom**

**Report reveals a £57 million drop in vital legacy income for charity sector**

The UK charity sector could be facing a 'double whammy' to its income, reveals a report released today by the ESRC Centre for Charitable Giving and Philanthropy (CGAP) at Cass Business School, London, and charity consortium Remember A Charity, putting pressure on vital frontline services. The report outlines a 3% drop, equivalent to £57 million, in the £1.9 billion<sup>1</sup> value of legacy gifts left to charities in wills each year, which comes at a time of looming cuts to the third sector's annual £12.8 billion<sup>2</sup> statutory funding.

This financial pressure on the third sector is also occurring when charities are being asked to contribute to the new government's 'big society' agenda. The vision is to increase charity and community involvement in the delivery of public services, such as welfare and health.

New research outlined in the report revealed that the 20 leading legacy-earning charities, which together attract 42% of all charitable legacies in the UK, showed a real annual fall of 3% in their legacy values in 2008-09. The fall has come as market trends undermined the assets and property values to which legacies are linked. If

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<sup>1</sup> Legacy Foresight

<sup>2</sup> The UK Civil Society Almanac 2010

extended to the entire charity sector, this relates to a collective £57 million drop in income.

Cuts to the statutory funding of the charity sector have yet to be revealed, but a recent report by The Charity Finance Directors Group estimated that it would “fall dramatically”. A 1% reduction will mean an additional £128 million reduction in finances.

Currently the £1.9 billion raised annually from legacy giving - the equivalent of over 25 Red Nose Day appeals - comes from only a tiny proportion of the population (7% of adults aged 40+ in the UK<sup>3</sup>). This is in contrast to the 74% of people in the UK who regularly support a charity during their lifetime<sup>4</sup>.

Commenting on the findings of the report, author Professor Cathy Pharoah, Co-Director of CGAP at Cass said:

“Gifts left to charity in wills are such a crucial source of funding to many charitable activities that it is vital to keep a watching brief on their value in this uncertain economic environment.

Some charities depend heavily on the income they raise from legacy gifts, while others are increasingly hoping that legacies and private giving will help them weather any forthcoming public spending cuts.”

Stephen George, Chairman of Remember A Charity, added:

“Legacy giving is the invisible lifeline for so many UK charities yet many people don’t realise they can make a gift in this way; they think it’s about large gifts, and is not for them. The truth is, that after looking after family and friends first, a small share of whatever is left can make a real difference to charities and the invaluable work they do.”

**-ENDS-**

**For further media information or a copy of the report please contact Adrian Chitty at Good Relations on 0207 861 3102 or [rememberacharity@goodrelations.co.uk](mailto:rememberacharity@goodrelations.co.uk)**

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<sup>3</sup> ‘Legacy Giving Research – Remember A Charity’ – TNS Report, Aug 2008

<sup>4</sup> ‘Legacy Giving Research – Remember A Charity’ – TNS Report, Aug 2008

## NOTES TO EDITORS

### 1. Remember A Charity

Remember A Charity ([www.rememberacharity.org.uk](http://www.rememberacharity.org.uk)) was formed in 2000 and now has over 140 member charities, who work together to encourage more people to consider leaving a gift to charities in their will, after they've looked after their family and friends. Legacies (or gifts in wills) form the foundation of charities in the UK. Many charities depend on legacies, without them, they would not exist. The consortium is hosted by the Institute of Fundraising.

### 2. Institute of Fundraising

The Institute of Fundraising ([www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)) represents fundraisers and fundraising throughout the UK and is committed to the highest standards in fundraising management and practice. The Institute of Fundraising is the largest individual representative body in the voluntary sector with 4800 Individual members and 280 Organisational members

### 3. The ESRC Research Centre for Charitable Giving and Philanthropy

The ESRC Research Centre for Charitable Giving and Philanthropy, based at Cass Business School, City University, London, provides crucial evidence which charities can use to develop giving in the UK, and which the Government can also use to ensure their policies are most effective in helping charities give all that they can to society.

The Centre is funded by the Office of the Third Sector in the Cabinet Office, the Economic and Social Research Council, the Scottish Government and the Carnegie UK Trust. Together they provide a total of £2.2million over 5 years.

### 4. Cass Business School

Cass Business School, City University, London, delivers innovative, relevant and forward-looking education, training, consultancy and research. Located in the heart of one of the world's leading financial centres, Cass is the business school for the City of London.

Our MBA, specialist Masters and undergraduate degrees have a global reputation for excellence, and the School supports nearly 100 PhD students. Cass offers the widest portfolio of specialist Masters programmes in Europe and our Executive MBA is ranked 21<sup>st</sup> in the world by the *Financial Times*.

Cass has the largest faculties of Finance and Actuarial Science and Insurance in Europe. It is ranked in the top 10 UK business schools for business, management and finance research and 90% of the research output is internationally significant.

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