# The Company Giving Almanac 2013

Dr. Catherine Walker

Supported by:

pears foundation

DSC

# The Company Giving Almanac

# 2013

Dr. Catherine Walker

*Foreword by Nick Hurd MP, Minister for Civil Society*

Supported by:

pears foundation

DIRECTORY OF SOCIAL CHANGE

Published by the Directory of Social Change (Registered Charity no. 800517 in England and Wales)

Head office: 24 Stephenson Way, London NW1 2DP

Northern office: Federation House, Hope Street, Liverpool L1 9BW
Tel: 08450 77 77 07

Visit www.dsc.org.uk to find out more about our books, subscription funding websites and training events. You can also sign up for e-newsletters so that you're always the first to hear about what's new.

The publisher welcomes suggestions and comments that will help to inform and improve future versions of this and all of our titles. Please give us your feedback by emailing publications@dsc.org.uk.



First published 2013



ISBN 978 1 906294 77 9

**British Library Cataloguing in Publication Data**
A catalogue record for this book is available from the British Library

Cover and text design by Kate Bass
Typeset by Marlinzo Services, Frome
Printed and bound by Page Bros, Norwich

MIX
Paper from responsible sources
FSC® C023114
FSC www.fsc.org

# Contents

# Figures

# Tables

# Foreword

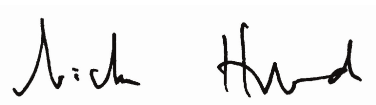
I believe that we are on the brink of a substantial shift in corporate social responsibility. In more and more companies, I see it moving from a box to tick to the mainstream of strategic thinking. This is not hard to explain. Business leaders are or should be worried about public trust. The values of a business are becoming more and more important to customers and employees. A growing number of business leaders get this. Some of them have radically changed how they give back to be more ambitious in using the core skills of the organisation for public good.

This is an exciting moment in the relationship between business and civil society. Many businesses in the UK do a great deal to support their communities, but many others do not. In *Every Business Commits*, the Prime Minister made it clear that businesses are an integral part of the communities they operate in. They should take steps to encourage volunteering and philanthropy, and make company time, skills and resources available to neighbourhood groups, local arts organisations and for social action. And I think more companies can learn by example from their peers here and from the culture of corporate giving in the US – not least by understanding the great commercial benefits that can flow from supporting communities.

It is an exciting time of innovation with great potential to structure really fruitful partnerships between business, civil society and indeed government itself, where there is real value for us all. This is particularly true when we talk about the transfer of skills and sharing of ideas.

It is important to celebrate and recognise businesses and other employers that already do so much to enable employees to give. And we also want to encourage those who can, to do more. This is why I am fully supportive of the Directory of Social Change's research on this topic. The Directory of Social Change has been researching companies' support for charities and communities for over twenty-five years, providing a solid, credible, comprehensive and challenging source of data and analysis in this area.

In my own dealings with the Directory of Social Change I have never known them to pull punches, and this publication – which informs and inspires – is no exception.



**Nick Hurd, MP. Minister for Civil Society**

# About the Directory of Social Change

DSC has a vision of an independent voluntary sector at the heart of social change. The activities of independent charities, voluntary organisations and community groups are fundamental to achieve social change. We exist to help these organisations and the people who support them to achieve their goals.

We do this by:

- providing practical tools that organisations and activists need, including online and printed publications, training courses, and conferences on a huge range of topics;
- acting as a 'concerned citizen' in public policy debates, often on behalf of smaller charities, voluntary organisations and community groups;
- leading campaigns and stimulating debate on key policy issues that affect those groups;
- carrying out research and providing information to influence policymakers.

DSC is the leading provider of information and training for the voluntary sector and publishes an extensive range of guides and handbooks covering subjects such as fundraising, management, communication, finance and law. We have a range of subscription-based websites containing a wealth of information on funding from trusts, companies and government sources. We run more than 300 training courses each year, including bespoke in-house training provided at the client's location. DSC conferences, many of which run on an annual basis, include the Charity Management Conference, the Charity Accountants' Conference and the Charity Law Conference. DSC's major annual event is Charityfair, which provides low-cost training on a wide variety of subjects.

For details of all our activities, and to order publications and book courses, go to www.dsc.org.uk, call 08450 777707 or email publications@dsc.org.uk.

# A word from our sponsor

Our Family Foundation has supported research into giving and philanthropy for many years. As such we are pleased to support this report that we hope will establish an accurate and transparent indicator of current giving trends by companies.

We do this in the belief that corporate giving has a strong history in the UK, but sadly this sort of positive news is rarely highlighted.

In the current economic climate, we think that companies could play an even more important role in tackling social issues in the UK and beyond.

We hope this report will encourage greater thinking about and an increase in giving and CSR from the corporate sector.

Trevor Pears

**Trevor Pears, CMG. Executive Chair of Pears Foundation**

pears foundation

# Introduction

Welcome to the first edition of *The Company Giving Almanac*. This is our first step towards producing what we hope will become a comprehensive picture of how companies give to charities, communities and the wider voluntary sector.

There are a number of motivations for us producing this piece of work. The Directory of Social Change has been researching company giving for decades, consistently meeting the same challenges that stem from their reporting, which at its best is inconsistent, and at its worst is misleading, unhelpful and untrue. The sections on methodology outline these challenges in full. We hope that by shining a light on how companies are reporting, and what that tells us, it will provide a new space for discussion and debate about how companies report their giving, how it can be improved, and how that could be of benefit to both givers and recipients.

Also, at a time when statutory funding to the voluntary sector has been slashed, and trust giving has remained largely static, company giving is one of the few areas of funding where there is potential for considerable growth. The role of companies in wider society is increasingly part of social, political and voluntary sector narratives, but there is precious little evidence of what they do already. Our focus in this edition is on the largest givers, for whom records of their cash giving exist at least in part.

Our hope in future incarnations is to explore in greater detail more nebulous and intangible areas such as corporate–charity partnerships, in-kind support, and small-scale local company giving to build a fuller picture of how companies are supporting the UK voluntary sector.

# Acknowledgements

A big thank you to the DSC Research Team members in Liverpool who gathered the raw data for this report, and also helped with case studies, data checking, geographical allocation of grants and extra analyses: Anna Adams, Jude Doherty, Lucy Lernelius-Tonks. Denise Lillya, Jonny Morris and Tom Traynor (Research Manager).

Thanks also to Ben Wittenberg (Director of Development and Delivery), Jay Kennedy (Director of Policy and Research), Debra Allcock Tyler (CEO) and Tom for their insights, debate, discussion and help with writing this report.

Huge thanks to Pears Foundation which generously supported this research.

# Key findings

## Corporate support in numbers

- The top 418 corporate givers analysed in this report give total contributions (including in-kind) worth £603million to the UK community and charitable sector
- Total UK cash donations by the top UK company givers amounts to £470 million
- Total support to the UK community and charitable sector by all companies in the UK is estimated to be between £700 and £800 million
- This corporate support represents around 2% of UK charities' total income
- 20% of the companies give 90% of the cash.
- Cash donations currently make up 77% of total charitable contributions with in-kind making up the rest; this is an increase on previous estimates which found the cash proportion to be around two-thirds (67%) of the total CSR budget.
- The average amount given by companies in the sample is £1.1 million.
- 73 companies (17% of the total number of companies in the sample) give more than £1 million in cash donations to charitable causes. Between them, these million-pound corporate donors give £410.6 million (or 87% of total cash donations)
- Total contributions as a proportion of pre-tax profits stand at around 0.4% overall, with cash at 0.3%
- Comparison of the top corporate givers in the ninth edition of *The Guide to UK Company Giving* with the eighth edition shows that the level of cash donations has decreased by 16% while total contributions have decreased by around 27%.

## About good corporate citizenship

- Measuring and reporting company giving is an underdeveloped area with minimal legal framework and poor buy-in from companies.
- Reputation is a key issue for companies and their social responsibility and good citizenship is an important part of this for the general public.
- There is a good business case which can be made for corporate support for charities, but there are those who believe this should not be necessary and that companies should want social responsibility to be part of their DNA.

- While there are some amazing examples of great partnerships between companies and charities, the reality is that this is restricted to a very few big-name, popular causes, while smaller organisations rarely get a look-in.
- Business–charity partnerships often suffer from ill-matched perceptions of each other, of shared goals and of realistic funding possibilities and from accusations of charity-washing.

## Where do companies give?

- 49% of companies giving in the UK donate to causes and communities within England, and 20% of the total funds are spent here, working out at £1.85 per person. Scotland gets £2.57 per person, Wales £2.48 and Northern Ireland a mere 23 pence per person.
- 39% of companies do not specify where in the UK they give (or give nationally), giving 75% of total funds available (or £5.55 per person), overall the UK per person total is £7.45.
- Within England, Greater London receives the largest share of the money (33%), followed by the North West (19%) and the South East (15%); the West Midlands receives the smallest share of the money (1%).
- Where company donations are given does not appear to correlate with relative deprivation nationwide but rather according to where company offices and branches are located and also according to where charities are based.

## Who do companies give to?

- Community/social welfare, educational and children and young people's causes are most popular with more than 50% of companies supporting them.
- Causes such as human rights, inner cities, women's issues and equal opportunities are less popular, with fewer than 10% of companies supporting them.
- Companies tend to have different preferences for charitable causes from individuals, in particular the arts and culture are traditionally seen as the domain of the company giver rather than the individual
- In the last five years, community and social welfare has overtaken education as the most popular cause for companies to fund, but more cash still goes to education.

## Industry differences

- Despite the recent economic upheaval, the financial sector still dominates the top UK corporate giving figures, both in terms of cash (£245 million) and total support, including in-kind (£319 million).
- The financial sector also comes out on top with an average spend of £3.3 million in total contributions per company (£2.5 million in cash). Least charitable per company is the technology sector, with an average spend of £309,000 in total contributions per company (£237,000 in cash).
- While the average charitable support in the UK for these top company givers forms around 0.4% of pre-tax profit in the utilities, financials and consumer services industry sectors this figure stands at around 0.7% pre-tax profit, with consumer goods, healthcare and basic materials (chemicals, forestry, paper, mining) languishing at around 0.1% pre-tax profit on average.
- The overall average for UK giving was one-third (33%) of total worldwide CSR budgets across all industries in the sample, but this ranged from 99.5% for utilities to 1.4% for technology.
- While the majority of all companies favour community and social welfare, education, and children and young people's causes, there are industry-wide differences in which causes are favoured, with for example, utilities favouring the environment, education and heritage.

## Corporate trusts and foundations

- It has been estimated that corporate foundations provide 15% of grants made by charitable trusts and foundations in the UK, meaning that grants from corporate trusts and foundations could be worth over £500 million today.
- 113 (27%) of the companies in this report have their own corporate trust or foundation.
- The financial sector has more corporate trusts than any other industry sector, although the consumer services sector is gaining pace, particularly among retailers.
- The companies declaring corporate trusts and foundations in this year's report give over half of all the support going to the UK, and over half of the cash as well.
- The most popular cause for these companies with trusts or foundations is education, with 70% of companies supporting it.
- The bulk of the cash (46%) goes to the top three causes: education, community and social welfare, and children and young people.

- The charitable trusts and foundations associated with the top ten companies collectively received income of nearly £147 million in the last financial year, and gave grants of more than £116 million.
- Together these top ten foundations have assets of over £1 billion.

## The financial sector

- The financial (banking) crisis put paid to the financial sector's phenomenal growth of 6% per year (more than twice the growth of the UK economy as a whole). The loss of profits had a knock-on effect on the charitable contributions of the financial sector, and a considerable effect on the public reputation of the sector.
- The financial sector represents 21% of companies in the UK top company givers (23% by turnover, and 27% by pre-tax profits). In terms of numbers it is dominated by private equity and wealth management firms (31%), but it is the banks which dominate in terms of turnover (40%).
- Despite the recent economic upheaval, the financial sector still dominates the top UK corporate giving figures, both in terms of cash (£245 million) and total support including in-kind giving (£319 million).
- While the average charitable support in the UK for the top company givers in this report forms around 0.4% of pre-tax profit, in the financial sector this figure stands at around 0.7% of pre-tax profit.
- Banks dominate the sector's charitable support, with Lloyds Banking Group accounting for one-quarter (25%) of the entire sector's giving.
- The financial sector spreads its support across a wider range of causes and beneficiaries than other sectors, and strongly favours arts and culture causes.
- Despite the fact that over half of the financial sector's contribution to UK GDP is generated in London and the South East, 92% of the money donated by the financial sector is distributed nationwide, with only 3% concentrated specifically in Greater London (with 0.4% going to Scotland, and 0.1% going to Wales).

# Chapter 1
# About the data

## 1.1 Introduction

The data analysed in this report is taken from the Directory of Social Change's (DSC's) *The Guide to UK Company Giving 2013/14*, which captured information on the top 551 corporate donors. *The Guide to UK Company Giving* reports companies' total contributions in support of the UK community and details cash giving separately (where this is stated in the company's literature). In this respect, it is a unique set of data.

In this edition, 418 companies published specific figures for their UK giving and are therefore included in this Almanac. The data refers to the latest available published accounts for the company.[1] The list of companies included in *The Guide to UK Company Giving* were originally compiled from the top FTSE companies, and ranked by their UK donations and contributions. This list is continually updated, adding new companies as their UK giving puts them on DSC's radar. We estimate (as outlined in 2.1.1) that our research currently accounts for about 80% to 90% of all giving by companies to the UK.

## 1.2 Gathering the data

The methods we use to gather information on companies' charitable support are relatively straightforward. Basic financial details and the level of cash donations for a particular year are obtained from published annual reports and accounts or information lodged at Companies House. For other support in addition to cash donations (gifts in kind such as pro bono work, employee volunteering and so on) and the specifics of a company's charitable support policy, we have spoken to the relevant person at the company. With many companies nowadays, such information is increasingly to be found on their websites, which can sometimes be very helpful and informative.

## 1.3 What is included in the data

There is a statutory obligation for companies to record their charitable donations where the total exceeds £2,000 in any one year, and this will be declared in the company's annual accounts. The figure for their community contributions

[1] In *The Guide to UK Company Giving 2013/14* (D. Lillya and T. Traynor (2013), DSC), these refer to year ends in 2010 (19%), 2011 (74%) and 2012 (7%).

(including in-kind support), however, is more difficult to obtain and often is not calculated at all.

DSC's basic criteria for inclusion are that the company has made either: cash donations; gifts in kind such as equipment, volunteering, mentoring, or secondment of its staff; and/or provided sponsorship or established partnerships in support of the community in the UK. Some of the quoted UK giving contains an element of worldwide giving and it is often necessary to make a best estimate of 'cash giving' due to the unavailability and poor reporting of exact figures.

Some companies do not publish specific figures for their support in the UK (and some declare these details only to giving membership groups such as LBG (the London Benchmarking Group)), meaning that, even if we know that they support charities and community groups in the UK, we cannot include an accurate figure for their UK giving. This is the case for such giants as Royal Bank of Scotland and British Telecom. DSC cannot see any good reason why these figures are not published and will continue to press for this to be the case.

Where a total contributions figure is not stated for the UK but we do have a cash figure, the cash figure has also been used for total contributions, although the real figure is likely to be higher.

In this Almanac we have concentrated most of our analyses on cash giving, as this is a universal unit of counting which is easy to quantify. We acknowledge, however, that cash donations are not the only way in which a company can provide support for charities and community groups. In many instances, and increasingly, the support given by companies in resources far outweighs their cash donation:

> *Our initial focus was centered on direct cash donations, but we have progressed to a position where our community investment program encompasses employee volunteering, matched-giving schemes, in-kind donations, disaster relief efforts and partnerships with community groups, educational institutions and cultural organizations in all of our business regions.*
>
> *UBS corporate responsibility report 2012*

Where made available to us, we have included an additional figure for total community contributions, and this is included in some of the analyses. However, the means of measuring the value of these contributions, and even what should be included under this heading, are open to debate. In our view, the term should cover a company's charitable donations, plus support such as good-cause sponsorship and the value of gifts in kind, such as equipment, pro bono work, secondments and employee volunteering during company time.

The term 'gifts in kind' can be misleading – it can include anything from the 'gift' of an old computer or a group of willing but unfocused volunteers with little to offer practically except repainting a wall, to the really worthwhile contribution of pro bono legal or accountancy work provided by some private, professional firms or the secondment of a key member of staff to achieve a significant target or help to restructure a charity.

The term would have originally referred to goods, pieces of furniture or items of equipment (nearly always second-hand), whereas now, in the current economic climate, companies are increasingly offering staff time and skills as gifts in kind, which can be a very valuable asset for a charity:

> *This year the business has increased its focus on the community and has formed its first national community partnership in the UK with Marie Curie Cancer Care.*
>
> *HomeServe chose Marie Curie as our first national charity partner because, in addition to the traditional fundraising channels, we are in a unique position to help Marie Curie patients in their own homes. Utilising our network of tradesmen and engineers, we plan to undertake emergency and repair work in patients' homes to provide support to them during their illness.*
>
> *HomeServe has pledged to donate £1,000,000 to Marie Curie over the next three years (April 2010–March 2013). The target will be made up of employee fundraising and volunteering, customer donations, sponsorship and gift-in-kind contributions.*
>
> *HomeServe annual report 2010*

If it is stated separately, we specifically exclude staff and customer fundraising as we believe that this is not really the company's support. Staff fundraising is often done at the request of employees and many have to use their own spare time to organise it. We believe that this is better described as individual giving. Equally, payroll giving (unless matched by the company) is seen as individual giving. Many payroll giving schemes offered to employees do not offer a full range of charities but a limited 'approved' selection.

If calculated and provided by the company, we quote management costs separately, as we do not consider it valid to include this as part of total community contributions. Obviously, companies incur certain costs in running their community investment programmes, but inclusion in the overall figure gives the impression of the available funding being greater than it actually is.

Finally, if possible, we give a separate figure for any cause-related marketing initiatives a company may have undertaken. Again, we do not include this in the total community contributions figure because of its obvious commercial benefit to the company concerned. This is analysed in Chapter 2.

We do include companies' donations to their own corporate foundations, as this is ultimately given to support the community, even though it may not filter through for many years. This is not listed separately, as companies are inconsistent in their reporting, but is analysed in Chapter 7.

It must also be borne in mind in these analyses that money given to UK charities does not necessarily stay in the country. For example, Standard Chartered states that it gives some support to UK-registered charities, but this is only given to those organisations which focus on supporting work outside the UK.

## 1.4 The state of corporate reporting

It is notoriously difficult to measure company giving, as others have noted. For example, CaritasData's survey notes that: 'A health warning about the data is needed! It has become notoriously difficult to measure or benchmark the value of total corporate community investment (CCI)'.[2] The reluctance of the majority of companies to be truly transparent – that is, to state their contribution in each country rather than an overall global figure, or to declare in real terms what they have given to the community by way of their social investment – leads to confusion over not only who gave most, but also what they gave and what it is that potential grant or partnership applicants should be applying for.

If companies state that funding or support is part of their commitment to their communities and they reap the benefits that this brings, then it is not unreasonable to ask the following questions. How much was given in volunteer time, mentoring hours, equipment, secondments, etc.? What is the breakdown of the contribution given? Where did the cash contributions go, what good did they do and how were the successful applicants selected?

Reporting is getting better amongst some companies, yet there is still a reluctance to be utterly transparent.

### *1.4.1 Transparency*

DSC has always maintained that it is in the public and the voluntary sector's interest to know about individual company policies so that a clearer picture may be seen of what support is available, where and for what purposes.

Companies, unlike grant-making charities, are clearly not primarily established to support good causes and they have neither the same practices and policies in place as grant-making charities nor, perhaps, the inclination to sort through many applications looking for those which are the most appropriate or worthwhile. For this reason, it is important for the company to make clear and publicise its criteria for giving and for the potential applicants to see if they have a match or link, in order to save time and other resources for both parties.

We know from our research for *The Guide to UK Company Giving* that some companies are gradually recognising and acting on the moral imperative to publish

[2] CaritasData (2011), *Charity Market Monitor*, London, Wilmington Group.

their policies on community/charitable giving, their targets, performance and the delivery of those targets, and who they have benefited in a particular financial year.

However, a glossy brochure or section in the annual report with a myriad of statistics is not always transparent in a way that is useful to potential applicants. Very often the information given is emotive rather than substantial, avoids actual money spent, and/or concentrates on its employees' contributions, not distinguishing between the efforts of staff and the actual resources donated by the company in cash or in kind. It can also be seen in many instances that staff volunteering, while accredited to the company in what it has contributed to the community, is also accredited to the company in its contribution to staff development, thereby actually avoiding costs for itself.

Companies which are truly transparent in any meaningful way about all aspects of their community involvement are still, unfortunately, in the minority.

Chapter 2

# Company giving in context: the background on company support for UK communities

## Key observations

- Corporate donations to UK charities are estimated to total between £700 and £800 million.[1] This represents around 2% of UK charities' total income, and around 4% of private cash giving in the UK.
- Corporate social responsibility in the form of support for charities and causes has developed slowly over the last 50 years, and opinion is divided as to whether it has currently hit a wall or is developing in new ways.
- Measuring and reporting company giving is an underdeveloped area with minimal legal framework and poor buy-in from companies.
- Reputation is a key issue for companies and their social responsibility and good citizenship is an important part of this for the general public.
- There is a good business case which can be made for corporate support for charities, but there are those who believe this should not be necessary and that companies should want social responsibility to be part of their DNA.
- While there are some amazing examples of great partnerships between companies and charities, the reality is that this is restricted to a very few big-name, popular causes, while smaller organisations rarely get a look-in.
- Business–charity partnerships often suffer from ill-matched perceptions of each other, of shared goals and of realistic funding possibilities and from accusations of charity-washing.

[1] This is a DSC estimate based on DSC research of the top 551 corporate givers, and NCVO's *The UK Civil Society Almanac 2013* (whose estimate is derived from a sample of registered charities' accounts, which is then upscaled to represent the whole sector).

