## Potential in tough times

**There are two threats to current company giving, banks, who have given most to charity, are having the toughest time, and those who give as a marketing exercise. But the sector should not worry, argues Ben Wittenberg**

Some fundraising organisations swear by company giving, and some turn their noses up at it, but it is often dismissed when looking at the overall funding environment because it only amounts to about 2-5% of the total sector income (depending whose figures you look at). But, contrary to what may on the surface be common sense, company giving has the potential to rise massively during the recession and plug the gaps other funders can't fill.

The voluntary sector receives £11.5billion annually from government through grants and contracts. While there is clear evidence that grant funding from government is declining year on year, earned income from contracts is also under increasing threat. Grant making trusts give around £4.1billion to the sector – and there is emerging evidence that the impact of declining investment returns and settlements will cause this figure to drop over the coming year. Individuals give £12.6billion per year, and reports on how this will be affected by the recession vary massively. Then there's the £650m sucked out of the lottery pot to pay for the running and jumping in 2012.

The signs everywhere are that there are tough times ahead, that funders are going to be facing increased demand, coupled with reduced capacity to meet it. Government, trusts, and individuals are already giving what they can, and what they have to give is shrinking. Then there are companies. Company giving has remained relatively static over the last 10 years, as a proportion of the sector's overall income, and giving as a percentage of pre-tax profits (around 0.33% on average for those that give at all). And while company giving is a small part of the sector's income, proportionally it's a tiny part of companies' income for two reasons. Firstly, most of those that give don't give very much and secondly, not many companies give. The three biggest givers last year in terms of cash donations were Barclays (£39m), Lloyds TSB (£38m), and HBOS (£19m), but only the top 100 givers gave in excess of £1m. Ranked by the percentage of pre-tax profit they gave only 96 gave over 1% or more. Now there are two specific threats to current company giving as a result of the current economic climate. Firstly, those companies that historically have always given most to charity have been banks and other financial institutions – the ones who (arguably) are having the toughest time financially at present. Secondly, much company giving takes place primarily as a marketing exercise, and as a result is likely to be under greater threat than other budget lines for many companies. For these reasons the report recently published by The Social Investment Consultancy is likely to be correct – of the companies that give currently, overall, we're likely to see a drop in the amount they give. But so what? The potential for more companies to give is incredible. There are around 4.7million businesses in the UK, of which 6,000 have over 250 employees. Our research of the top 500 givers starts to tail off at giving totals of around £5,000, but imagine if 5,500 of those biggest companies that don't currently give did. If just those 5,500 top companies gave the average of the top 500 current givers, it would represent around £9.5billion, putting them close to government and individuals in terms of sector income. Now that's potential, and possibly a little unrealistic, at least in the short term, but it does beg the question, how could we get to those levels of company giving? How could we convince more companies to give more? How could we make giving a part of the wider corporate culture? Occasionally people shout "how dare you" at me at this point. Companies already pay their taxes, and their duty is to their shareholders, and who are you to say we should give even more of our money away? But I don't think the answer is forcing or guilting companies into giving. The first simple step might be as easy as getting giving on the agenda at the shareholders meeting. And it might address one of the most frustrating conversations I've ever heard which went: "Our shareholders would never accept us giving any of our profits to charity." "Have you asked them?" "No".

*The Guide to UK Company Giving 2009/10 is available from www.dsc.org.ukY:\Research and Policy\Policy and Campaigns\Articles & press releases\Charity Times\Companies should give more - March 2009.doc*

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