# 2.1 Introduction

### *2.1.1 An overview of key figures*

Corporate donations to UK charities have been estimated to total around £1.7 billion annually (up by around £100 million on last year's estimates).[2] This level has barely grown in a decade.[3] However, this total includes a large amount of non-voluntary and specialised income which, according to the latest figures from the National Council for Voluntary Organisations' (NCVO's) *UK Civil Society Almanac 2013*, comprises £836 million of the £1.7 billion, leaving £842 million of voluntary donations.

While exact amounts are unavailable, a large proportion of the £836 million 'earned' income is derived from (relatively large) patent royalties mainly associated with the big medical foundations, which will benefit only a very small section of the voluntary sector. Another portion is payments for research and consultancy work (again, only for relatively few charities), plus a large volume of relatively small sponsorship deals, which will benefit a larger part of the sector.

NCVO's figures show that, while the picture is quite volatile, the proportion of earned income to voluntary income is increasing, with earned income currently standing at around 50% (up from 31% in 2000/01).[4] While NCVO suggests that its research underestimates corporate support, DSC's own research suggests that the true figure for total corporate support to the sector (not including special payments for patents and earned income which benefits only a small part of the sector) stands nearer the £700 to £800 million mark.[5]

DSC estimates that the top 551 corporate donors give £603 million to UK charities and good causes, with £470 million of that being cash. This is estimated to cover around 80% to 90% of all UK company giving.[6]

Giving by UK stock market-listed companies to communities around the world, however, is bigger business. In 2009/10, for example, the top 300 UK-listed

[2] D. Kane, P. Bass, J. Heywood, V. Jochum and K. Wilding (2013), *The UK Civil Society Almanac 2013*, NCVO. This estimate is derived from a sample of registered charities' accounts which is then upscaled to represent the whole sector.

[3] Cathy Pharoah (2012), 'We need a new set of indicators for giving in the workplace', *Third Sector*, www.thirdsector.co.uk, 6 November.

[4] However, NCVO suggests, anecdotally, that this may be due to changes in the way in which corporate support is categorised, meaning that what once might have been classed as a donation is now called 'sponsorship' or 'partnership', both of which land in the 'earned income' category, not 'voluntary income' (personal communication, May 2011).

[5] C. Walker and C. Pharoah with M. Marmolejo and D. Lillya (2012), *CGAP Briefing Note 9: UK Corporate Citizenship in the 21st Century*, London, CGAP and DSC.

[6] D. Lillya and T. Traynor (2013), *The Guide to UK Company Giving 2013/14*, London, DSC, pp. v & vi.

corporate donors alone gave £2.6 billion to support worldwide development (including major product donations).[7]

Corporate donations by the top givers to UK charities have been falling over the last few years in real-terms; cash donations in particular have declined with a concomitant increase in the proportion of in-kind gifts.[8]

Companies' contributions as a proportion of pre-tax profit vary according to which sample of companies is surveyed: for DSC's sample of the top 400 company givers to the UK, the proportion has been around 0.4% for total contributions and 0.3% for cash (2011/12); for *Charity Market Monitor*'s sample of the top 300 UK-listed corporate givers the proportion was 0.9% (excluding major product donations) in 2009/10; while for LBG's 136 members, the proportion has wavered around 1.2% on average (2012).[9]

### *2.1.2 What does the Directory of Social Change know about company giving?*

The Directory of Social Change (DSC) has been gathering information on corporate giving for more than 20 years. Data is collected from corporate annual reports and from targeted surveys about giving to UK charities and communities. This information has been published in *The Guide to UK Company Giving* and on a subscription website: www.companygiving.org.uk for many years. These products are aimed mainly at fundraisers to aid with their applications for charitable funding; however, DSC also has a keen interest and expertise in the aggregate picture of company giving, as well as in best practice amongst grant makers, and this is what has prompted this new publication.

## 2.2 A brief history of corporate giving in the UK

Corporate giving is not a new phenomenon. It is worth noting that researchers have found some proceeds from trading have been donated to charitable causes since the dawn of commerce.[10]

The development of corporate philanthropy as a more organised system in the UK is closely related to the timing of industrialisation, since the ways in which businesses impacted on society and the environment took on a very different character at this point. The 'corporate paternalists' of the late nineteenth and early twentieth century

[7] CaritasData (2011), *Charity Market Monitor*, London, Wilmington Group.

[8] According to figures from LBG member surveys, CaritasData's *Charity Market Monitor* and DSC's *The Guide to UK Company Giving*.

[9] Even in the US, giving by the largest corporations has a median value of 1% of pre-tax profits, with the biggest giver giving 6.2% (Alcoa): C. Preston, 'Most Big Companies Expect Flat Giving, Despite 2011 Gains', *The Chronicle of Philanthropy*, philanthropy.com, 22 July.

[10] A. Sargeant and E. Jay (2004), *Fundraising Management: Analysis, Planning and Practice*, London, Routledge.

(such as Cadbury, Rowntree and Carnegie) used some of their wealth to support philanthropic ventures, promoting the development of living conditions and the education of the working classes. By the 1920s, discussions about the social responsibilities of business had evolved into what we can recognise as the beginnings of the corporate social responsibility (CSR) movement.

At the same time, partnerships were made between businesses and charities and local government. With the growth of the welfare state, this social provision began to be undertaken by government agencies; industrial paternalism declined and wider philanthropic partnerships became the preferred method of corporate social help.

By the 1960s and 1970s, with the emergence of the environmental movement, in response to concerns over resource depletion and pollution, businesses were subject to increasing regulation. Around the same time, a new debate arose around the private sector's role in society, and whether it extends beyond creating employment, providing goods and services, and generating profit for shareholders. In 1970, the economist Milton Friedman infamously declared that 'The social responsibility of business is to increase its profits.'[11] He set up a very clear divide between the capitalist notion that the business of business is to produce goods and make profit versus what he thought of as the 'socialist' notion of the social responsibility of businesses.

This stark statement, however, was not acceptable to many in society who saw that companies operate in an environment with limited resources, and that to solely focus on profits would, eventually, lead to disaster. By the 1980's, some large companies had developed strategic environmental reporting and management systems. This practice of corporate environmental reporting opened the doors for wider voluntary reporting on social and environmental issues. Environmental disasters such as the Bhopal gas tragedy in 1984 and the Exxon Valdez oil spill in 1989, however, meant that public confidence in the ability of big business to act responsibly was severely damaged, leading to changes in legislation which surpassed enforcing technical environmental standards and started to address company's ethical procedures.

At the same time, movements such as Fair Trade and the green agenda were gaining ground as mainstream concerns.

Legal obligations for CSR were still very light, however, since the harm done to non-natural resources by profit-making companies has often been less easy to pinpoint. 'Operational responsibilities' such as not harming the environment, having responsible supply lines, and treating employees fairly are perhaps more easily targeted and supported than 'citizenship responsibilities' such as making goods available to low-income customers, supporting community projects and solving social problems.[12]

[11] M. Friedman (1970), 'The Social Responsibility of Business is to Increase its Profits', *The New York Times*, 13 September.

[12] P. Karoff, 'The First Rule of Corporate Social Responsibility Is Not What You Think', *Stanford Social Innovation Review* [blog section], www.ssireview.org.

Despite the lack of legal obligations, as had happened around environmental issues, social pressure probably drove the move towards greater corporate social responsibility. Consumers began to demand more of producers than a good product and, crucially, the balance of power began to shift away from shareholders to a wider group of stakeholders, including the consumer, employees, peers, partners (suppliers, distributors, regulators) and wider society (including the media). Globalisation has also played its part in spreading new corporate cultures and expectations. Trust between the private sector, the third sector, and the public, however, has long been difficult to achieve and maintain.

> *Fifteen years ago business capital and social capital were the twain that never would meet: activists regarded business as a bunch of ruthless, uncaring capitalists while business saw the third sector as well-meaning but amateur do-gooders.*
>
> *Tom Levitt*[13]

This view still holds in some quarters, but at the vanguard of society's development things are changing.

## 2.3 How is company giving viewed in the twenty-first century?

The latest Eurobarometer survey showed that just over half of all European citizens believe that companies have a positive influence on society, while more than 4 out of 10 European citizens believe that they have a negative influence. Food production and agricultural companies, retail companies and supermarkets are the most likely to be seen to be making efforts towards social responsibility, while finance and banking, mining and oil and gas companies are the least likely to be seen to be making such efforts. Interestingly, small and medium-sized enterprises (SMEs) are seen to be more socially responsible than large companies.[14]

### *2.3.1 The triple bottom line*

The triple bottom line acknowledges that businesses have an economic, social and environmental impact and therefore they have duties in these areas. Sometimes referred to as 'people, planet and profit', the concept of reporting on these three effects was ratified by the United Nations in 2007 as a standard for public sector accounting, and is gaining ground in the private sector.

> *Today CSR has developed into a new paradigm for business. Companies are moving away from simply mitigating potentially negative social and environmental impacts. They are now thinking about how they actually do business and how they can change their business models to better understand their*

[13] T. Levitt (2012), *Partners for Good: Business, Government and the Third Sector*, Farnham, Gower Publishing.

[14] TNS Political & Social (2013), *Flash Eurobarometer 363 – How Companies Influence Our Society: Citizens' View*, European Commission, Directorate-General Enterprise and Industry.

*interaction with wider society. For a growing number of companies, CSR is fundamentally changing the way they operate.*

*Nicky Amos*[15]

In the twenty-first century there is a growing consensus that CSR has become a permanent part of the UK business agenda. Almost all of the largest FTSE companies (with a market capitalisation of £6 billion or more) are among the top 300 corporate donors. The influence of the government, consumers, investors, the media and campaigning organisations means that social, ethical, and environmental responsibilities are becoming 'part of the DNA of business'.[16]

In a recent speech, Prime Minister David Cameron suggested that he supports the view that business has a moral responsibility to society. He claimed that 'Business is the most powerful force for social progress the world has ever known'.[17] In terms of means and power, he is correct. Today, some of the larger multinationals have a balance sheet larger than the economy of some countries. In fact, it has been quoted that 25 of the top American corporations have revenues which surpass the gross domestic product of entire countries – and not always small countries.[18]

In 2011 the Departure for Culture, Media and Sport announced a Year of Corporate Giving and the launch of Every Business Commits, a campaign which called for businesses in the UK to support their communities in a variety of ways, including:

***Support your community***

- *Encourage volunteering and philanthropy, make your company's time, skills and resources available to neighbourhood groups, local arts organisations and for social action*
- *Make available and actively promote payroll giving to all employees*
- *Help employees learn how to get involved in social action, for example by supporting them to take a Citizen University course*

*Department for Business, Innovation & Skills*[19]

In return, the government pledged more business-friendly policies, including cutting levels of corporation tax to make the UK more attractive to businesses looking for a home.[20]

[15] N. Amos (2009), 'Growing a Socially Responsible Business' in *A Guide to Giving*, London, ACF and Philanthropy UK.

[16] M. E. Porter and M. R. Kramer (2011), 'Creating Shared Value', *Harvard Business Review*, January.

[17] At the Business in the Community conference on 23 February 2012.

[18] V. Trivett, '25 US Mega Corporations: Where They Rank If They Were Countries', *Business Insider*, www.businessinsider.com, 27 June.

[19] BIS (2010), 'Every Business Commits' [flyer], Department for Business, Innovation & Skills.

[20] The budget 2013 cut corporation tax to 20% in 2015 – one of the lowest in the Western world. The government has come under fire after a number of corporate tax avoidance scandals have come to light in the last couple of years and is now moving to try to eradicate such schemes, despite them being legal, on the grounds of their moral irresponsibility.

Companies benefit from a tax write-off against their corporation tax for gifts to charity made under the Gift Aid scheme. While just £3 billion was given to charities via Gift Aid in the first ten years of the scheme (1990–2000), compared to £40 billion given by individuals, since 2000 the company has been able to claim the gross amount of the gift in tax relief although unfortunately there are no figures available for how much is currently given in this way.

The government has also been promoting company–charity partnerships, with Business in the Community's Business Connectors scheme being championed by the Office for Civil Society as a shining example of cross-sectoral success. With nearly £5 million of funding from The Big Lottery Fund, the scheme has trained 22 Business Connectors so far, whose role is to support and develop local partnerships between businesses and charities.[21]

### *2.3.2 Doing good = good business? (Or doing well by doing good)*

There is much debate around whether 'doing good' can also be good business. Those who argue for this proposition point towards numerous business benefits, including: good publicity, brand awareness, better understanding of customer base, staff development, appearing more attractive to potential staff, and the improvement of financial performance.[22] This competitive advantage has been proven in a number of research studies.[23] In addition, a good CSR strategy can lead to better reporting from companies which are in partnership with charities on social and/or environmental issues, plus many report changing their business practices for the better.[24] Many in business today acknowledge that younger employees and potential employees are looking to work for companies with a clear social purpose.

> *These companies exhibit this behavior [responsible operations] while achieving greater financial success than their competitors.*
>
> *Cadman and Bildfell*[25]

[21] BITC (2012), '£4.8 million Big Lottery Funding to harness the power of British business and voluntary sector to improve lives of those most in need', Business in the Community, www.bitc.org.uk, 20 June.

[22] BITC (2008), *The Value of Corporate Governance: The positive return of responsible business*, Business in the Community.

[23] BITC (2008), *The Value of Corporate Governance: The positive return of responsible business*, Business in the Community; B. Lev, C. Petrovits and S. Radhakrishnan (2008), *Is Doing Good Good for You? How Corporate Charitable Contributions Enhance Revenue Growth* (available at SSRN: ssrn.com/abstract=920502); P. Klein, 'Why corporations with a social purpose perform better', *Forbes*, www.forbes.com.

[24] C&E (2012), *C&E Corporate–NGO Partnerships Barometer 2012*, London, C&E Advisory Services.

[25] R. Cadman and D. Bildfell (2012), '*Putting Shared Value into Practice*', Stanford Social Innovation Review [blog section], www.ssireview.org, 4 December.

### *2.3.3 What is corporate social responsibility?*

Corporate social responsibility can cover many bases, just one of which is corporate community investment (CCI) on which this report concentrates. This is the direct engagement with the voluntary and community sector to improve social conditions in the communities in which companies operate. Social responsibility as a concept, as well as its practices, has been evolving in recent years – at least for some.

In the last decade research has shown that the education and club membership of the chair of the Board has an impact on the size of company donations: those companies with chairs educated at one of the highly elite Clarendon schools have higher levels of giving.[26] This implies that much company giving is viewed as discretionary and influenced by the preferences of a small elite of directors who, in the case of larger companies at least, will largely be from more privileged backgrounds. It is widely known that richer people from more privileged backgrounds have different patterns and preferences for certain causes over others, meaning that corporate giving still has the propensity to be rather undemocratic.

Changes have become apparent in more recent years in the move away from paternalistic CEO-centric social responsibility programmes to ones in which there is much more staff participation in companies' giving goals and the methods they employ to achieve them. For example, Breeze quotes from surveys showing that in 2009 1 in 7 companies involved their employees in choosing their charitable causes, whereas in 2011 one-quarter of companies were now involving employees.[27] Breeze noted, however, that in her own study staff were usually only nominally consulted or consulted on choices of lesser importance (for example which of three charities should be supported), whereas the bigger decisions were still made by senior management (for example which three charities should be chosen for potential support).

Evidence in the UK and US points towards the nature of corporate philanthropy changing from pure cash donations to more complex partnerships with charities, including much more in-kind and non-cash support.[28]

With a bit of imagination and skill, a variety of in-kind contributions can provide invaluable and unique help to charities. Some charities enjoy long-term partnership support, enjoying the passion which businesses of a likeminded ethos share for their cause; others fare less well.

[26] M. Bond (2004), 'Social influences on Corporate Political Donations in Britain', *British Journal of Sociology*, vol. 55, no. 1, pp. 55–77; M. Bond (2007) 'Elite Social Relations and Corporate Political Donations in Britain', *Political Studies*, vol. 55, no. 1, pp. 59–85.

[27] Harvey (2009) and Ribiero (2011) cited in B. Breeze (2013), Corporate philanthropy on the shop floor: what drives employee fundraising?, CGAP Working Paper, April 2013.

[28] According to figures from LBG member surveys, CaritasData's *Charity Market Monitor* and DSC's *The Guide to UK Company Giving*.

The other side of this coin is when charities don't get the right deal out of partnership. It is clear from many an apocryphal tale (and many a well-documented one too) that getting a company of accountants in to paint a wall may not be the best outcome for the charity – especially when that same wall has been painted six months previously by another firm looking for a 'team-building volunteering opportunity' for their staff. The Corporate Volunteering Network (CVN) describes how the Charity Challenge – a 'one-off' day often aimed at fulfilling a company's CSR commitment – is both hard to accommodate and of limited value in both the short and long-term for the charity.[29] As one charity commented: 'The skills secondments we've done are so much more valuable but it's a shame they don't attract the same press as 50 people digging a hole!' The feeling in the voluntary sector is very much that 'Corporates must do better than a £5 voucher or some tins of paint.'[30]

That charities sometimes feel pressured into accepting such deals with companies on poor terms (no costs covered, and no resources given to manage the experience) in the hope that they might lead to a better partnership deal is a shame, say CVN, since these deals rarely manifest themselves. Since there is evidence to suggest that in straitened times the giving of time rather than money is increasing amongst corporates this is an increased worry. To be fair, many companies are also dissatisfied with such Charity Challenge arrangements, but also often suffer from a lack of resource to do any better.

There are a number of brokerage organisations which now specialise in trying to get the best partnership arrangements for corporate volunteering opportunities with charities, for example CSV Employee Volunteering and Three Hands.[31]

This fits with the trend reported more widely of a move away from the company as 'giver' towards the company as 'partner', in what the *Financial Times* calls a 'new incarnation of capitalism' incorporating the creation of shared values and investing for mutual benefit in the communities in which companies operate.[32]

## 2.4 Corporate partnerships

Business partnerships are like personal relationships – they come in many shapes and sizes, short and long-term, casual and serious, they have their ups and downs, and generally need to be worked at. Partnerships between companies and charitable

[29] K. Lendon and C. Thompson (2012), 'The Charity Challenge: The reality for charities of engaging with corporate volunteers', session at the NCVO–VSSN conference, 10 September.
[30] K. Curley (2012), 'Corporates must do better than a £5 voucher or some tins of paint', *Third Sector*, www.thirdsector.co.uk, 21 August.
[31] www.csv.org.uk/volunteering/employee-volunteering; www.threehands.co.uk.
[32] A. Hill, 'Sustainable growth is the new incarnation of capitalism', *Financial Times*, 17 May.

organisations are no different, however the very name suggests a deeper relationship between the two organisations than handing over a cheque.

### *2.4.1 Charity of the Year*

The traditional form of 'deeper' partnership between companies and charities has been the Charity of the Year arrangement. The upside of such arrangements for companies is the engagement of a large number of employees in choosing charity partners and engaging in a wide range of fundraising activities which can sometimes yield support into the millions.

The downsides are that these arrangements are usually time-limited, often one year in length, in order to keep staff engaged but not allowing for the development of any long-term changes; they will most often be with the big brand name charities which have to compete for the top spot; and they often involve a lot of bureaucracy on both sides with the usual issues around 'Charity Challenge' employee volunteering opportunities needing to be accommodated. It should also be borne in mind that a lot of companies also raise money from their customers for their Charity of the Year which, strictly speaking according to DSC, shouldn't be counted as corporate giving.

### *Corporate partnerships in action*

The homelessness and housing charity Shelter has seen an 80% rise in demand for homelessness services in the last three years, and is facing the potential closure of 10 advice centres and 100 jobs, due to the loss of up to £3 million in government funding. Shelter currently has 42 corporate partnerships to try and bridge the funding gap. These include five high street banks, two major supermarkets, and range from Bob the Builder to John Lewis, KPMG and Fujitsu, and from simple Charity of the Year arrangements to the Charity of the Year deal with Fujitsu, whose staff chose Shelter as a partner charity. Fujitsu, with Shelter, is overhauling the charity's entire website and technology infrastructure, and modernising tills, allowing it to double the number of its charity shops over the next two years and to introduce webchat online advice services. The company is also relying on its staff to raise money for Shelter in 9,000 tubes of Smarties distributed by management in an initiative dubbed 'Chocolate for Change'.

The most lucrative charity of the year partnerships seem to be with either banks or supermarkets, which is reflective of the current British economy. However, the growing trend towards larger companies becoming more proactive in their community giving, for example, choosing partnerships which complement their business, and being more focused in their approach, does not bode well for most voluntary organisations. This is particularly true for those which are smaller, and cannot give the same publicity to a company's contribution as the larger ones, or the less popular, such as those charities supporting ex-offenders or people dealing with drug addiction.

The spread of more democratic procedures favours more established charities and 'safer' causes. Both managers and shop floor staff recognise that widening employee participation in the selection of charitable beneficiaries creates an inbuilt advantage for those charities with the best name recognition and the most widespread support. Quotes from charity staff attending a large corporate–charity partnership event demonstrate how this inbuilt advantage for certain types of charities and causes is perceived by those working within the charity sector:

> *'It's usually the big boys [of the charity sector], to be quite honest.'*
>
> *'They're not very fair, the same few charities win them all.'*
>
> *'If you're one of the charities that everyone loves and are popular with staff then Charity of the Year is worth it.'*[33]

One way in which this can be balanced is by encouraging companies to adopt match funding schemes whereby they match the funds raised by their employees for charities of the employees' choice. This allows staff to choose causes for which they have an affinity, without considering what fits in with the company's particular business, or what the charity can give in return. DSC's research has found that around a quarter of companies provide staff with matched funding schemes.

Some recent Charity of the Year partnerships have seen Tesco staff and customers raising £7.2 million for CLIC Sargent in 2010/11, Santander raising £600,000 for Alzheimer's Society in 2011 and £900,000 for Marie Curie Cancer Care in 2012. However there is some debate among both charities and companies about whether the Charity of the Year arrangement is declining in popularity. *Fundraising* magazine's recent 'Corporate Partnerships Survey 2012' found that 54% of companies surveyed said that they were 'slightly' or 'far less' interested in Charity of the Year arrangements, with one respondent commenting that 'they are unsustainable and not the most effective way of making social impact'.[34]

Worryingly, the survey found that the most prevalent cause of a charity rejecting a corporate partnership was the fact that the partnership was not perceived to have a good enough return on investment. Over 44% of charities which rejected a partnership cited this as the primary reason, a significant increase on previous years.

[33] B. Breeze (2013), 'Corporate philanthropy on the shop floor: what drives employee fundraising?' [CGAP working paper], Centre for Charitable Giving and Philanthropy.
[34] Civil Society, 'Corporate Partnership Survey 2012', *Fundraising*, www.civilsociety.co.uk.

### *2.4.2 Cause-related marketing*

Another form of company–charity partnership is cause-related marketing. In 2013 it seems that one can hardly turn on the TV, or walk into any supermarket, without being bombarded by the growing number of charity-corporate 'partnerships' on your washing powder (Persil/Comic Relief; Unilever/NCT; Fairy non-bio/UNICEF), washing up liquid (Fairy Liquid/Make a Wish Foundation), soup (New Covent Garden Soup/Crisis), juice drinks (Innocent/Age UK), coffee (Nestle Nespresso/ Rainforest Alliance), chocolate (Cadbury/Save the Children), crisps (Walkers/Comic Relief), water (Co-operative sparkling Fairbourne water/The One Foundation), or wine (Wine Relief for Comic Relief). Then you get to the checkout and you're confronted with collecting Tesco's Computers for Schools or Sainsbury's Active Kids sports voucher. With this level of bombardment it is not surprising that some view this kind of charity–corporate partnership as 'neo-liberal conspiracy to make everything market-driven'.[35]

Traditionally called 'cause-related marketing', companies advertise a charity on their product and donate a small sum from the profit on each unit to the cause. In return, the company gains positive brand image through association with a charitable organisation or cause, increased sales and market share. And it's big business. In the US, since 2002, cause sponsorship has grown from $816 million to $1.70 billion in 2012. Back in 1990, cause sponsorship spending was only $120 million. In 2012, 47% of consumers bought a brand at least monthly that supports a cause.[36]

Of course, the downsides are similar to Charity of the Year arrangements in terms of the sometimes intense competition and pitching for sponsorship deals, and in many cases, even tougher, as the choice won't be made by employees but by senior management with a view to the best reputational rub-off possible from the chosen cause or charity. Charities themselves need to think very carefully about the company's reputation rubbing off on them.

### *2.4.3 'Cash cows' and 'charity cases'*

Charities and companies are very different partners, and one of the biggest issues with relationships between the two occurs in their perceptions and understanding of each other. For example, it appears that while many companies value non-cash support of charities more highly, many charities value cash donations much more. A recent C&E corporate-NGO partnership barometer survey found that 63% of companies agreed that: 'Effectively harnessing my company's competencies and non-cash assets can make much more of an impact on our key NGO partners than our financial support', whereas 52% of NGOs disagreed.

[35] P. Karoff, 'The First Rule of Corporate Social Responsibility Is Not What You Think', *Stanford Social Innovation Review* [blog section], www.ssireview.org.

[36] Cause Marketing Forum (2013), 'The Growth of Cause Marketing', www.causemarketingforum.com

In the same survey, while only 42% of NGOs agreed that: 'On the whole, NGOs are considered to be effective, professional entities with which to do business', they may have been surprised to find that 74% of companies agreed with the statement.[37]

So it seems that the traditional perceptions of charities seeing companies as 'cash cows' and companies perceiving charities to be 'well-meaning but disorganised amateurs' damage relationships and may not be true.

For some charities, the challenge is in the perceived discrepancy between the corporate support offered and their own needs. For example, while many charities find the offer of unrestricted funding the most attractive, as it can be used for core funding and wider project spending, some companies are becoming more reluctant to give cash.

In addition, forced marriages or marriages of convenience between charities and companies appear to be on the increase, partly as a result of the prolonged recession (in the form of charity–corporate partnerships where neither party really wants the partnership but feels that they have to out of economic necessity or out of a necessity to fulfil internally ill-understood social responsibility commitments).[38] In particular, marketing-led partnerships (such as cause-related marketing campaigns) have increased, perhaps in response to the squeeze on resources in all sectors. Charities are increasingly partnering with companies in order to gain access to people and networks, for innovation and to improve efficiency.

Charities often do not see partnerships as a purely transactional relationship; they have the desire for corporate partners to know and understand what they do, and it is often frustrating for charities and companies alike when their timelines for achieving project results do not match up.[39]

The mismatched expectations persist, however, when it comes to the major reasons for partnering: companies overwhelmingly (82%) emphasise the enhancement of brand reputation and achieving greater credibility, while the majority of charities (96%) emphasise access to and the opportunity to generate resources.[40]

### 2.4.4 'Shared value partnerships'

The latest rhetoric calls for the corporate–charity relationship to have 'shared value', which involves creating economic value in a way that *also* creates value for society by addressing its needs and challenges.[41] In this way, businesses reconnect company

[37] C&E (2012), *C&E Corporate–NGO Partnerships Barometer 2012*, London, C&E Advisory Services.

[38] Ibid.

[39] CAF (2009), *Helping companies helping charities: working together in and out of recession*, West Malling, Charities Aid Foundation.

[40] C&E (2012), *C&E Corporate–NGO Partnerships Barometer 2012*, London, C&E Advisory Services.

[41] M. E. Porter and M. R. Kramer (2011), 'Creating Shared Value', *Harvard Business Review*, January; U. Haque (2011), *The New Capitalist Manifesto*, Boston, Harvard Business Review Press.

success with social progress. Porter and Kramer, the chief proponents of the concept, claim that corporate social profitability is the next stage of CSR.[42] To give one of the most famous examples: Danone yoghurt teamed up with Grameen Bank in Bangladesh to develop a low-cost yogurt that provides 30% of a Bangladeshi child's recommended daily nutrients. This creates economic value by creating value for society, and provides a model for the kind of win-win shared responsibility approach valued by many as the way forward in today's rocky economy.

Such shared-value partnerships are on the rise with 87% of leading charities and 93% of leading companies surveyed being aware of and/or exploring opportunities in this area.[43] Indeed, one of the major proponents of this position has said that this dual view is critical to the long-term survival 'of every company'.[44]

### *Shared value partnerships in action: Samaritans and Network Rail*

In January 2010, a pioneering five-year partnership was launched between Samaritans and Network Rail to reduce suicides on the railways. Suicides on the railways make up around 4% of the 6,000 total annual number of suicides in the UK. On average, one person a day tries to take their life on the railway. Take out the human implications, and rail suicide costs our railway industry many hours of delay, and millions of pounds.

The overall aim is to reduce the number of suicides on the railways by 20% over a five-year period. The partnership involves the roll-out of a programme of suicide prevention and post-incident support activities, with the support of Network Rail, Train Operators and the British Transport Police.

To date, more than 4,000 industry staff have been trained to deal with people in distress on the rail network. A National Suicide Prevention Group has been formed. As part of this initiative, Samaritans volunteers attend stations in the aftermath of a fatality, offering support to passengers, railway staff and British Transport Police officers. By 2013, over 50 reported suicide interventions have been carried out at railway locations by rail staff trained on the Managing Suicidal Contacts course.

[42] M. E. Porter and M. R. Kramer (2011), 'Creating Shared Value', *Harvard Business Review*, January.
[43] C&E (2012), *C&E Corporate–NGO Partnerships Barometer 2012*, London, C&E Advisory Services.
[44] U. Haque (2011) *The New Capitalist Manifesto: Building a Disruptively Better Business*, Boston, Harvard Business Review Press.

The Samaritans and Network Rail partnership has scooped the following awards:

- The Corporate Partnership award at the Third Sector Excellence Awards on 28 September 2011;
- The Transport Team/Partnership of the Year award at the National Transport Awards held on 6 October 2011;
- The Corporate National Partnership of the Year award at the Charity Times on the 12 October 2011;
- The Charity Partnership award at the Third Sector Business Charity Awards on 15 May 2012.

There are a number of very successful shared-value partnerships in play currently; however, as with most company–charity partnerships, these are mostly amongst the big-name charities and companies.

On the political level, a related idea being talked about in policy circles is 'predistribution'. In this context, it basically means reforming private sector behaviour so that business is more socially responsible in a holistic way. Rather than the state redistributing business wealth and putting it towards social ends, or companies giving away a slice of their profits, the idea is to make achieving social objectives a central part of what business does. The theory goes that this would reduce the load of social need on the public and social sectors. For example, if all businesses paid the living wage, there might be less need for all kinds of other support services from the state and charities.

Barclays provides a good example of this: it has committed to investing £25 million in a social innovation facility to develop products and services which help address social challenges. Barclays feels that there is greater potential for the community to benefit if projects such as these become part of core business rather than being administered by charities on the ground. Therefore, Barclays is diverting some money away from grants to charities into these projects.

Barclays has stated that this type of activity may be replacing the traditional 'donor relationship' with charities, suggesting that this type of support is more sustainable than giving money to a charity to do something which will then stop when you stop giving it money.[45]

[45] This example was communicated at the Corporate Citizenship event: 'Consultation on new measures of social impact' on 8 February 2013.

Despite all of the rhetoric, there is a relative dearth of information on corporate giving in the UK. Part of the reason behind the insufficiency of our theoretical understanding of corporate giving up to this point has been the absence of adequate data.

## 2.5 Reporting and measuring company giving

One of the hardest tasks for anyone working in this area is the lack of open, transparent, comparable data on company support for charities and communities. The methodology explanation in Chapter 1 details how DSC has tackled this issue in this instance, and details the notable absences of some household-name top FTSE companies which have failed to provide adequate UK figures or breakdowns of their support.

It is worth noting that 62% of European citizens (60% in the UK) feel uninformed about whether companies act in a socially responsible way, despite their interest in knowing (while 63% of US citizens feel that they are informed about what companies do to behave in a socially responsible way).[46]

> *When companies do not understand or rigorously track the interdependency between social and business results, they miss important opportunities for innovation, growth, and sustainable social impact at scale.*
>
> *Porter et al.*[47]

As noted before, there are very few legal obligations for companies to report their CSR activities. In 2006, the UK government repealed the statutory obligation for all large companies to produce an operating and financial review containing social responsibility reporting, replacing it with the Accounting Standards Board's reporting statement of best practice. There are similar best practice guidelines internationally: the United Nations Global Compact, introduced in 2000, aims to encourage businesses worldwide to adopt sustainable and socially responsible policies; similarly, the ISO 2600 or ISO SR governing social responsibility, introduced in November 2010, offers guidance and does not introduce new requirements.[48] As the FTSE 100 constituency changes over time, it is impossible to track their corporate responsibility reporting consistently; however, surveys suggest that between 97% and 99% currently report on their CSR activities, whether through standalone reports, their annual reports or on websites, although there is no one recognised standard.[49]

[46] TNS Political & Social (2013), *Flash Eurobarometer 363 – How Companies Influence Our Society: Citizens' View*, European Commission, Directorate-General Enterprise and Industry.
[47] M.E. Porter et al. (2012), 'Measuring Shared Value: How to Unlock Value by Linking Social and Business Results' [Knowledge Exchange section], FSG, www.fsg.org.
[48] Neither is it an accreditation standard, unlike most British Standards.
[49] Spada Research (2008), *Environmental Reporting: Trends in FTSE 100 Sustainability Reports*, www.spada.co.uk; Black Sun (2011), *Responding to Change: Seventh annual analysis of FTSE 100 corporate reporting trends*, www.blacksunplc.com.

Since there are few legal obligations in the area of corporate social responsibility, standards of reporting can vary enormously. This changeability makes comparison and accurate trend tracking increasingly difficult as previously noted. It can seem at times that there is increasing obfuscation rather than growing transparency in CSR reporting. For this reason a number of reporting standards have been developed by the voluntary and community sector, in partnership with a number of cooperating companies, with various degrees of success. The main ones in the UK are:

- Business in the Community (BITC) Per Cent Standard (1986–2006);
- Business in the Community (BITC) Community Mark (2007–present);
- The Corporate Responsibility Index (BITC) (2002–present);
- LBG (formerly London Benchmarking Group) (1994–present) – the most widely used model (see www.lbg-online.net/about-lbg/the-lbg-model.aspx).

Established in 1994 by Corporate Citizenship, the LBG model allows companies to measure their overall contribution to the community, taking account of cash, time and in-kind donations, as well as management costs. The model also records the outputs and longer-term community and business impacts of CCI projects. All the main CSR indices such as the Dow Jones Sustainability Index, the BITC Corporate Responsibility Index and the Global Reporting Initiative (GRI) have embedded LBG methodology, with LBG Benchmarking groups operating in Australia, Canada, Czech Republic, Romania and Spain and in several other emerging markets in the LBG international network. Over 300 companies now use the LBG model and participate in LBG benchmarking groups to share and drive best practice in CCI.

The LBG framework enables companies to measure their support for the community across a number of categories and to assess their achievements and the outcomes for society. The model is summarised below. However, as with all of these schemes, membership is voluntary and currently only used by the largest companies.

LBG, which represents the international standard for corporate community investment, conducts regular member surveys. Its latest in 2012, which reports on 136 members worldwide (41% contributions in the UK) that together have channelled over £1.65 billion to communities around the world, shows how cash is only part of the story. Its members report that cash makes up just 54% of their total support, with in-kind making up 30%, time, 8% and management costs, 6%.[50]

Contributions such as employee time, expertise, facilities, mentoring, equipment and products are difficult to value accurately. Additionally, companies may devote resources to identifying needs, responding effectively, assessing impact and developing partnerships, and the cost and value of these are hard to measure.

[50] LBG (2012), *2012 Annual Review*, London, Corporate Citizenship.

As companies increasingly report a combined cash and in-kind giving figure, their figures sometimes also include forms of giving which are arguably not company giving at all, for example fundraising by employees, payroll giving by employees and collections from customers. In addition to this there is an increasing tendency, particularly for large pharmaceutical companies, to make large product donations in lieu of cash donations. Major product donations pose a number of difficulties, not least of which is that it is hard to put a value on products which may or may not have the same value in the communities to which they are donated, and which may be valued at cost or market price almost indiscriminately.

LBG reports that over half (52%) of its members match employee fundraising efforts, while 26% match payroll giving and just 21% match employee volunteering.

LBG members report a number of additional sources of funding alongside straightforward corporate donations, which includes 23% via employees' donations, 45% from customers and 23% from customers. LBG reports that on average, its members leveraged an additional £4 million in these ways.[51] While such leveraging is very important, DSC believes that these additional sources of funding should always be reported separately from the company's own donations.

DSC's methodological stance on measuring in-kind contributions is stated in Chapter 1 and summarised here:

*The Guide to UK Company Giving* captures information on the top corporate donors, and also publishes companies' cash giving separately (where stated in company literature) so that fundraisers are more aware of the nature of the support they might be likely to receive from these companies.

Unfortunately, despite the existence of a number of schemes and guidelines encouraging better reporting, data in this area is still poor and difficult to collect, and companies which are truly transparent in any meaningful way with all that they do as regards community involvement are still, unfortunately, in the minority.

## 2.6 The global financial crisis and its impact

The recent recession and 'austerity' conditions have cut deeply into the pockets of all sectors of society. The detrimental impact on charitable funding has been noticeable, although not evenly spread.

The voluntary sector approached the economic downturn in relatively good health. In fact, a number of indicators taken from NCVO's *UK Civil Society Almanac 2009* suggested that it approached the downturn in a stronger position than previous recessions, with higher than average incomes, increases in the sector's total income,

[51] Ibid.

assets and paid workforce, and giving and volunteering steady or increasing. This may have served to cushion the sector somewhat from the double whammy of recession and cuts, but it wasn't to escape unscathed.

The volatile financial climate has made it harder for some charities to obtain funding at a point where they are experiencing an increased demand for their services. A survey conducted by CAF in 2009 found that over half of charities whose services help individuals to deal with the effects of the recession had seen an increase in demand for their services in the previous three months (this online survey was responded to by 322 charities from across the UK between 9 and 26 January 2009). Over the same period, 41% of charities reported less funding than they had budgeted for, and of those which receive corporate income, two-fifths had received less of this kind of support.[52]

### *2.6.1 The effects of the recession on companies*

With fluctuations in the stock market and the faltering and failure of some financial institutions, there have been huge challenges for those planning their company-giving policies and programmes. How far can or should community budgets be maintained in the face of lower profit margins, corporate cutbacks or staff losses? How far can or should forward planning be based on emerging but fragile 'green shoots' of recovery?

Those at the top of the corporate giving ladder had some of the biggest falls. *Charity Market Monitor* reported that almost all of the 15 FTSE 100 companies that experienced the largest drops in value in 2008/09 were also top corporate donors, including the Royal Bank of Scotland, Lloyds Banking Group, Man Group and National Grid plc.[53] The recent turmoil and reconfiguration among UK banks has also changed the face of corporate giving in some ways (see Chapter 8 for an in-depth look at what happened to the financial services sector).

There is some evidence to suggest that one way in which companies respond to a recession is to give more in-kind contributions and less cash. The knock-on effect remains to be fully understood but it could involve less flexibility to choose how to spend a cash donation. On the plus side, necessity could be the mother of invention and lead to better and more effective partnerships between companies and charities. Good corporate citizenship could have a role to play in the UK's recovery from the current financial crises, leading to greater and better social change.

[52] CAF (2009), *Helping companies helping charities: working together in and out of recession*, West Malling, Charities Aid Foundation.
[53] CaritasData (2011), *Charity Market Monitor*, London, Wilmington Group.

## 2.7 The challenges and benefits of company giving for companies, charities and society

For companies, social responsibility agendas are both a challenge and an opportunity. It is acknowledged that there are a number of challenges that companies may face in implementing better social responsibility throughout their businesses. Perhaps chief amongst these can be the lack of senior management buy-in associated with an over-fixation on what are seen as core business functions. For some, a lack of employee interest and involvement in CSR initiatives is an issue. In some organisations the difference in organisational cultures and languages means that stakeholder engagement, in particular between profit, non-profit and public sector organisations is discouraged.

Some company managers just do not see social responsibility as part of their remit. In the twenty-first century, however, this viewpoint is increasingly seen as short-sighted.

### *2.7.1 Reputational issues*

Most large companies acknowledge these days that their social responsibility footprint has an effect on their reputation. Indeed, 79% of global business leaders surveyed by the Reputation Institute agreed that we live in a 'reputation economy' where people's willingness to support a company relies heavily on issues of trust rather than just the quality of their goods and services, with 60% agreeing that their reputation has a high financial impact on their business.[54] In addition, a report by Accenture found that 78% of executives see social responsibility as vital to the future growth of their businesses.[55]

They do well to think so, since the Reputation Institute finds that the public's support for companies improves in a direct relationship with reputation: consider the fates of G4S in the wake of the Olympics security fiasco, or Findus after the horsemeat scandal. In a similar way, the UK's banking and financial sector is still suffering the slings and arrows of the financial crisis, as Chapter 8 details.

Over years of studies with companies and consumers, the Reputation Institute has come up with seven important components of a company's reputation: products and services (17.6% contribution to overall reputation), governance (15.9%), citizenship[56] (14.1%), workplace (13.6%), leadership (13.2%), performance (12.9%), and innovation (12.6%). This illustrates that the public looks at how companies

[54] Reputation Institute (2013), *The 2013 Global RepTrak™ 100: Results and Report: The World's Most Reputable Companies 2013*, www.reputationinstitute.com.

[55] Accenture (2012), *Long-term Growth, Short-term Differentiation and Profits from Sustainable Products and Services: a Global Survey of Business Executives*, www.accenture.com.

[56] The report defines citizenship as follows: '"Company" is a good corporate citizen – it supports good causes and protects the environment'.

behave in a wider context beyond just the products and services they provide. Increasingly, the workforce also wants to work for companies which are responsible and ethical.

In terms of overall reputation, the industries which come out on top are consumer goods (73.7%), retail (consumer services), and industrials. Bottom of the heap are telecoms, utilities and the financial sector (56.8%).[57]

As we have seen, the 2013 Eurobarometer survey showed that the public does not feel that it has clear information on how companies perform in the area of citizenship, despite it being an important measure to them. This is echoed in the Reputation Institute's findings which show that 68% of the public does not have a clear opinion on how companies perform on the citizenship dimension – there is much yet to be done by companies to publicise positive programmes in this area. Of global business leaders surveyed, 63% expect reputation management to be a higher priority for their company in the next two to three years, and indeed it is likely to be, as the full extent of large businesses' tax avoidance comes to light. Recent press figures suggest that only two of the UK's 100 largest firms do not have subsidiaries in tax havens.[58]

### *2.7.2 'Charitywashing'*

While good all-round reputation can help to cushion the blow for companies which find themselves in a sticky situation, those with less reputational capital may find things more difficult (witness Royal Bank of Scotland or Barclays whose reputational-well seems to be running dry after a series of scandals and poor press). Equally, in this age of global media reporting, it is getting harder for companies to pull the wool over the public's eyes, especially when it comes to corporate citizenship.

There are those who accuse many companies of 'charitywashing',[59] in the same way that the rhetoric and showboating by some oil companies about environmental work may be seen as just so much greenwashing propaganda. Since CSR is, in large part, expected of all companies these days, some appear to make a semblance of doing their bit without really wanting to or putting any effort into it. Others may use a charity partner's name as a reputational shield, or even as a smokescreen for less reputable practices behind closed doors.

[57] Reputation Institute (2013), *UK RepTrak™ Pulse 2013: Reputation survey results from Reputation Institute and The 2013 Global RepTrak™ 100: Results and Report: The World's Most Reputable Companies 2013*, www.reputationinstitute.com.

[58] B. Quinn and J. Ball (2013), 'UK's top companies condemned for prolific use of tax havens', *The Guardian*, 12 May.

[59] Lucy Bernholz defines this as: 'Charitywashing. Verb. Gaining the trust, good faith, or simply the business of customers by aligning your product with a charity. Often takes the form of statements that claim "…x% of sales of this object will be given to charity."' in 'Buzzword 2010.5 – Charitywashing', philanthropy.blogspot.co.uk.

Some argue that in the age of Twitter, spin is almost dead[60] and nothing is hidden, yet Bond[61] has found that publicly visible companies give more than less publicly visible ones, while Deloitte felt that corporate giving is becoming more 'strategic' for the business rather than charity.[62]

### *2.7.3 Small charities and SMEs*

Very little is known about charitable support amongst small businesses. The Federation of Small Businesses reported in 2007 that 92% of respondents to an online survey believed that they act in an environmentally and socially responsible manner, while the British Chamber of Commerce reported that 8 out of 10 small companies gave money and 1 in 3 gave time and services in 1998,[63] but no figures have been reported as to actual support and impact.

One weighty challenge facing CSR is that small charities often do not have the access to large companies. The Centre for Social Justice estimated that in 2012 three-quarters of corporate grants to the voluntary sector went to the largest 3% of charities.[64] There are challenges to companies adopting a more long-term partnership approach with a smaller number of charities, not least of which is that the few which are chosen are likely to be those whose profile is already large enough to fulfil the companies' ambitions in terms of advertising, prestige and associated benefits. This means that smaller charities will increasingly find it hard to get a look in, despite the fact that charities with incomes of less than £10,000 per year make up over 80% of registered charities in the UK.[65] One scheme which perhaps bucks this trend is the Waitrose 'green token/Community Matters' scheme which donates £1,000 per month to three usually small local charities by proportion, according to the number of green tokens deposited by customers in a box for each charity.

Other challenges face SMEs looking to build charitable partnerships, although much less is known about this, as most research focuses on large companies' giving to large charities, despite more than 99% of UK enterprises being SMEs.[66] Undoubtedly much giving by SMEs which happens on a more local level goes unrecorded.

[60] O. Soker (2012), 'Capitalism Runs on Trust', *The Ethics of Success*, ethicsofsuccess.com.au.

[61] M. Bond (2004), 'Social influences on Corporate Political Donations in Britain', *British Journal of Sociology*, vol. 55, no. 1, pp. 55–77; M. Bond (2007) 'Elite Social Relations and Corporate Political Donations in Britain', *Political Studies*, vol. 55, no. 1, pp. 59–85.

[62] Deloitte (2011), Deloitte 2011 Corporate Responsibility Report, www.deloitte.com/2011crreport.

[63] D. Quirke (1998), *Corporate Volunteering: The Potential and the Way Forward*, London, Winston Churchill Memorial Trust.

[64] Centre for Social Justice (2012), *A Step Change in Giving: Monetising volunteering through the corporate sector* [web report], www.centreforsocialjustice.org.uk.

[65] D. Kane, P. Bass, J. Heywood, V. Jochum and K. Wilding (2013), *The UK Civil Society Almanac 2013*, NCVO.

[66] Datamonitor (2012), 'UK SME Insurance 2012: Market Dynamics and Opportunities' [brief], Datamonitor Research Store, www.datamonitor.com/store.

## 2.8 The future of corporate giving

> *Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face. The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society*
>
> *Porter and Kramer*[67]

There is no doubt that in today's world, large companies have a lot of power, and, as the old adage goes, with great power comes great responsibility. It is not just David Cameron who thinks that companies can be a force for good; one of the most powerful CEOs in the world, Richard Parsons of Time Warner, has said this:

> *It isn't a question of corporations acting in a socially responsible manner. The reality is that we – multinational companies – have no choice but to own the situation. Nation states cannot do it alone.*
>
> *Richard Parsos, CEO Time Warner, at the 2007 Davos World Economic Forum*[68]

Yet expectations don't align with performance: while 87% of global consumers believe that business needs to place at least equal weight on society's interests as on business' interests, less than one-third believe business is performing well in addressing societal issues.[69]

A recent Forbes article stated that CSR has hit a wall:

> *The people, processes, and programs are in place, but the results aren't good enough. Why? CSR is neither informed by, nor contributing to, the social purpose of business.*[70]

While Tom Levitt bluntly states:

> *If stories of business-based philanthropists like Buffett or Gates suggest that the private sector is enjoying a Golden Age of Social Responsibility, think again. Dozens of astonishing stories of good practice exist but they represent the shining tip of a grey corporate iceberg.*[71]

Many businesses start from the sticking point of needing to have a business case made for the benefits of such socially progressive practices. For such businesses there

[67] M. E. Porter and M. R. Kramer (2011), *'Creating Shared Value*', Harvard Business Review, January.

[68] Cited in P. Karoff, 'The First Rule of Corporate Social Responsibility Is Not What You Think' Stanford Social Innovation Review [blog section], www.ssireview.org.

[69] Edelman (2012), *Edelman goodpurpose 2012 Global Consumer Survey*, purpose.edelman.com

[70] P. Klein (2011), 'Why Corporations With a Social Purpose Perform Better', *The CSR Blog*, www.forbes.com/sites/csr.

[71] T. Levitt (2012), *Partners for Good: Business, Government and the Third Sector*, Farnham, Gower Publishing.

is evidence that this is the case. For example, companies which subscribed to Business in the Community and allowed it to assess and improve their social responsibility found that their total shareholder return increased compared to less responsible businesses, and there are further examples.[72]

There are those who argue, however, that businesses should not need incentives in order to demonstrate moral and social responsibility. Instead, we need to appeal not to the self-interest of business, but to the moral interest of the people who own, manage and work for them. In wider society, it might be time to counter the notion that the profit imperative gives the business community as a whole – and our biggest corporations in particular – an opt-out clause when it comes to acting in a morally responsible fashion.

In fact, as some of the richest and most powerful members of society, our business leaders might be expected to lead in this regard:

> *All the signs, from the collapse of financial markets to the Occupy Wall Street movement, are highlighting the need to return to core values and a better way of doing business.*
>
> *Jo Confino*[73]

[72] BITC (2008), *The value of corporate governance: The positive return of responsible business*, London, Business in the Community. See also P. Klein (2011), 'Why Corporations With a Social Purpose Perform Better', *The CSR Blog*, www.forbes.com/sites/csr.

[73] J. Confino (2011), 'Talk point: when will business adopt a values-based approach?', *The Guardian*, www.guardian.co.uk/sustainable-business, 17 November

Chapter 3

# Overview and top givers

## Key observations

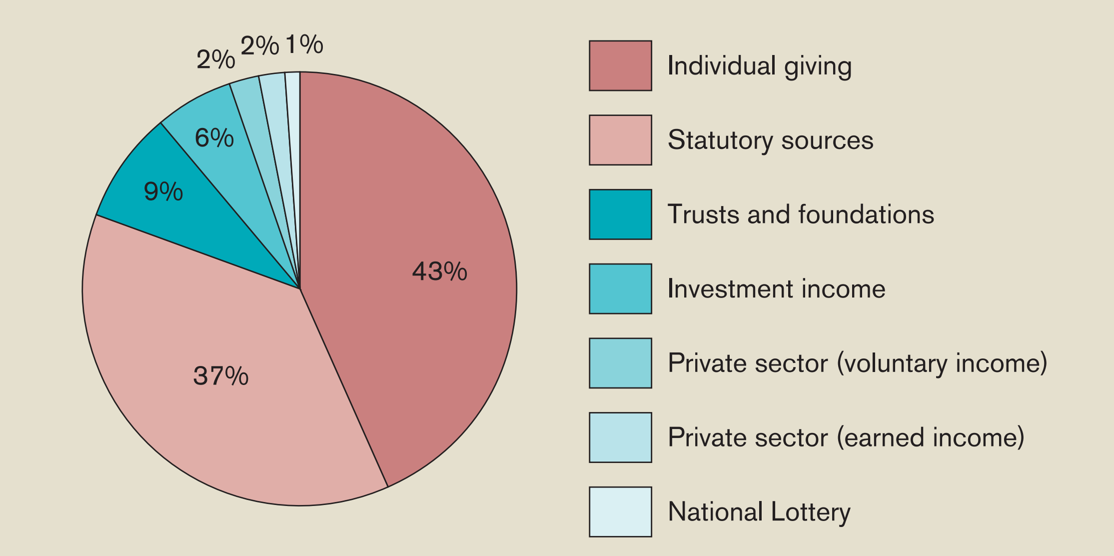
- Total UK cash donations by the top UK company givers amounts to £470 million.
- Total contributions (including in-kind) by these companies to the UK community and charitable sector totals £603 million.
- Cash donations currently make up 77% of total charitable contributions with in-kind making up the rest; this is an increase on previous estimates which found the cash proportion to be around two-thirds (67%) of the total CSR budget.
- 20% of the companies give 90% of the cash.
- The average amount given by companies in the sample is £1.1 million.
- 73 companies (17% of the total number of companies in the sample) give more than £1 million in cash donations to charitable causes. Between them, these million-pound corporate donors give £410.6 million (or 87% of total cash donations)
- Total contributions as a proportion of pre-tax profits stand at around 0.4% overall, with cash at 0.3%

## 3.1 Introduction

DSC's research suggests that total corporate support for the UK voluntary sector is around £700 to £800 million (see section 2.1.1). This represents around 2% of the total income to the voluntary sector (compared with 43% from individuals, 37% from statutory sources and 9% from trusts and foundations).

*Figure 3.1*

**Voluntary sector income showing contribution by all sources**[1]




Companies tend to give to larger charities, representing 5% of income for major charities with a total income of more than £10 million, but only 2% for those with incomes that are less than £100,000 (1% for those with an income under £10,000).[2] This does not mean that small amounts of corporate sponsorship are not important to smaller charities and community groups, but that more companies could do much more.

Figures in this report match very closely those reported in DSC's *The Guide to UK Company Giving*, 9th edition. Comparison of the top corporate givers in the ninth edition of the Guide with the eighth edition shows that the level of cash donations has decreased by 16% while total contributions have decreased by around 27% in real terms.

The 418 companies with stated cash donations to UK charities and communities are explored further in this report.

[1] Data source: D. Kane, P. Bass, J. Heywood, V. Jochum and K. Wilding (2013), *The UK Civil Society Almanac 2013*, NCVO.
[2] Ibid.

## 3.2 Top-line figures: company giving in 2013

Table 3.1 shows the breakdown of contributions by the top UK corporate donors.

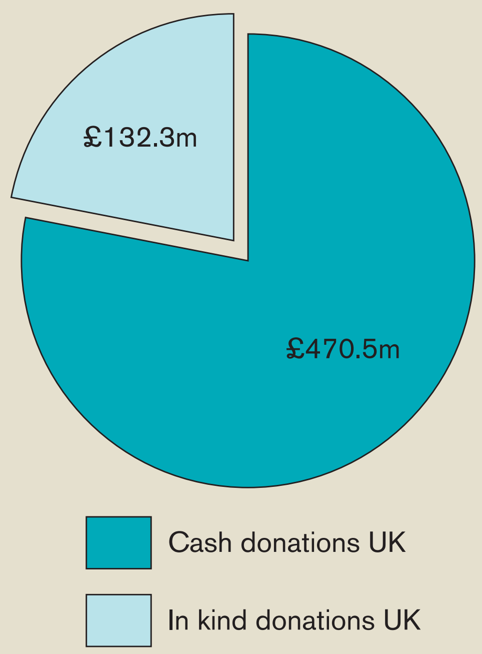
*Table 3.1*

| Company cash and charitable contributions to the UK and worldwide (£m) | | | |
|---|---|---|---|
| *Cash donations UK (£m)* | *Cash donations worldwide (£m)* | *Total contributions UK (£m)* | *Total contributions worldwide (£m)* |
| £470.5 | £612.7 | £602.9 | £3,272 |

Cash giving currently forms around 80% (£470 million) of total corporate support to UK charities with the rest being made up of in-kind giving of one form or another. This is an increase on the proportion reported in a comparison study in 2012[3] when cash donations formed two-thirds of the amount of total charitable contributions. Since the trend in the last few years has been that cash has decreased as a proportion of total contributions,[4] this is a welcome finding.

*Figure 3.2*

**Cash and in-kind donations as a proportion of total charitable contributions, UK (£m)**




### *3.2.1 Top corporate givers lists*

There are some top names in amongst the companies who give some of their corporate support to the UK, including Microsoft, Goldman Sachs and AstraZeneca. Between them, the top ten give £2.2 billion to charities and communities worldwide in cash and other support.

[3] C. Walker and C. Pharoah with M. Marmolejo and D. Lillya (2012), *CGAP Briefing Note 9: UK Corporate Citizenship in the 21st Century*, London, CGAP and DSC.
[4] Cathy Pharoah (2012), 'We need a new set of indicators for giving in the workplace', *Third Sector*, www.thirdsector.co.uk, 6 November.

*Table 3.2*

**Top 10 corporate supporters by total worldwide contributions (including cash and in-kind)**

| *Company* | *Total contributions: worldwide (£m)* |
|---|---|
| AstraZeneca | £684.7[5] |
| Microsoft Ltd | £540 |
| GlaxoSmithKline plc | £204 |
| BHP Billiton plc | £125.6 |
| Telefonica UK Ltd | £115.3 |
| Goldman Sachs International | £101.5 |
| Lloyds Banking Group | £85 |
| Deutsche Bank | £79 |
| Shell | £77.6 |
| Anglo American plc | £76.1 |
| **Total** | **£2,194** |

Many of these top givers give the bulk of their giving overseas, however, and only three of them (BHP Billiton, Lloyds Banking Group and Goldman Sachs) make it into the top 10 UK supporters, shown in table 3.3.

Between them, the top 10 UK supporters give £274 million to the UK in total contributions (including cash and other support).

Lloyds Banking Group is certified by the London Benchmarking Group as the 'biggest corporate investor in UK communities', and has various sub-brands to its CSR programme:

In 2010 Lloyds established the Bank of Scotland Foundation to replace the former HBOS Foundation, while 2011 marked the 25th anniversary of Lloyds TSB Foundation for England and Wales, which has invested £297 million in 42,000

[5] 'In 2011, we spent a total of $1.27 billion [£789.5 million] on community sponsorships, partnerships and charitable donations worldwide, including our product donation and patient assistance programmes which make our medicines available free of charge or at reduced prices.' (AstraZeneca Annual Report 2011) NB: The figure of $1.27 billion has since been restated by the company as $1.06 billion (£684.7 million) 'to correct product donation data capture error' (www.astrazeneca.com/Responsibility/Community-investment/Our-community-support-performance).

charities. There are also Lloyds TSB Foundations for Scotland and Northern Ireland (see Chapter 8 for more details).

## Case study: Goldman Sachs International

Goldman Sachs was founded in 1869 and has its headquarters in New York, with additional offices in international financial centres. The firm provides mergers and acquisitions advice, underwriting services, asset management, and prime brokerage to its clients, which include corporations, governments and individuals. It is recognised as one of the premier investment banks in the world with a turnover of over £3 billion and pre-tax profits of £1.9 billion in 2011.

| Corporate donations 2011/12 | |
|---|---|
| Corporate donations 2011/12 | £100,000,000 |
| Total cash contributions worldwide: | £100,000,000 |
| Cash contributions UK: | £16,784,333 |
| Contributions as a percentage of pre-tax profit worldwide: | 5.30% |

*Does it have its own trust or foundation?*

Yes, there are two in the UK. The Goldman Sachs Foundation Charitable Gift Fund (UK) (Charity Commission no. 1120148) and Goldman Sachs Gives UK (Charity Commission no. 1123956). These are both funded by contributions from Goldman Sachs International.

*Breakdown of corporate contributions*

Contributions for the financial year 2011/12 totalled approximately £100,000,000 and were distributed in 4,500 grants worldwide. The UK charitable trusts received about £16,150,000. There is no breakdown available of what was given by the firm as opposed to those monies raised/donated by employees and former employees.

*What do they do for charity?*

Goldman Sachs Gives UK and The Goldman Sachs Foundation Charitable Gift Fund (UK) were established to help with the 'advancement of education, the relief of poverty, the advancement of religion and any other charitable purposes'.

**Breakdown of corporate contributions (2011/12) from Goldman Sachs Gives (UK)**

| *Project supported* | *Amount given* |
|---|---|
| Education | £7,800,000 |
| Community | £3,700,000 |
| Humanitarian | £2,065,000 |
| Arts and culture | £1,175,000 |
| Medical | £1,013,500 |
| Other | £314,000 |

**Breakdown of corporate contributions (2011/12) from the Goldman Sachs Foundation Charitable Gift Fund (UK)**

| *Project supported* | *Amount given* |
|---|---|
| Education | £359,400 |
| Community | £100,000 |
| Humanitarian | £108,000 |
| Arts and culture | £83,000 |
| Medical | £53,600 |
| Other | £18,350 |

### *Does the firm have a Charity of the Year?*
No.

### *Does it offer staff volunteering?*
Yes. **Community Teamworks** is the group's global volunteer initiative that allows staff to take a day out of the office and spend it volunteering with local non-profit organisations. In 2012, more than 25,000 Goldman Sachs people from 48 offices around the world partnered with more than 950 non-profit organisations on a diverse array of community service projects.

**Public Service Programme:** This programme is a global initiative which provides the company's top performing staff with a unique opportunity to serve the public and develop leadership skills in an environment away from Goldman Sachs. Public Service Programme 'Fellows' are selected and given one year's paid leave to serve with organisations aligned with the firm's corporate initiatives. An example of this is a Fellow who has been seconded to Save the Children in order to strengthen its campaign to achieve a two-thirds reduction in under-five mortality by 2015.

*Does the company have a payroll giving scheme and is it matched?*
Yes. The Matching Gift Programme encourages employees to support their chosen charitable organisations. Giving is matched by the company on a 1:1 basis to eligible organisations.

*Does it offer sponsorship?*
Yes. Goldman Sachs is partnering with the British Museum, one of the world's leading cultural institutions, to sponsor its major 2013 exhibition: Life and death in Pompeii and Herculaneum.

**Financial Times and Goldman Sachs Business Book of the Year Award:** This annual award was in 2012, a prize of £30,000 prize to 'go to the book that is judged to have provided the most compelling and enjoyable insight into modern business issues'. There was £10,000 awarded to each runner-up.

*Does it do cause-related marketing?*
Goldman Sachs has established The Office of Corporate Engagement which 'drives our firm's philanthropic initiatives, including The Goldman Sachs Foundation, community partnerships, charitable giving, employee volunteerism and our 10,000 Women, 10,000 Small Businesses, and Goldman Sachs Gives programs'. And The Environmental Markets Group 'oversees the firm's environmental policy framework and provides guidance to clients and our business areas on environmental issues, develops training and resources, and engages with a variety of stakeholders to inform and strengthen Goldman Sachs' environmental efforts'.[6]

*Commercially-led support*
Goldman Sachs runs two citizenship programmes: 10,000 Women, aimed at providing under-served female entrepreneurs around the world a business and management education, and 10,000 Small Businesses, aimed at providing education, capital and business support services to budding entrepreneurs.

*Does the company have its own CSR department or similar?*
Of sorts: the Office of Corporate Engagement.

*What's its reporting like?*
Minimal. It gives an overview of the firm's philanthropic initiatives in the Goldman Sachs annual report.

[6] Goldman Sachs (2013), 'Our Divisions: Executive Office' [web page], www.goldmansachs.com.

*Is the company a responsible corporate citizen?*

Goldman Sachs gives away over 5% of its pre-tax profit annually, in a wide programme of schemes, yet according to the maths this would only take Goldman employees 4.3 days to make. The company is no stranger to controversy. *Rolling Stone* magazine's Matt Taibbi famously called Goldman Sachs the 'great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money'.[7] Then came 'Muppetgate' with an executive director publicly resigning from what he called a 'morally bankrupt' institution which referred to its clients as 'muppets'.[8]

In 2011, the company provoked outrage for giving £9.6 billion in pay and bonuses to its staff while cutting its gifts to the Goldman Sachs Charitable Gift Fund (UK) by more than a third to £37 million. It argued that the £9.6 billion pot was 5% lower than the previous year, but in comparison to the 36% cut to the foundation, which amounted to more than £110 million, this reduction was minute. It appears that donations into the trust are linked to remuneration, but not bonuses.[9]

The company also sparked a great deal of controversy over its alleged improper practices, especially since the 2007 to 2012 global financial crisis, and the issue of tax avoidance is never far away: 'Her Majesty's Revenue and Customs (HMRC) allegedly made a decision that allowed global banking giant Goldman Sachs to avoid paying up to £20 million in tax'[10] and this year the bank 'drew fire for attempting to delay bonus payments to take advantage of April's cut in the top rate of income tax'.[11] The fact that this didn't happen did not stop one Goldman Sachs banker receiving a $15.8 million bonus.[12]

* Figures and examples quoted in this case study (where not otherwise referenced) are taken from Goldman Sachs' 2012 Annual Report, available on the company's website, and the Goldman Sachs Foundation Charitable Gift Fund (UK) and Goldman Sachs Gives UK reports and financial statements for the year ended 30 June 2012, which are available from the Charity Commission. Figures are approximate and some have been converted from dollars.

[7] Matt Taibbi (2009), 'The Great American Bubble Machine', *Rolling Stone*, July 9.

[8] By Greg Smith (2012), Why I Am Leaving Goldman Sachs, the New York Times, 14 March.

[9] B. Barrow (2011), 'Charities pay price of greed at Goldman Sachs: Bank gives staff £9.6bn … but slashes donations to good causes by a third', Mail Online, www.dailymail.co.uk.

[10] UK Uncut Legal Action (n.d.), 'Our Supporters: Statement of Support', ukuncutlegalaction.org.uk/supporters, accessed 7 June 2013.

[11] *The Telegraph* (2013) 'Goldman Sachs chief attacks David Cameron on tax avoidance' www.telegraph.co.uk, 25 January.

[12] K. Rushton (2013), 'Goldman Sachs top City banker Michael Sherwood receives $15.8m share bonus', *The Telegraph*, www.telegraph.co.uk, 19 January.

*Table 3.3*

**Top 10 corporate supporters of UK communities and charities by UK total contributions (including cash and in-kind) (£m)**

| *No.* | *Name* | *UK contributions (£m)* |
|---|---|---|
| **1** | Lloyds Banking Group | £85 |
| **2** | Goldman Sachs International | £40.1 |
| **3** | Barclays plc | £30.3 |
| **4** | Tesco plc | £25.6 |
| **5** | Vodafone Group plc | £21 |
| **6** | BHP Billiton plc | £19.4 |
| **7** | WPP Group plc | £15.3 |
| **8** | Santander UK | £14 |
| **9** | Co-operative Group Ltd | £11.8 |
| **10** | Ecclesiastical Insurance Group plc | £11.7 |
| | **Total** | **£274** |

Cash is a major component of company support for communities and charities. Table 3.4 details the top 25 UK company cash givers.

*Table 3.4*

**The top 25 companies (UK cash donations)**

| *No.* | *Name* | *UK contributions (£m)* |
|---|---|---|
| **1** | Lloyds Banking Group | £43.8 |
| **2** | Goldman Sachs International | £40.1 |
| **3** | Tesco plc | £25.6 |
| **4** | Barclays plc | £22.6 |
| **5** | Vodafone Group plc | £21 |
| **6** | BHP Billiton plc | £19.3 |
| **7** | Santander UK | £14 |

## The top 25 companies (UK cash donations)

| *No.* | *Name* | *UK contributions (£m)* |
|---|---|---|
| **8** | Ecclesiastical Insurance Group plc | £11.7 |
| **9** | HSBC Holdings plc | £10.6 |
| **10** | Diageo plc | £10.5 |
| **11** | Fidelity Investment Management Ltd | £10.2 |
| **12** | HESCO Bastion Ltd | £10 |
| **13** | British Sky Broadcasting Group plc | £9.1 |
| **14** | Co-operative Group Ltd | £8.8 |
| **15** | Marks and Spencer Group plc | £6.9 |
| **16** | Deutsche Bank | £6.8 |
| **17** | Shell | £6.8 |
| **18** | Scottish and Southern Energy plc | £6.1 |
| **19** | Virgin Atlantic Ltd | £5.8 |
| **20** | John Lewis Partnership plc | £5.6 |
| **21** | Royal Mail Group plc | £5.2 |
| **22** | ICAP plc | £4.9 |
| **23** | WPP Group plc | £4.8 |
| **24** | BP plc | £4.5 |
| **25** | Thomson Reuters plc | £4.3 |
| | **Total** | **£319** |

## Case study: Ecclesiastical Insurance

In today's parlance, Ecclesiastical might be dubbed a social enterprise. In fact, this company, owned by a charity, has been around since 1887, with profits reinvested in the charitable work of the Church of England since then. It is not quoted on the stock exchange but is wholly owned by Allchurches Trust, a registered charity whose objects are to promote the Christian religion and to provide funds for other charitable purposes. In 2006 it ranked sixteenth in liability insurance and twentieth in accident insurance, based on UK Net Written Premiums.

| **Corporate donations** | |
|---|---|
| Total contributions worldwide 2011/12: | £11,700,000 |
| Total cash contributions UK: | £11,700,000 |
| Contributions as a % of pre-tax profit: | 153% (worldwide) |
| Cash as a % of pre-tax profit: | 153% (UK) |

### *Does it have its own trust or foundation?*

Yes, although in this case, the trust – Allchurches Trust Limited (263960) – owns the company.

**Breakdown of corporate contributions**

| *Project supported* | *Amount given* |
|---|---|
| Contribution to Allchurches Trust | £10.3 million |
| Company donations outside their donation to Allchurches | £1.4 million |

### *What does it do for charity?*

Through its contribution to its owner, Allchurches Trust, the company supports the mission and work of the Christian community in the UK through annual grants and one-off assistance for church repairs, religious charities and community initiatives. Some assistance is also given to overseas projects. Although the group is predominantly Christian in outlook, it has a number of partnerships with organisations which share its 'social conscience and values'.

### *Does the company have a Charity of the Year?*

Yes, various partnerships with the Carers Trust, English Heritage and a number of local Gloucestershire charities.

*Staff volunteering?*
Yes, in 2012 57% of staff volunteered a total of 3,647 hours. For every employee who volunteered in 2012 the company donated £125 to the recipient charity to celebrate the 125th anniversary of the company with £64,250 donated in total.

*Does the company have a payroll giving scheme and is it matched?*
No.

*Does it offer sponsorship?*
No.

*Does it do cause-related marketing?*
It previously offered 'Nicer ISAs' which donated the equivalent of 0.25% of an individual's savings to charity each year but these have since stopped due to lack of demand.

*Does the company have its own CSR department or similar?*
Yes.

*What's its reporting like?*
Good. Breakdowns of giving are available in the Allchurches annual accounts which are available from the Charity Commission. A further breakdown of grants is available by writing to the company secretary. In 2011 it stated:

> *We intend to establish a clearer approach to measuring our community impact and to put in place a mechanism for community partners to provide feedback. We can then raise our game, expect more of ourselves and others, and support our business partners, staff and customers to deliver to a better standard too.*

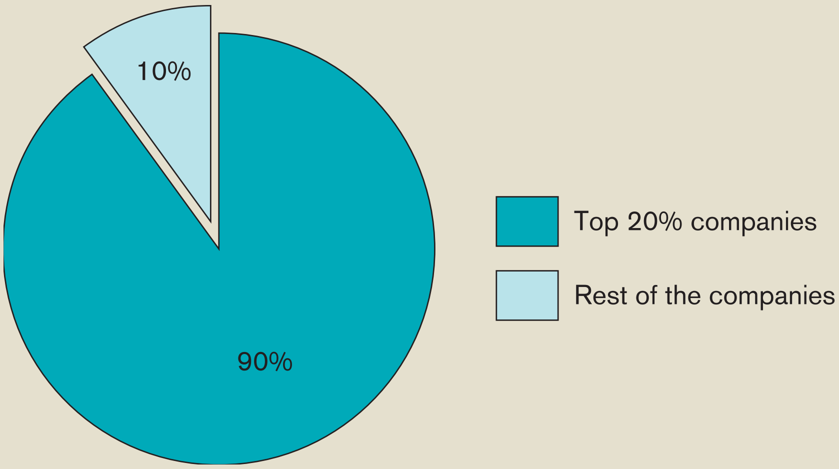
*Is the company a responsible corporate citizen?*
Yes, its unique structure allows it to be a big giver in the community. The Stronger Communities Plan is a response to the current economic and social climate in the UK and is based around four pillars: local communities, environment, suppliers and workplace.

As shown in table 3.4, figures show that 70% of cash contributions come from the top 25 companies. This can be compared with 62% in the previous edition of *The Guide to UK Company Giving*, illustrating that much of the relative increase in cash giving (in proportion to in-kind support) is coming from the top givers – the larger companies. In particular, HSBC Holdings plc. has increased its UK cash giving by almost two-thirds (63%) while Lloyds Banking Group increased its cash giving by nearly one-third (31%).

Indeed, the larger givers have a disproportionate role in company cash giving, as figure 3.3 shows: the top 20% of companies give 90% of the cash.

*Figure 3.3*

**Ratio of number of companies to proportion of cash given in the UK**




### *3.2.2 Charitable support as a percentage of profit*

Combined pre-tax profits for all of the companies in this report totalled £136.4 billion.

*Table 3.5*

**Top companies' support for the UK and worldwide as a percentage of pre-tax profit (£m)**

| | *Total contributions UK (£m)* | *Cash donations UK (£m)* | *Total contributions worldwide (£m)* |
|---|---|---|---|
| Total £m | £602.90 | £470.50 | £3,234 |
| % pre-tax profit | 0.44% | 0.34% | 2.37% |

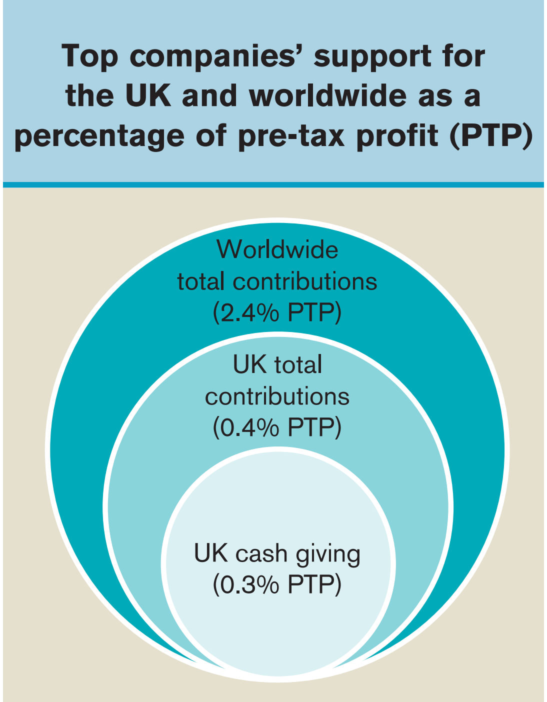
Companies' support ranged from −112.7% to +58% of pre-tax profits, the latter being the Newcastle Building Society serving Tyne and Wear which, despite making profits of just £100,000 in 2011, gave £58,000 to charity (although not all directly from its own coffers).

> *Here at the Newcastle our staff and members work together raising funds for all types of worthy causes through a number of fundraising activities… Through the Community Foundation the Society donates every year to worthy local charity groups and community organisations. To date the Society has donated over £800,000 to over 800 good causes via the Community Foundation. Groups that have benefited from our donations include the Tynemouth Volunteer Life Brigade,*

*Stepney Bank Stables, Chester Le Street Rowing Club, Gateshead Crossroads and Cargo Fleet Football Team, Middlesbrough.*[13]

*The Newcastle Building Society wants to avoid disruption to its business caused by speculators. As a result all new customers opening share accounts are required to agree to assign any windfall benefits to which they might become entitled on a future conversion or take-over of the Society. The assignment will be in favour of the Community Foundation, one of the leading community foundations in the UK. The agreement will be for a period of 5 years.*[14]

*Figure 3.4*




### 3.2.3 The size of corporate donations

It is hard to isolate single grants or donations, since company reporting does not often go into that detail, yet some can be found. The largest single grants awarded by companies in the period covered by this report were from Goldman Sachs and BHP Billiton. These were both grants given to corporate foundations: Goldman Sachs donated £37 million to its Goldman Sachs Gives UK foundation and BHP Billiton donated £19 million to its UK-based foundation, BHP Billiton Sustainable Communities.

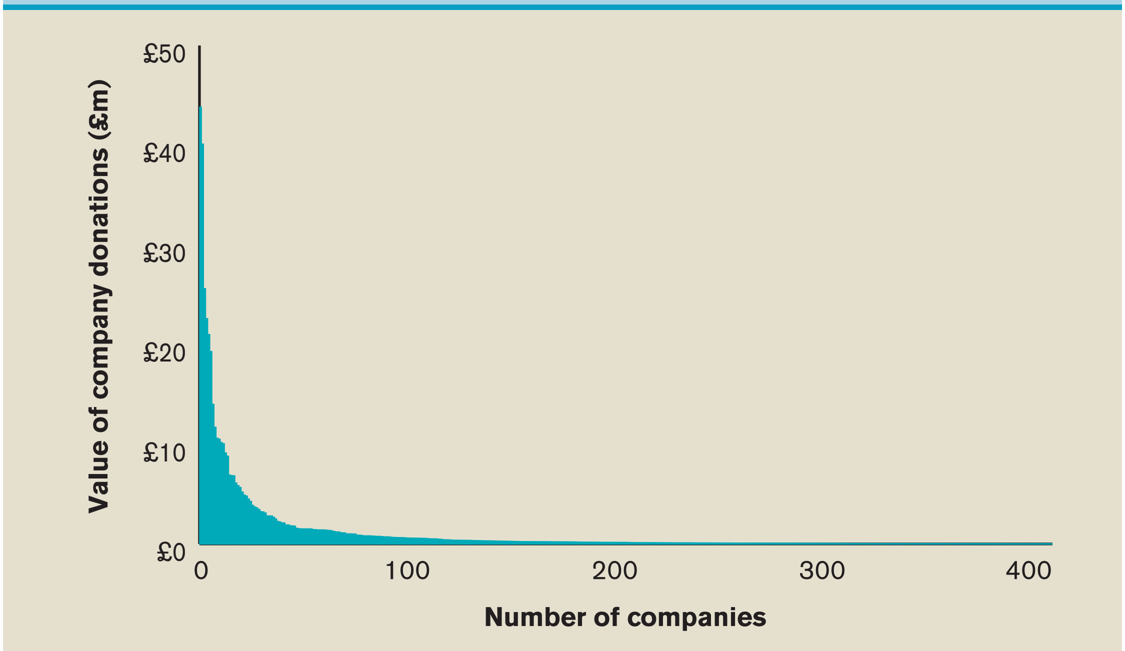
The smallest grant in the sample was £100 which was donated by National Magazine Co. Ltd. (a publishing subsidiary with a pre-tax profit of £9.5 million in 2010) to Catch 22, a London-based social enterprise which works to engage, train and champion excluded young talent in journalism. NatMags has agreed to provide financial and practical support to Catch 22 for the next three years as part of its corporate social responsibility. It is not clear if the 'support' for Catch 22 is in addition to the £100 cash donation.

[13] Newcastle Building Society (n.d.), 'Supporting Charities', csr.newcastle.co.uk/charity, accessed 7 June 2013.
[14] Newcastle Building Society (n.d.), 'Charitable Foundation', www.newcastle.co.uk/help/charitable-foundation.aspx, accessed 7 June 2013.

The average amount given by companies in the sample is £1.1 million; however, this varies widely as figure 3.5 shows.

*Figure 3.5*

**Spread of the value of donations by companies in the sample**




### *3.2.4 Companies which give over £1 million*

73 companies (17% of the total number of companies in the sample) give over £1 million in cash donations to charitable causes. Between them, these million-pound corporate donors give £410.6 million (or 87% of total cash donations).

### *3.2.5 In-kind support*

In-kind support refers to anything which is not a cash donation. It can take many different forms, as detailed in Chapter 1.

Many of the top companies offer their rooms, staff time and expertise to charities. 'Surplus furniture' and 'end-of-line stock' are often donated to charities along with 'damaged' or 'unwanted' products:

> *Since 2001, we have given away more than £6.3 million of gifts in kind, mainly unwanted products, such as damaged or end of line stock. As well as being of benefit to a variety of charities, this reduces the amount of waste we send to landfill.*
>
> *Boots corporate social responsibility report 2006*

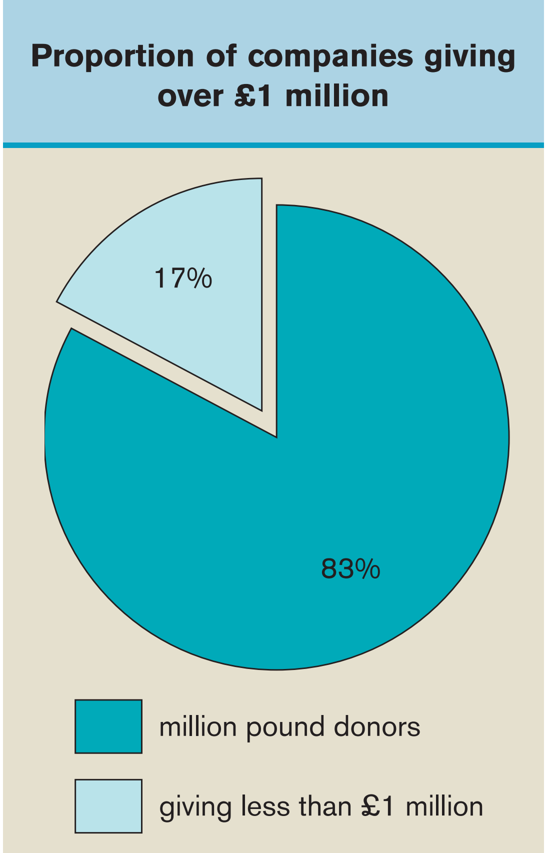
*Where possible, we donate unwanted furniture to charity . . . In London we donate surplus furniture to Green Works, a charity that passes it on at low cost to small businesses, charities, community and educational groups. During 2012 our donations to Green Works included around 80 chairs, 10 desks, and 7 cabinets.*

*Pentland Group corporate responsibility report 2012*

Other companies are able to offer slightly more unique in-kind support:

*Our presence extends beyond newsworthy stories and campaigns. Our employees and onscreen talent within our 10 regions play a substantial role within our communities. Volunteering, mentoring, training opportunities, donations, guest appearances, open days, access to our facilities – all of this activity adds up and makes a real difference to the people and communities where we are present.*[15]

*Figure 3.6*




Many companies also engage in a large amount of employee-led support. This can include considerable amounts of staff and customer fundraising.

*Across the globe, our staff and customers helped us raise £10 million for charity this year, exceeding our target of £7 million . . . We also dramatically increased UK customer donations through coordinated marketing with P&G around their household products.*

*Tesco corporate responsibility report 2011*

Many companies offer a single day of volunteering to their employees and local charities. Examples include Barclays' Make a Difference Day, Lloyds' Our Day to Make a Difference, and BITC's Give and Gain day. Business in The Community's CommunityMark members attests to how it has encouraged employee volunteering:

*In four years, 45 organisations have achieved the standard to become exemplars of community investment. Collectively, CommunityMark companies have invested*

[15] ITV (2012) 'Our Community', responsibility.itvplc.com/community-and-giving/our-community.aspx.

> *£746,819,977 million in their communities. They have encouraged their employees to volunteer their time amounting to £39.5 million of employee time, supported over 6.5 million school children in over 52,000 schools and worked with almost 300 community organisations.*[16]

Other examples of employee-led support for the community are more inspiring:

> *Redrow plays an active part in charitable enterprises all around the UK . . . Two of many typical examples are presented by our South West and South Wales Divisions. The South Wales division has recently been involved in a number of activities associated with The Joshua Foundation (TJF), a Cardiff based national charity, created in September 1998 to provide holidays and experiences for children aged between birth and 19 with terminal cancer, and their families. In the South West at Chippenham, the after school club at St Nicholas School was saved from closure after Redrow employees from our South West Division raised £23,000 through a series of events including a golf day, annual dinner dance, car wash, five a side football tournament, casual clothes days and staff socials. Redrow staff have pledged continued support for the school for children and young people, aged four to nineteen, who have severe, complex or profound and multiple learning disabilities.*
>
> *Redrow Annual Report 2011*

At least thirty of the companies in this report mention having Charity of the Year arrangements.

## 3.3 Conclusions

This chapter has illustrated that the range of company activities in support of charity is very wide. Some commentators have speculated that the decrease in the proportion of cash donations by companies over the last few years was due to the poor state of the economy, and a trend towards more in-kind giving as part of 'more engaged partnerships'.

The fact that cash appears to be increasing as a proportion of the offering (or rather, has decreased less than in-kind), may be due to a number of reasons. It could be signs of recovery after the recession, or owing to companies having been tied into some cash arrangements with charities over a number of years, or it may be a sign that some in-kind support, such as staff time, is waning in popularity or is being cut back during continued hard times.

[16] J. Sainsbury (2011), 'Sainsbury's renews and retains its Business in the Community CommunityMark status' [press release], www.j-sainsbury.co.uk/media.

Chapter 4

# Where do companies give? Geographical distribution of cash grants

## Key observations

- Almost half of all company grants are attributed UK-wide rather than to a specific place.[1]
- Each individual in the UK notionally receives £7.45 in cash grants from the top company givers.
- 49% of companies giving in the UK donate to causes and communities within England, and 20% of the total funds are spent here, working out at £1.85 per person. Scotland gets £2.57 per person, Wales £2.48 and Northern Ireland a mere 23 pence per person.
- Within England, Greater London receives the largest share of the money (33%), followed by the North West (19%) and the South East (15%); the West Midlands receives the smallest share of the money (1%).
- Where company donations are given does not appear to correlate with relative deprivation nationwide but rather according to where company offices and branches are located and also according to where charities are based.

## 4.1 Introduction

John Stuart Mill once suggested that charity 'lavishes its bounty in one place and leaves people to starve in another'.[2] Indeed, research has shown that registered charities are distributed unevenly across the country with a clear split between southern and rural areas which have more than the average number of charities, whereas the more urban, former industrial north has fewer.[3] Similarly, it has been

[1] Although, of course, this may be partly down to less detailed company information about where they give (see methodology, section 4.10).

[2] J. S. Mill (1848), 'Of the Grounds and Limits of the Laisser-faire or Non-Interference Principle', *Principles of Political Economy with some of their Applications to Social Philosophy*, London, Longmans, Green and Co. Quoted in J. Mohan (2012), 'Charity and social redistribution: the question of "charity deserts"', *Philanthropy and a Better Society*, London, Alliance Publishing Trust.

[3] J. Mohan and I. Rolls 2006, *Voluntary Sector Almanac 2006*, London, NCVO.

shown that, counter to what might be expected, there is an inverse relationship between the number of charities and the level of local deprivation. Moreover, charities in relatively affluent areas tend to be smaller and more numerous with a healthy turnover and catering for a wide range of social, community and cultural needs; whereas charities in more deprived areas tend to be larger, catering to more urgent needs to do with deprivation and receiving a larger amount of public funding.[4]

This chapter explores whether the same patterns hold true for corporate funding. As the methodology section 4.10 details, the geographical allocation of grants in this report has been analysed on a case-by-case basis, according to where each individual company reports their giving to be. This will never be 100% accurate since companies don't tend to list each individual grant, but based on their geographical preferences for giving support this is the best estimate available.

The majority of companies firstly consider supporting causes which are close to home, figuratively and geographically, with many concentrating their giving around their headquarters, main offices or branches. While this may seem a rather haphazard way of giving, it guarantees that at least some funding will go to those communities which are largely the most affected by the presence of the company (positively or negatively), and it often allows employees to feel more involved in the company's giving, especially if they are consulted on the choice of charity projects to fund. As Chapter 5 shows, not one company in this sample would be willing to support 'local appeals not in the area of the company'.

All geographical analyses in this chapter are reported at the county and regional levels, as few companies report their giving at a more detailed level than this. The base for all calculations is the 418 companies giving within the UK, but each company may donate to more than one area (see methodology section 4.10).

## 4.2 Distribution of grants in the UK

Table 4.1 shows that 305 company grants were given UK-wide rather than to specified regions or places within the UK. These are mainly the larger, national companies providing goods or services across the UK, or international companies for whom the UK forms only a part of their operations and support.[5]

[4] R. Lindsey (2012), *Exploring Local Hotspots and Deserts: investigating the local distribution of charitable resources* [working paper], CGAP, www.cgap.org.uk.

[5] Additionally, it must be borne in mind that where a company has stated giving in the UK but has not given any indication of specifics, its support is allocated as UK-wide.

*Table 4.1*

**Cash grants from companies by country/region within the UK**

| *Country* | *Number of donations*[6] | *Amount donated (£m)* |
|---|---|---|
| UK total (all grants) | 775 | £470.50 |
| UK-wide (unspecified) | 305 | £350.60 |
| England | 380 | £98.20 |
| Wales | 33 | £7.70 |
| Scotland | 53 | £13.60 |
| Northern Ireland | 4 | £0.41 |

### *4.2.1 The headquarters issue*

In determining the distribution of charity benefit there is what is referred to as 'the HQ problem'[7] which, briefly, is the erroneous rule-of-thumb of using charities' headquarters as a guide for where their expenditure goes. Research has shown that this is not a good proxy.[8]

Is this also true of company giving? While the pattern of giving, country-wide, is largely seen as 'local' to the company, this does not mean that it is centred solely around their headquarters, but rather may be local to a number of branches around the country.

Table 4.2 shows the location of company headquarters by country, and shows that England, for example, houses 93% of company headquarters and receives 20% of total cash grants. The relationship between headquarters and giving is explored further in section 4.4.

[6] This is, strictly speaking, the number of companies donating rather than individual donations, but since a company can donate to more than one area, companies may appear twice in the data, and so it adds up to far more than the 418 companies in the sample.

[7] J. Mohan and D. Kane (2010) 'Mapping Registered Third Sector Organisations in the North East', report to Northern Rock Foundation's Third Sector Trends study. See also D. Kane and J. Clark (2009), *The Regional Distribution of Charity Expenditure*, paper presented at the NCVO–VSSN 'Researching the Voluntary Sector' conference.

[8] Ibid.

*Table 4.2*

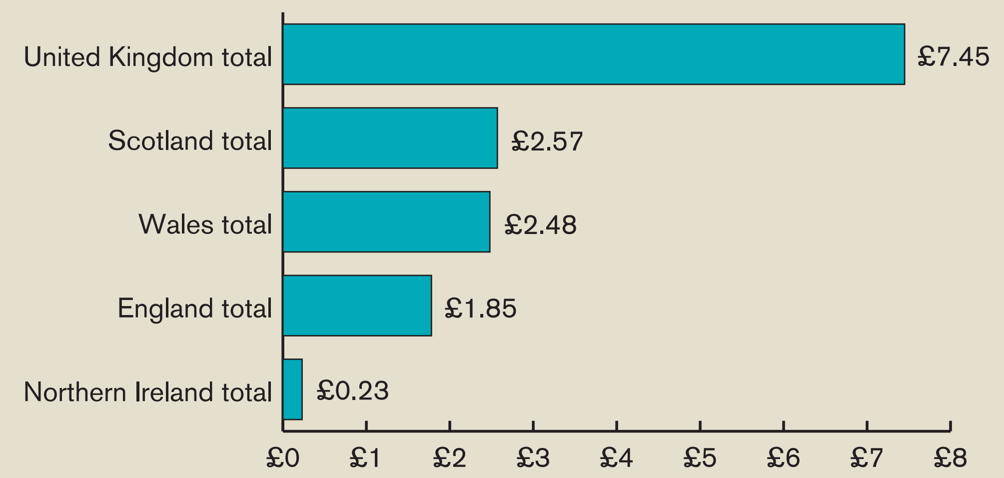
**Location of company headquarters in the sample (UK constituent regions)**

| *Country* | *Number of company Headquarters* | *Proportion of company Headquarters* | *Proportion of total cash donated* |
|---|---|---|---|
| England | 389 | 93% | 20% |
| Scotland | 19 | 5% | 3% |
| Wales | 8 | 2% | 2% |
| Northern Ireland | 0 | 0% | 0.1% |
| Outside UK | 1 | 0% | 0% |

Figure 4.1 shows that, aggregated over the whole population, the UK as a whole receives most company grants (with each individual notionally receiving £7.45), with Scotland in second place (£2.57) and Wales third (£2.48), both beating England whose grants per head of population come in at £1.85. This is, of course, as much to do with population differentials as anything: England has ten times the population of Scotland and thirty times the population of Northern Ireland. It does, however, demonstrate that there isn't a straightforward relationship between the number of people and corporate grants at a country level.

*Figure 4.1*

**Amount of corporate giving per head of population (all cash grants)**



Within the UK there are a number of companies which prefer to donate country-wide. These are shown in table 4.3. Since these companies do not specify (in their corporate literature) a county or region, they have not been included in the more detailed geographical analyses in this chapter.

*Table 4.3*

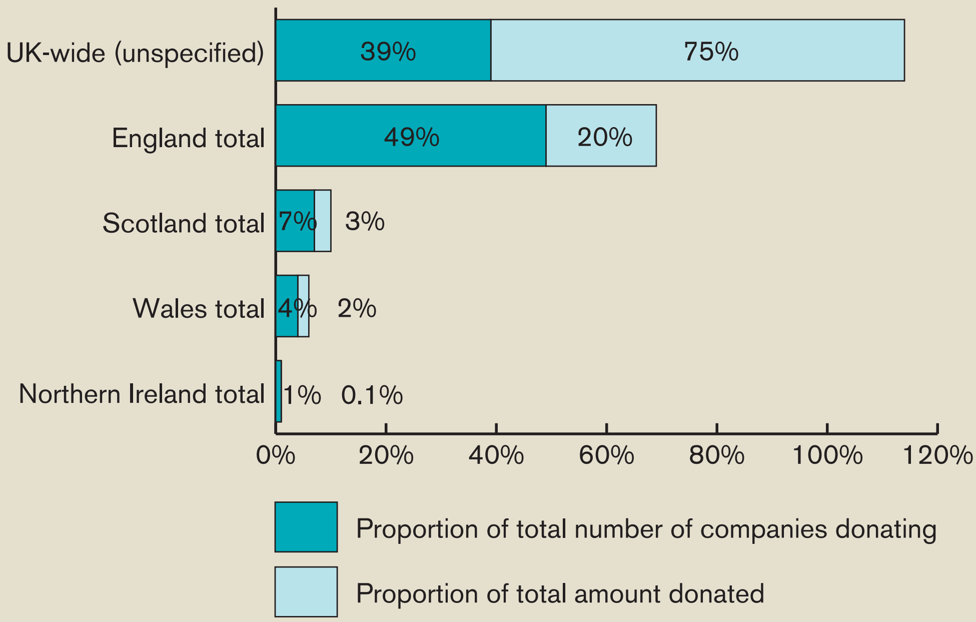
**Cash grants from companies which are non-specific or country-wide**

| *Country* | *Number of companies* | *Amount donated (£m)* |
|---|---|---|
| UK-wide | 305 | £350.60 |
| England | 2 | £120.70 |
| Wales | 9 | £87.80 |
| Scotland | 11 | £3.50 |
| Northern Ireland | 0 | £0 |

Figures 4.2 and 4.3 show that three-quarters (75%) of the total money is given UK-wide by 39% of companies. The largest number of companies donating to one country is 49% to England. Northern Ireland only receives 0.1% of the total money from 1% of the companies.

*Figure 4.2*

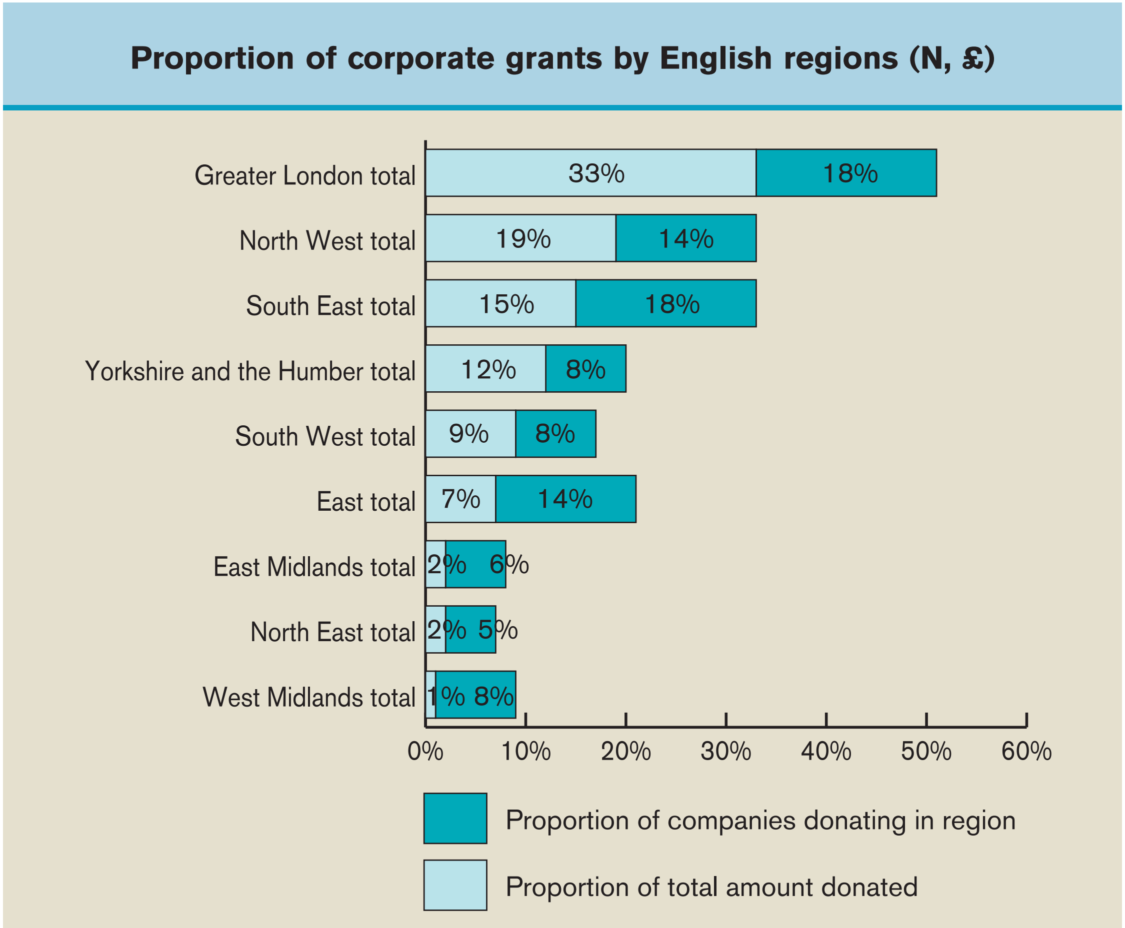
**Proportion of companies and amounts given by country/region**



## 4.3

As figure 4.3 shows, Greater London receives the greatest proportion of corporate cash grants, both in terms of the amount given (one-third of the total) and the number of companies donating (nearly one-fifth). Grants within London are explored in greater detail in section 5.4. The West Midlands receives the least funding – just 1% of the total amount given, by 8% of companies.

*Figure 4.3*

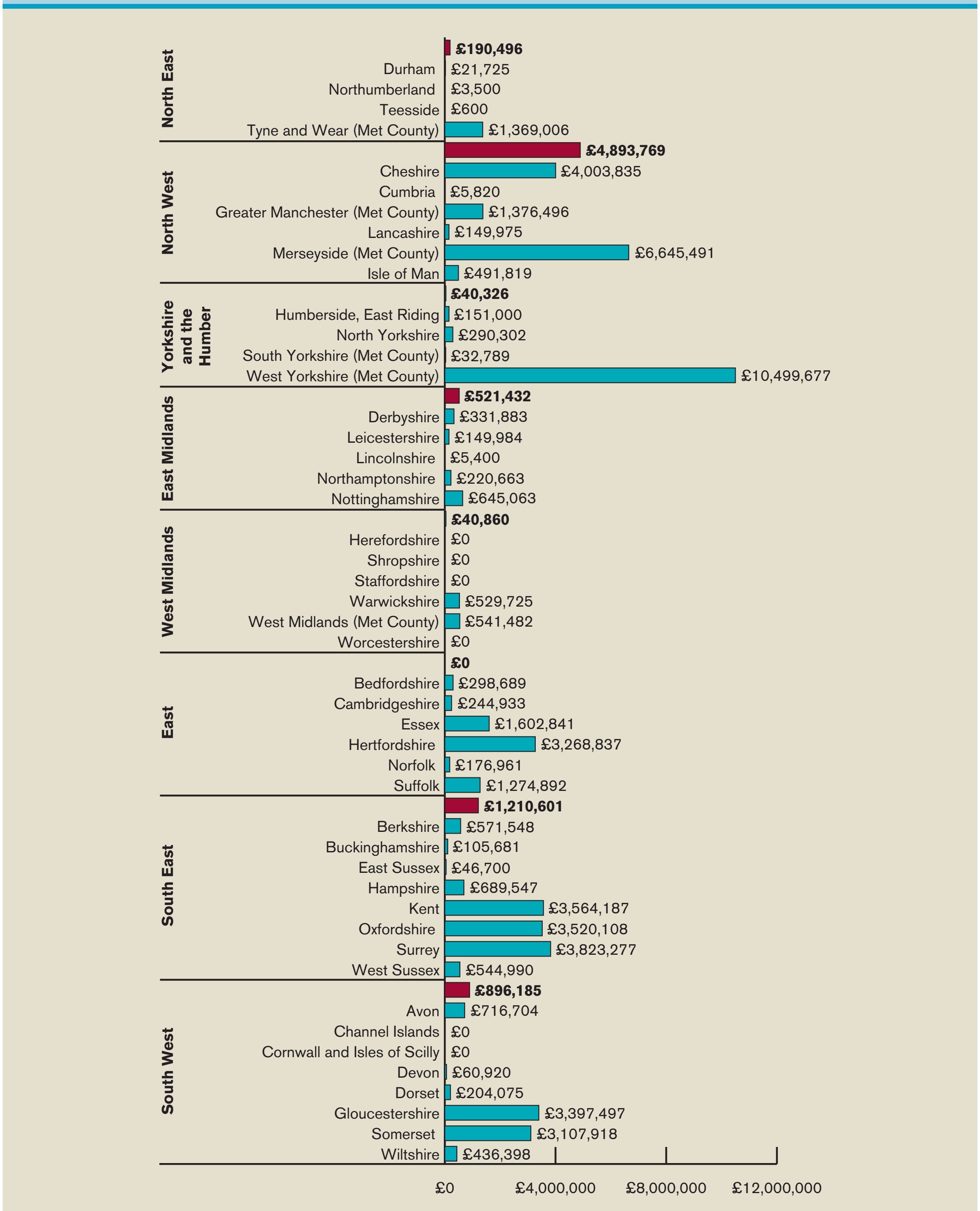



Cash giving across the English regions (excluding Greater London which garnered £31.5 million) totalled £63 million.

Figure 4.4 shows the breakdown of cash grants at county level. The money is distributed relatively unevenly, with the top five counties (West Yorkshire, Merseyside, Cheshire, Surrey and Kent) receiving 53% of the total money. At the lower end, 26 counties – from Berkshire to Teesside – share 10% of the money.

*Figure*

**Geographic distribution of cash grants (English regions; showing region-wide spending separately (shown in red))**




Two counties particularly stand out in this analysis: West Yorkshire and Merseyside garnered the most support by some distance. This was mainly due to large grants from HESCO Bastion Ltd and BHP Billiton plc to their foundations based in these areas (see case studies).

## Case study: HESCO Bastion Limited

HESCO bastions, which are used for the purpose of military blast protection, flood protection and erosion control, were originally developed by a British entrepreneur and former coal miner, Jimi Heselden. In 1989 he founded HESCO Bastion Ltd. to manufacture his invention, and now the company develops and manufactures defence wall systems. The units are used within the military as a means of protecting personnel and facilities against secondary fragmentation. In 2011, the company had a turnover of £120 million. The company and foundation have a preference for supporting operations based in West Yorkshire, especially the Leeds area.

| Corporate donations | |
|---|---|
| Total contributions (cash and in-kind) worldwide 2010/11: | £10,044,600 |
| Total cash contributions worldwide 2011/12 | £10,044,600 |
| Total cash contributions UK: | £10,044,600 |
| Contributions as a % of pre-tax profit: | 45% |
| Cash as a % of pre-tax profit: | 45% |

### *Does it have its own trust or foundation?*

Yes. The HESCO Bastion Fund, which is administered by Leeds Community Foundation, was established in 2007/08 with £10 million donated from the company by its founder, Jimi Heselden. Over the next two years a further £3 million was donated, then in 2010/11 another £10 million, bringing the total donated to £23 million. Shortly after this Jimi Heselden died in a freak Segway accident (having bought Segway Inc. in the same year) and it was decided between Leeds Community Foundation and Jimi's family that the most recent £10 million would be used to set up an endowment fund called Jimbo's Fund. The income this fund generates will be used to continue benefiting disadvantaged communities with a particular emphasis on East and South Leeds. The rest of the money is held in an immediate impact fund. Application guidelines state that projects must be based in Leeds postcodes LS9, LS14 and/or LS15.

**Breakdown of corporate contributions 2010/11 from the HESCO Bastion Fund†**

| *Amount given* | *Project supported* |
|---|---|
| Help for Heroes | £1 million |
| Breast Cancer Haven | £250,000 |
| Leeds Children's Hospital Appeal | £200,000 |
| Leeds Mencap | £50,000 |
| **Total** | **£2.4 million** |

† Note that this is a sample of the charities which received grants: the total includes a number of further charities which received support that are not listed here.

### *What does the company do for charity?*

The company has established the fund and has a preference for supporting organisations based in Leeds, working in health/ill health, respite care, medical research, children and young people or conservation.

No details were available about other charitable arrangements of the company, but Jimbo's Fund remains one to watch.

### *What's its reporting like?*

Full information about the HESCO Bastion Fund and Jimbo's Fund was available from the Leeds Community Foundation website and in their annual report and accounts.

### *Is the company a responsible corporate citizen?*

Giving 46% pre-tax profit puts HESCO Bastion near the top of the big givers list this year. Despite not publishing dedicated CSR reports, Leeds Community Foundation, which manages the fund, provides more detailed grant information than is usual for a corporate grantmaker.

* Figures and examples quoted in this case study are taken from *Community Foundation for Leeds Trustees' Report and Financial Statements for the year ended 31st March 2011*, which is available from www.leedscf.org.uk.

In addition, the wider North West region is worth commenting on. It received £4.9 million regionally, including an estimated £3.2 million from United Utilities Group plc., which is based in Warrington and operates across the North West; and an estimated £1.1 million from Shell which has regional offices in Wythenshawe near Manchester and Stanlow in Merseyside. Cheshire also received over £4 million, including an estimated £3 million from Vodafone which has a regional office in Warrington. Vodafone also gives through the Vodafone Foundation and its network of 27 local foundations which invest in the communities in which Vodafone operates.

Table 4.4 puts this giving within a different context, showing the per-head-of-population totals in different counties. The table shows that the Isle of Man boasts the highest per head cash grant figure (£5.81)[9] followed by Oxfordshire (£5.38), with Merseyside (£4.81) and West Yorkshire (£4.72) not far behind.

At the other end of the scale, Teesside, Lincolnshire, Northumberland, Cumbria, South Yorkshire, Durham, Devon and East Sussex all receive less than 10p per head of population.

*Table 4.4*

**Geographical distribution of cash grants by English counties, showing per head support**

| *County* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Isle of Man | 2 | £491,819 | 84655 | £5.81 |
| Oxfordshire | 8 | £3,520,108 | 653,798 | £5.38 |
| Merseyside (Met County) | 3 | £6,645,491 | 1,381,189 | £4.81 |
| West Yorkshire (Met County) | 15 | £10,499,677 | 2,226,058 | £4.72 |
| Gloucestershire | 3 | £3,397,497 | 859,800 | £3.95 |
| Cheshire | 14 | £4,003,835 | 1,027,700 | £3.90 |
| Somerset | 5 | £3,197,918 | 908,600 | £3.52 |
| Surrey | 12 | £3,823,277 | 1,132,390 | £3.38 |
| Hertfordshire | 9 | £3,268,837 | 1,116,062 | £2.93 |
| Kent | 10 | £3,564,187 | 1,727,600 | £2.06 |

[9] This is, of course, largely due to the small population figures on the Isle of Man. The money is from Telefónica Europe (O2) which has a regional office on the Isle of Man. Although there were no details of its giving there, it did support the Mighty Oak 2 Hospice Appeal in 2006. More recent news has, however, seen Telefónica selling off its Isle of Man business to a private equity group (A. Parker and M. Arnold, 'Telefónica to sell Isle of Man telecom for £130m' *The Financial Times*, 4 June).

**Geographical distribution of cash grants by English counties, showing per head support**

| *County* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Suffolk | 6 | £1,274,892 | 728,163 | £1.75 |
| Tyne and Wear (Met County) | 10 | £1,369,006 | 1,104,825 | £1.24 |
| Warwickshire | 3 | £529,725 | 543,800 | £0.97 |
| Essex | 11 | £1,602,841 | 1,724,900 | £0.93 |
| West Sussex | 4 | £544,990 | 806,892 | £0.68 |
| Berkshire | 12 | £571,548 | 861,900 | £0.66 |
| Wiltshire | 4 | £436,398 | 680,200 | £0.64 |
| Nottinghamshire | 5 | £645,063 | 1,091,500 | £0.59 |
| Greater Manchester (Met County) | 24 | £1,376,496 | 2,682,528 | £0.51 |
| Bedfordshire | 7 | £298,689 | 615,100 | £0.49 |
| Hampshire | 13 | £689,547 | 1,759,800 | £0.39 |
| (Avon) City of Bristol | 10 | £165,844 | 428,200 | £0.39 |
| North Yorkshire | 7 | £290,302 | 753400 | £0.39 |
| Derbyshire | 3 | £331,883 | 1,018,400 | £0.33 |
| Northamptonshire | 5 | £220,663 | 691,952 | £0.32 |
| Cambridgeshire | 13 | £244,933 | 804,800 | £0.30 |
| Dorset | 4 | £204,075 | 744,000 | £0.27 |
| Humberside, East Riding | 1 | £151,000 | 590,600 | £0.26 |
| Norfolk | 7 | £176,961 | 857,888 | £0.21 |
| West Midlands (Met County) | 27 | £541,482 | 2,738,100 | £0.20 |
| Leicestershire | 6 | £149,984 | 980,400 | £0.15 |
| Buckinghamshire | 5 | £105,681 | 754,100 | £0.14 |

**Geographical distribution of cash grants by English counties, showing per head support**

| *County* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Lancashire | 2 | £149,975 | 1,460,900 | £0.10 |
| East Sussex | 3 | £46,700 | 800,100 | £0.06 |
| Devon | 2 | £60,920 | 1,133,800 | £0.05 |
| Durham | 1 | £21,725 | 708,842 | £0.03 |
| South Yorkshire (Met County) | 5 | £32,789 | 1,343,601 | £0.02 |
| Cumbria | 1 | £5,820 | 499,858 | £0.01 |
| Northumberland | 1 | £3,500 | 316,028 | £0.01 |
| Lincolnshire | 1 | £5,400 | 1,040,653 | £0.01 |
| Teesside | 1 | £600 | 330,000 | £0.00 |

### *4.3.3 Number of companies giving versus amount of cash given*

The analyses show that in some areas a small number of companies give large grants, whereas the opposite is true for other areas. Figure 4.5 shows this distribution. It is noticeable that, for example, in Merseyside and West Yorkshire, a small number of companies give large amounts, whereas a much larger number of companies giving in the West Midlands give smaller grants.

### *4.3.4 How company grants relate to deprivation and need*

In investigating the geographical distribution of company grants in the UK, it is interesting to question why the patterns are as they are. The analysis so far has highlighted that much company giving is based on the geography of the companies themselves, which may be partly due to historical reasons in the UK's industrial past (availability of raw materials, distribution lines, availability of workforce), or other more idiosyncratic and less predictable reasons.

Figures 4.6 and 4.7 explore whether current patterns of company giving relate to indices of need in the recipient population, using income deprivation as a proxy measure (see methodology section 4.10 for further details).

*Figure 4.5*

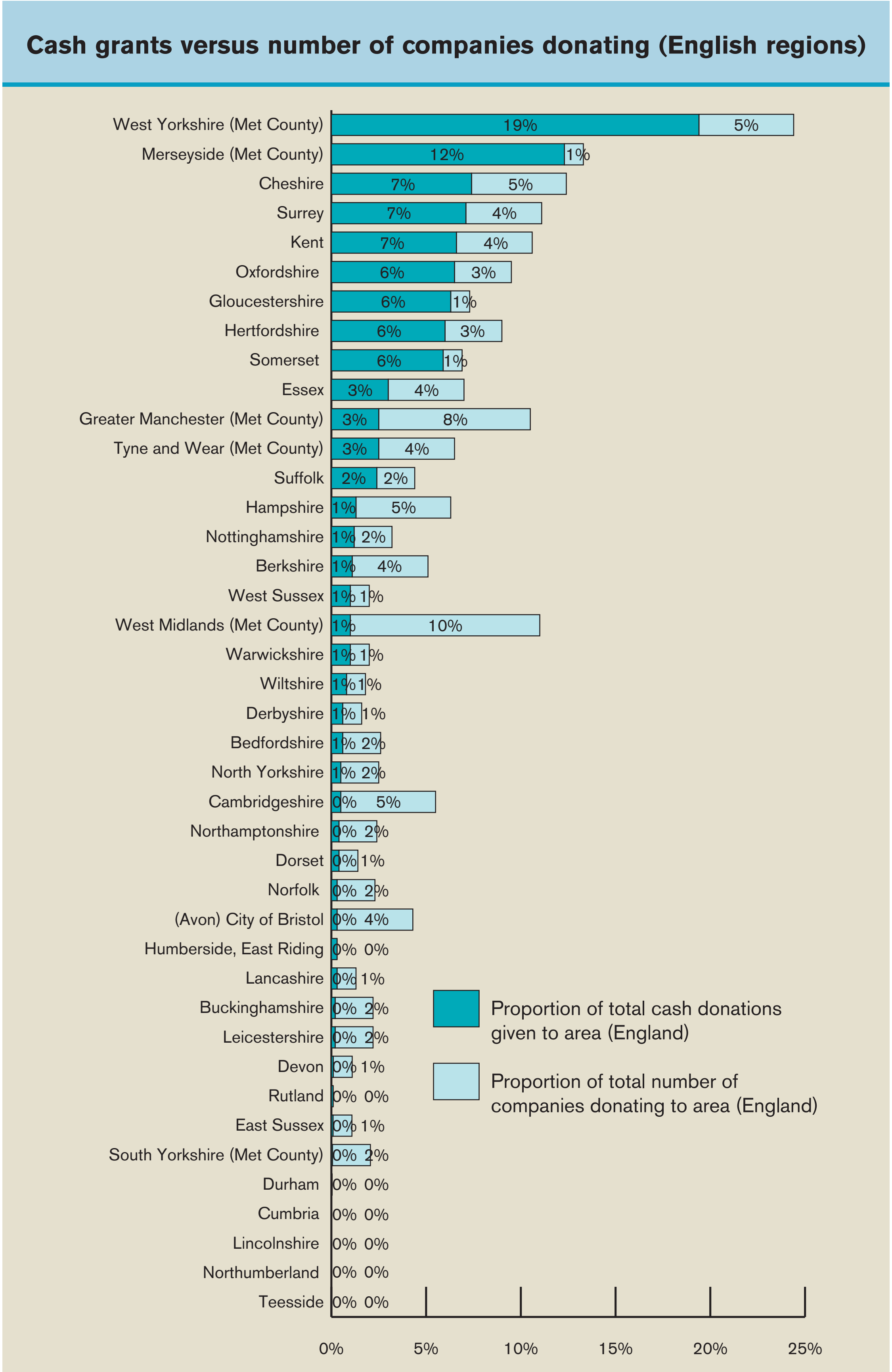

Cash grants versus number of companies donating (English regions)
West Yorkshire (Met County) 19% 5%
Merseyside (Met County) 12% 1%
Cheshire 7% 5%
Surrey 7% 4%
Kent 7% 4%
Oxfordshire 6% 3%
Gloucestershire 6% 1%
Hertfordshire 6% 3%
Somerset 6% 1%
Essex 3% 4%
Greater Manchester (Met County) 3% 8%
Tyne and Wear (Met County) 3% 4%
Suffolk 2% 2%
Hampshire 1% 5%
Nottinghamshire 1% 2%
Berkshire 1% 4%
West Sussex 1% 1%
West Midlands (Met County) 1% 10%
Warwickshire 1% 1%
Wiltshire 1% 1%
Derbyshire 1% 1%
Bedfordshire 1% 2%
North Yorkshire 1% 2%
Cambridgeshire 0% 5%
Northamptonshire 0% 2%
Dorset 0% 1%
Norfolk 0% 2%
(Avon) City of Bristol 0% 4%
Humberside, East Riding 0% 0%
Lancashire 0% 1%
Buckinghamshire 0% 2%
Leicestershire 0% 2%
Devon 0% 1%
Rutland 0% 0%
East Sussex 0% 1%
South Yorkshire (Met County) 0% 2%
Durham 0% 0%
Cumbria 0% 0%
Lincolnshire 0% 0%
Northumberland 0% 0%
Teesside 0% 0%
0%
5%
10%
15%
20%
25%
Proportion of total cash donations given to area (England)
Proportion of total number of companies donating to area (England)

*Figure 4.6*

**How cash grants stack up against income deprivation: *deprivation* (English counties)**

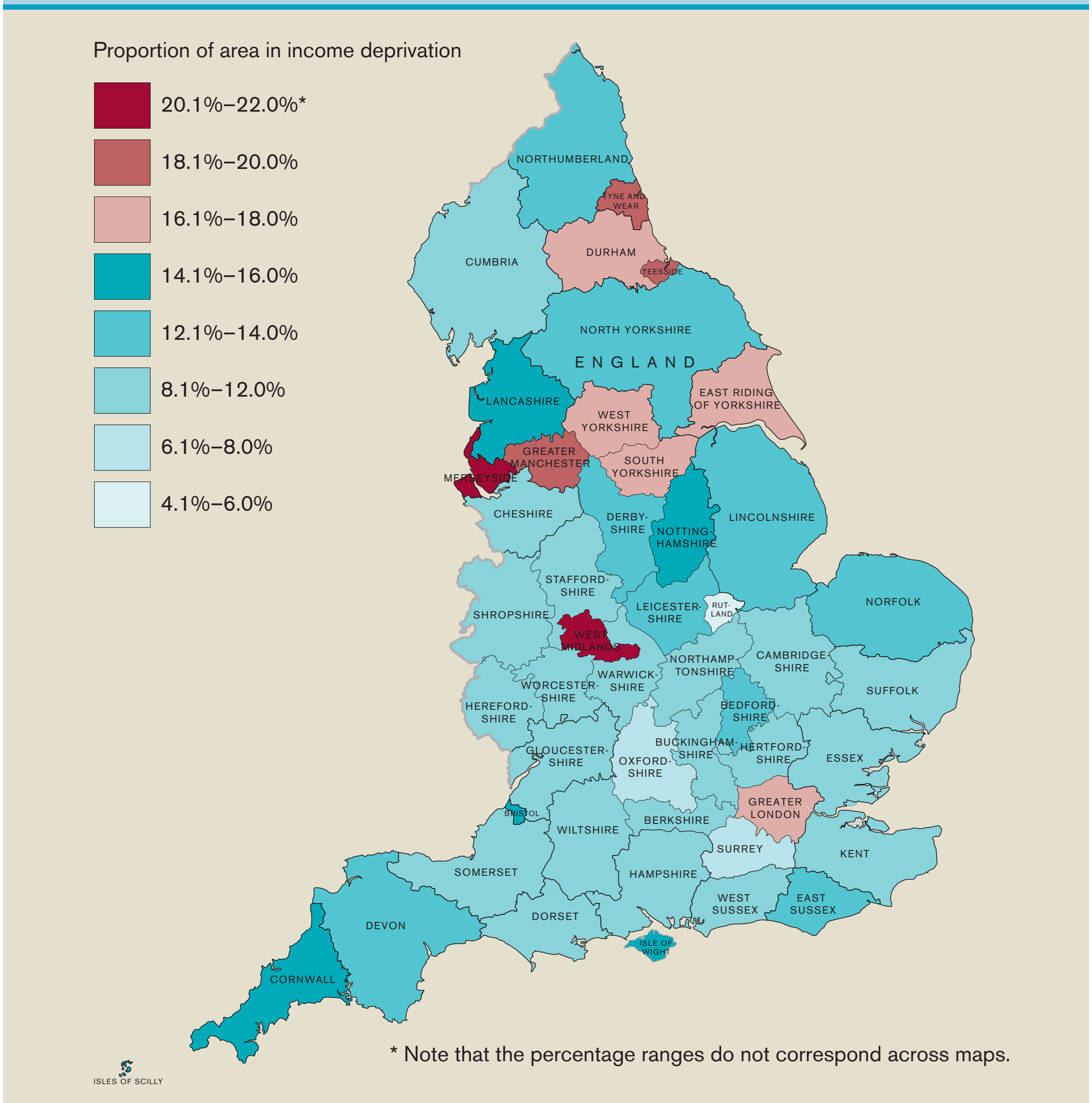
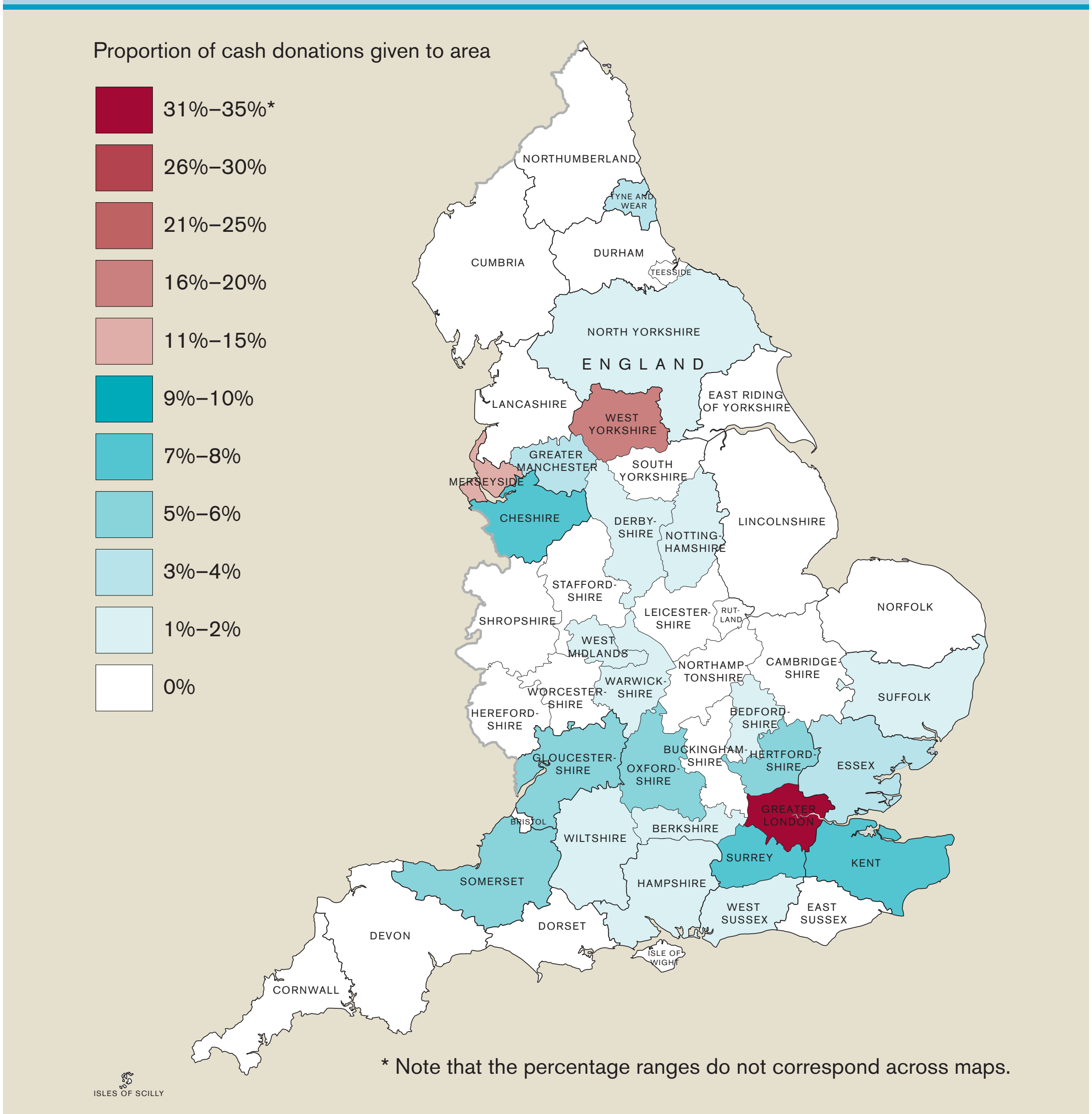



Figure 4.6 shows that while Merseyside, the most income-deprived area in England (with 21.6% of the resident population living in income deprivation), benefits from a large proportion of company cash grants (12%); the second-most income-deprived English region, the West Midlands, receives only 1% of the total company cash. Other relatively income-deprived areas such as Teesside, Durham, and South Yorkshire get less than 1% each.

At the other end of the scale, some of the least income-deprived areas in England, such as Surrey, Oxfordshire, Hertfordshire and Gloucestershire receive relatively large shares of the company cash.

*Figure 4.7*

**How cash grants stack up against income deprivation:**
***cash grants* (English counties)**



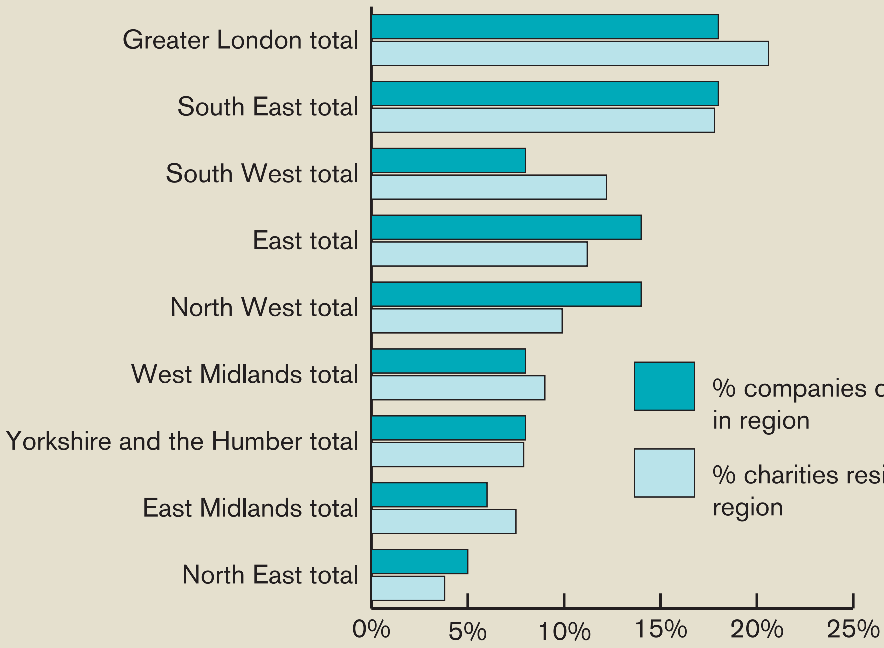

### *4.3.5 How company grants relate to the charity landscape*

If relative need is not the main driver of where companies give, is it just down to where they are themselves based, or are there any other motivations driving their giving? Figure 4.8 shows the geographical spread of charities located in the same areas in which companies donate, and demonstrates a clear, if imperfect, pattern.

Figure 4.8 shows that 21% of charities are located in Greater London, alongside 18% of donating companies; whilst in the North East 4% of charities reside alongside 5% of company donations. This suggests that company grants are more strongly related to where charities operate rather than to relative need.

*Figure 4.8*

**Proportion of companies giving compared to the proportion of charities operating in the area (calculated using estimated number of charities) (English regions)**




## 4.4 Distribution of grants in the London boroughs

In regional terms, Greater London receives the greatest proportion of corporate cash grants, both in terms of the amount given (one-third of the total, £31,588,929) and the number of companies donating (nearly one-fifth, or 70 companies).

*Table 4.5*

**Geographic distribution of cash grants (London area)**

| *London area* | *No. of Companies 2013* | *Cash donations 2013 (£m)* |
|---|---|---|
| Greater London total | 70 | £31.6 |
| Inner London | 26 | £14.7 |
| Outer London | 14 | £7 |
| Greater London (unspecified) | 9 | £6.3 |
| London | 18 | £3.3 |

A number of companies (nine, with grants/donations totalling £2.3 million) specified 'inner London', including an estimated £2 million from BP, which states:

> *Our strategy focuses on long term partnerships with a small number of internationally renowned institutions: the British Museum, the National Portrait Gallery, the Royal Opera House and Tate Britain. In 2011, BP's partnerships were renewed and extended with all four institutions. BP will invest almost £10 million over the next five years.*[10]

It would be misleading to allocate this kind of funding to 'inner London' boroughs since such arts institutions are essentially open to all and do not benefit wider charitable work in the boroughs, so this has been excluded from the more detailed analyses to follow.

Figure 4.9 shows that Westminster garners the lion's share of total cash grants in London with just over £7 million of grants. This includes an estimated £6.4 million from BHP Billiton whose head office (and corporate foundation) is in Westminster. Kensington and Chelsea, and Kingston upon Thames receive the least with just £21,000 between the two.

If you take BHP Billiton's grant to its own foundation out of the picture then Hounslow receives the most corporate cash from an estimated £3 million grant from BSkyB which has its headquarters in the old Middlesex county and which does a lot of charitable work in neighbouring Hounslow, including an annual Community Games. The Community Games are part of a national programme run by SportInspired Limited whose aim is to take sport to the UK's toughest communities, including 11 London Boroughs. BSkyB uses it as an opportunity for employee volunteering:

> *In 2012, the Sky–SportInspired partnership became national. We facilitated over 700 Sky employees to inspire over 2,500 young people in tough communities on the doorstep of their 10 UK offices.*[11]

As table 4.6 shows, Westminster and the City of London receive most per head, partly due to the extremely low population in the City area and partly because of the high density of companies which have offices in these areas and claim to give 'in their local area' or 'around their offices'. This has been interpreted as pertaining to the borough boundaries surrounding these offices, but of course it is impossible to know exactly where it is going.

A number of boroughs (11) do not receive any corporate money directly, but may well benefit from less specific grants (for example, the £2.3 million given to 'inner

[10] BP (2010), www.bp.com.
[11] SportInspired (2012), *National Community Games 2012 Impact Report*, sportinspired.org.

London') or from grants given to charities based in other boroughs but whose work extends across geographical boundaries.

*Figure 4.9*

**Geographical distribution of cash grants (London)**

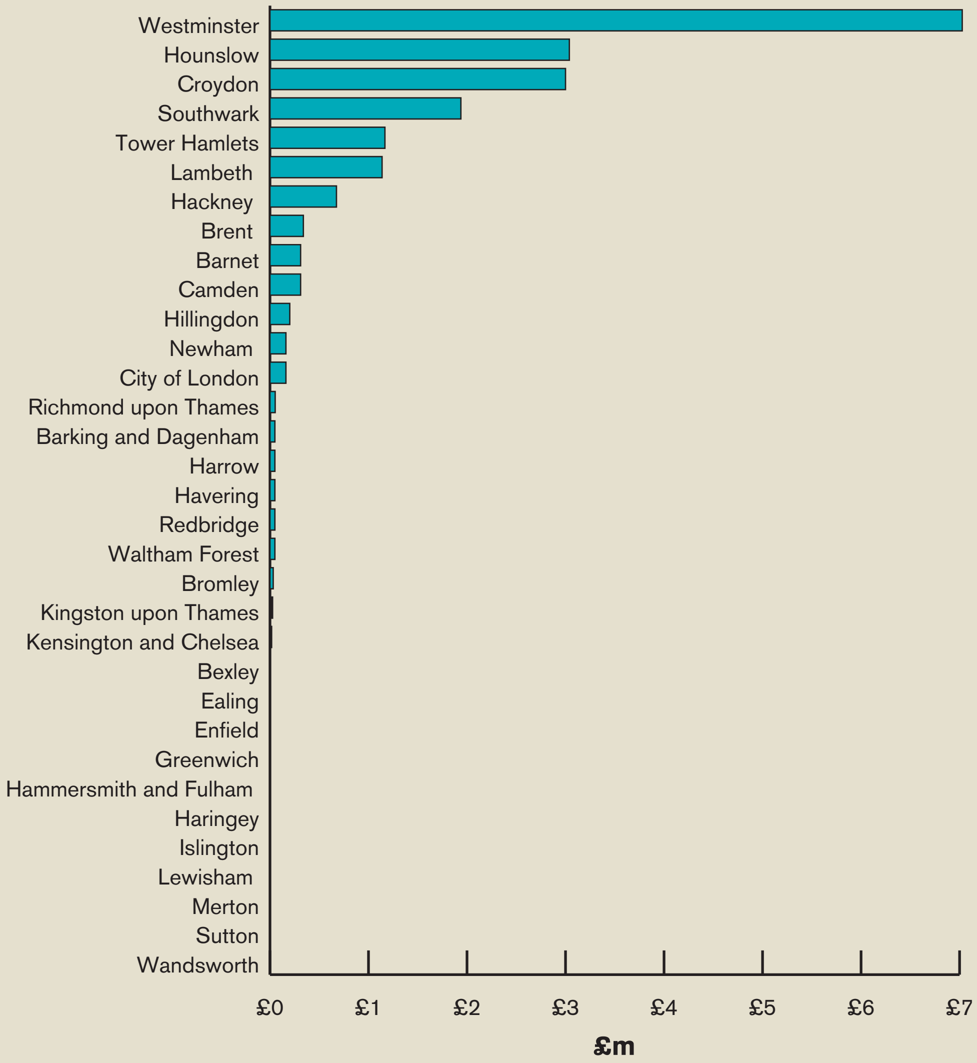


*Table 4.6*

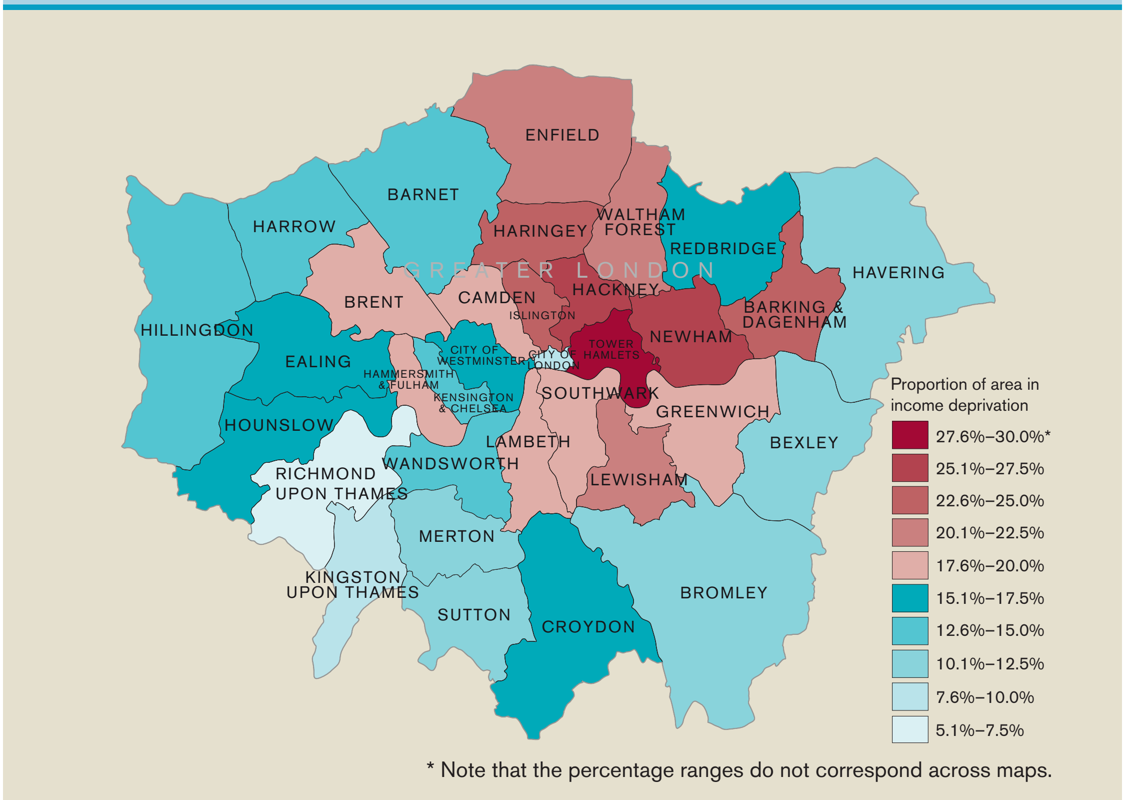
**Geographical distribution of cash grants by London boroughs, showing per head support**

| *London borough* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Westminster | 5 | £7,027,177 | 219,400 | £32.03 |
| City of London | 2 | £161,562 | 7,400 | £21.83 |
| Hounslow | 1 | £3,039,363 | 254,000 | £11.97 |
| Croydon | 1 | £2,999,997 | 363,400 | £8.26 |
| Southwark | 2 | £1,937,678 | 288,300 | £6.72 |
| Tower Hamlets | 4 | £1,166,915 | 254,100 | £4.59 |
| Lambeth | 1 | £1,137,678 | 303,100 | £3.75 |
| Hackney | 1 | £675,000 | 246,300 | £2.74 |
| Camden | 1 | £311,080 | 220,300 | £1.41 |
| Brent | 3 | £338,967 | 311,200 | £1.09 |
| Barnet | 1 | £311,080 | 356,400 | £0.87 |
| Hillingdon | 4 | £201,378 | 273,900 | £0.74 |
| Newham | 2 | £161,918 | 308,000 | £0.53 |
| Richmond upon Thames | 2 | £53,481 | 187,000 | £0.29 |
| Barking and Dagenham | 1 | £49,793 | 185,900 | £0.27 |
| Havering | 1 | £49,793 | 237,200 | £0.21 |
| Harrow | 1 | £49,793 | 239,100 | £0.21 |
| Waltham Forest | 1 | £49,793 | 258,200 | £0.19 |
| Redbridge | 1 | £49,793 | 279,000 | £0.18 |
| Bromley | 1 | £33,200 | 309,400 | £0.11 |
| Kingston upon Thames | 1 | £11,777 | 160,100 | £0.07 |
| Kensington and Chelsea | 1 | £9,050 | 158,700 | £0.06 |

Does the cash-spread in London correspond to relative need? Figures 4.10 and 4.11 show that although the three most income-deprived boroughs in London (Tower Hamlets, Newham and Hackney) receive some cash, it is by no means proportional to the relative need, with the next most deprived boroughs – Barking and Dagenham, Haringey, Islington, Enfield and Waltham Forest – receiving nothing directly from the top corporate givers. Westminster, which has a middling score for income deprivation, receives far more than its fair share seen in this light.

*Figure 4.10*

**How cash grants stack up against income deprivation:**
***deprivation* (London boroughs)**

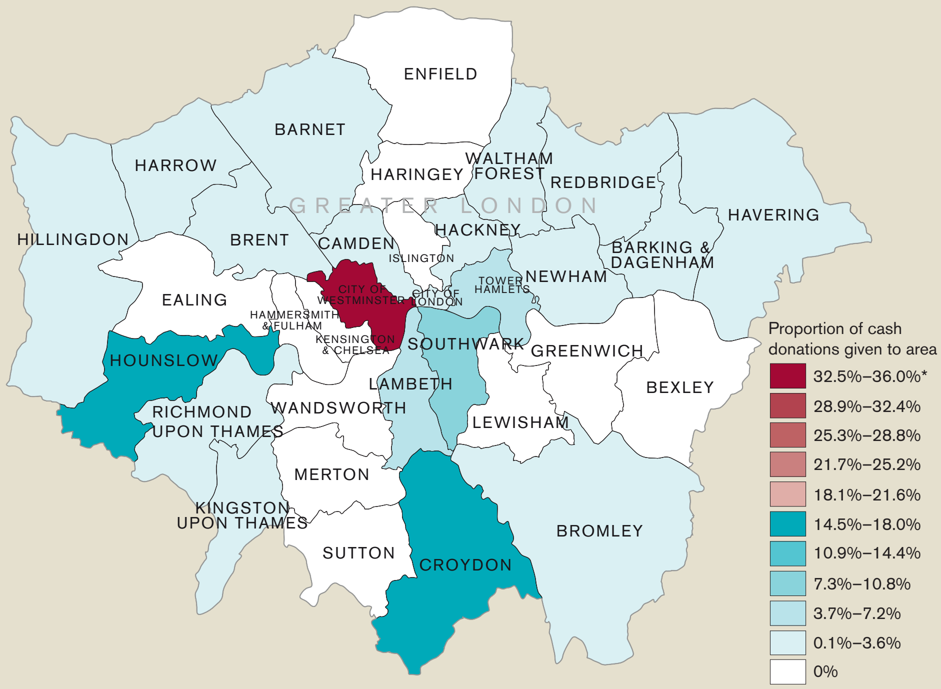



If grants are not given according to deprivation in London, is part of their unequal division due to the location of headquarters? One-third (33%) of companies in this report have their headquarters in London, and table 4.7 shows that around one-third are located in Westminster, with a further 31%+ being located in the City of London, explaining some of the large skew towards these boroughs.

It is also noticeable, however, that some of London's poorest boroughs neighbour some of its richest and this may result in more beneficial arrangements for the poorer boroughs (given that companies tend to give in their general local area rather than within strict borough boundaries).

*Figure 4.11*

## How cash grants stack up against income deprivation: *cash grants* (London boroughs)




* Note that the percentage ranges do not correspond across maps.

*Table 4.7*

## Proportion of company HQs by London postcode and corresponding borough

| *London postcode district* | *Proportion of company HQs* | *London borough covered* | *Number of company HQs* |
|---|---|---|---|
| SW1 | 17.5% | Westminster | 24 |
| W1 | 16.1% | Westminster (Camden) | 22 |
| EC2 | 10.2% | City of London, Hackney | 14 |
| EC3 | 8.0% | City of London, Tower Hamlets | 11 |
| EC4 | 7.3% | City of London | 10 |
| E14 | 5.8% | Canary Wharf | 8 |

**Proportion of company HQs by London postcode and corresponding borough**

| *London postcode district* | *Proportion of company HQs* | *London borough covered* | *Number of company HQs* |
|---|---|---|---|
| EC1 | 5.8% | City of London, Camden, Islington | 8 |
| WC2 | 5.8% | Westminster, Camden | 8 |
| SE1 | 4.4% | Southwark, Lambeth | 6 |
| WC1 | 3.6% | Camden (City of London, Islington) | 5 |
| NW1 | 2.9% | Camden, Westminster | 4 |
| W2 | 2.9% | Westminster, Kensington and Chelsea | 4 |
| NW10 | 1.5% | Brent, Ealing, Hammersmith, Fulham | 2 |
| W6 | 1.5% | Hammersmith and Fulham, Hounslow | 2 |
| CR | 0.7% | Croydon | 1 |
| E1 | 0.7% | City of London, Tower Hamlets, Hackney | 1 |
| E5 | 0.7% | Hackney | 1 |
| N1 | 0.7% | Hackney, Islington, Camden | 1 |
| N2 | 0.7% | Barnet, Haringey | 1 |
| N22 | 0.7% | Haringey, Enfield | 1 |
| NW8 | 0.7% | Camden, Westminster | 1 |
| SW3 | 0.7% | Kensington and Chelsea | 1 |
| W8 | 0.7% | Kensington and Chelsea | 1 |

Comparing the distribution of company funding to the distribution of charities in London shows that the London skew may be more meaningful than it first appears. Previous research shows that there are around 80 voluntary organisations per 1000 people within the City of London, 10 per 1000 in Westminster and 7 per 1000 in Camden compared to an average of 2.5 organisations per 1000 people across the whole of England and Wales.[12]

[12] J. Clarke, D. Kane, K. Wilding and P. Bass (2012), *The UK Civil Society Almanac 2012*, London, NCVO.

Additionally, it is estimated that around 30% of voluntary sector income can be accounted for by voluntary organisations in seven London Boroughs: Westminster, City of London, Camden, Islington, Lambeth, Southwark and Hackney.[13] Since the same seven boroughs receive 53% of corporate donations in the capital, this indicates some sort of connection here.

## 4.5 Distribution of grants in Wales

Apart from an estimated contribution of £6.4 million from BHP Billiton to North Wales, Wales fares quite poorly from corporate cash grants, with 15 regions receiving nothing according to the evidence available in this dataset. Overall, Wales received just £7.7 million in corporate support, or 2% of the total cash amount donated to the UK (plus, in all likelihood, a share of the overall UK donations).

BHP Billiton operates the Point of Ayr Gas Terminal situated on the Point of Ayr in Flintshire, Wales. It takes gas from BHP's Liverpool Bay Development. The company states: 'Our community development programs are driven by our desire to improve the quality of life of people in our host communities.'

### Case Study: BHP Billiton plc

One of the world's largest mining businesses, the BHP Billiton Group specialises in commodities, oil and gas extraction. It operates in over 100 locations worldwide, employing more than 10,000 people. BHP Billiton plc had, as of 28 May 2013, a market capitalisation of approximately £40.9 billion and was the fourteenth-largest company listed on the London Stock Exchange.[14] The company has a head office in Westminster, and large operations in Merseyside (natural gas production in the Liverpool Bay area) and North Wales (the Point of Ayr Gas Terminal in Flintshire which takes gas from the Liverpool Bay area).

**Corporate donations 2010/11**

| | |
|---|---|
| Total contributions (cash & in-kind) worldwide: | £125,667,000 |
| Total cash contributions worldwide: | £115,161,000 |
| Total cash contributions UK: | £19,290,000 |
| Contributions as a % of pre-tax profit: | 0.9% (worldwide) |
| Cash as a % of pre-tax profit: | 0.8% (worldwide); 0.1% (UK) |

[13] Ibid.
[14] Stock Challenge (2013), 'FTSE All-Share Index Ranking (unofficial guide): As at close on Tue, 28 May 2013', www.stockchallenge.co.uk/ftse.php.

### *Does it have its own trust or foundation?*

Yes, BHP Billiton Sustainable Communities (registered charity: 1131066) which manages some of the company's charitable giving. The foundation is the fifteenth largest in the UK.[15] As a relative newcomer, this foundation is one to watch, especially as it is endowed with over £210 million, and in 2011 expended over £20 million.

**Breakdown of corporate contributions 2010/11**

| *Project supported* | *Amount given* |
|---|---|
| Payments to the BHP Billiton Sustainable Communities foundation for emergency relief (£12.9 million) and the establishment of sustainability and energy research institutes in the UK and Australia (£6.43 million). | £19,290,000 |
| Matched giving contributions from the charitable trust | £3,150,000 |
| Total worldwide giving less UK charitable trust | £76,224,000 |

### *What does the group do for charity?*

> *We continue to invest one per cent of our pre-tax profits in community programs, based on the average of the previous three years' pre-tax profit publicly reported in each of those years.*

**Emergency relief:** the majority of funds distributed from the Billiton Sustainable Communities charity were to organisations like the Red Cross and World Food Programme.

**Promoting research and development in energy/resources:** £6.43 million donated to UCL to establish research institutes in London and Adelaide.

**Community Development Programmes:** running in areas where the company operates these programmes aim to improve the quality of life of host communities with regard to education, health, economic and environmental indicators. It is moving specifically towards projects which tackle Millennium Development Goals.

**Local sponsorship:** for example, a three-year sponsorship deal with the award winning Kids EXCEL programme (this has now ended). The programme operated in primary schools across Sefton (Merseyside) delivering extra-curricular physical activity/exercise classes and educational components to around 2,000 children each week. The classes were aimed at improving grass roots sports skills and increasing knowledge of the health benefits of physical activity.

[15] Charity Insight (2011), 'The top 100 Charity Index: Charity Insight Contributor', www.charityinsight.com, published online 18 May.

BHP Billiton has also supported The Green Machine Fund – which enhances, improves and conserves the local environment in Liverpool, Wirral and Knowlsley – with small grants of £50 to £500.

*Does it have a Charity of the Year?*
No.

*Staff volunteering?*
In 2010/11 over 6,000 employees spent 71,000 hours volunteering in their own time.

*Does the company have a payroll giving scheme and is it matched?*
Yes, over 6,000 employees participated in the matched giving scheme in 2010/11.

*Do they offer sponsorship?*
No.

*Do they do cause-related marketing?*
No.

*Does the company have its own CSR department or similar?*
Responsibility for CSR lies with a CSR committee within the BHP Billiton Board.

*What's its reporting like?*
Annual CSR reports and accounts for the UK charitable trust are published; however, as only a proportion of the company's giving is carried out through the trust it is difficult to track where the majority of the funds are spent and to put exact figures on many projects.

*Is the company a responsible corporate citizen?*
It has committed to giving 1% of profits to good causes and has committed to operating in accordance with the United Nations Declaration of Human Rights. On the other hand, despite a record profit in 2011, the company raised hackles through its opposition to carbon and minerals taxes in Australia. Critics also oppose many of the sectors the company is involved in on environmental grounds – it works to extract coal, gas, uranium and minerals. It is also facing investigations over corruption charges relating to its sponsorship of the Beijing Olympics.

* Figures and examples quoted in this case study (where not otherwise referenced) are taken from *BHP Billiton Sustainable Communities Trustees' Report and Financial Statements for the year ended 30 June 2011*, which is available from the Charity Commission; the company's website; and BHP Billiton's Annual Report 2011, available on the company's website. Figures are approximate and some have been converted from dollars.

No figures or details are available of actual support given in North Wales, however, which makes this contribution a bit of an anomaly. This is not unusual in data terms, since companies rarely give details of all of their giving and community support (for more details on methodology are see section 4.10).

*Table 4.8*

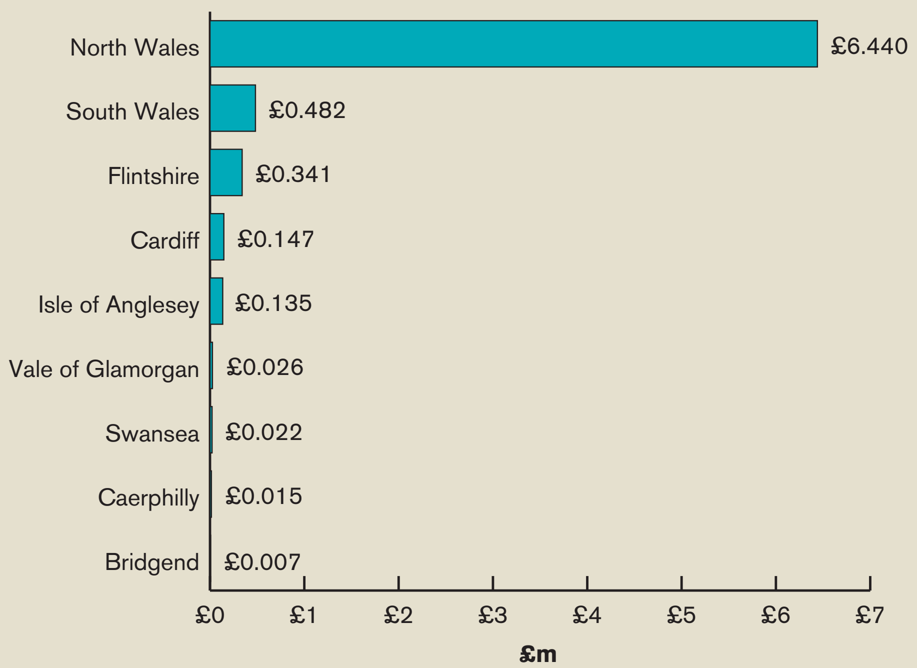
**Geographical distribution of cash grants by Welsh regions, showing per head support**

| *Area* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Wales (total) | 33 | £7.70 | 3,063,200 | £2.51 |
| North Wales | 6 | £6.90 | 687,800 | £4.17 |
| South Wales | 18 | £0.70 | 1,860,300 | £0.93 |

North Wales receives over four times as much as South Wales per head due to BHP Billiton's attributed donations.

*Figure 4.12*

**Geographical distribution of cash grants (Wales)**



In per head terms, Flintshire receives five times as much Cardiff as table 4.9 shows.

*Table 4.9*

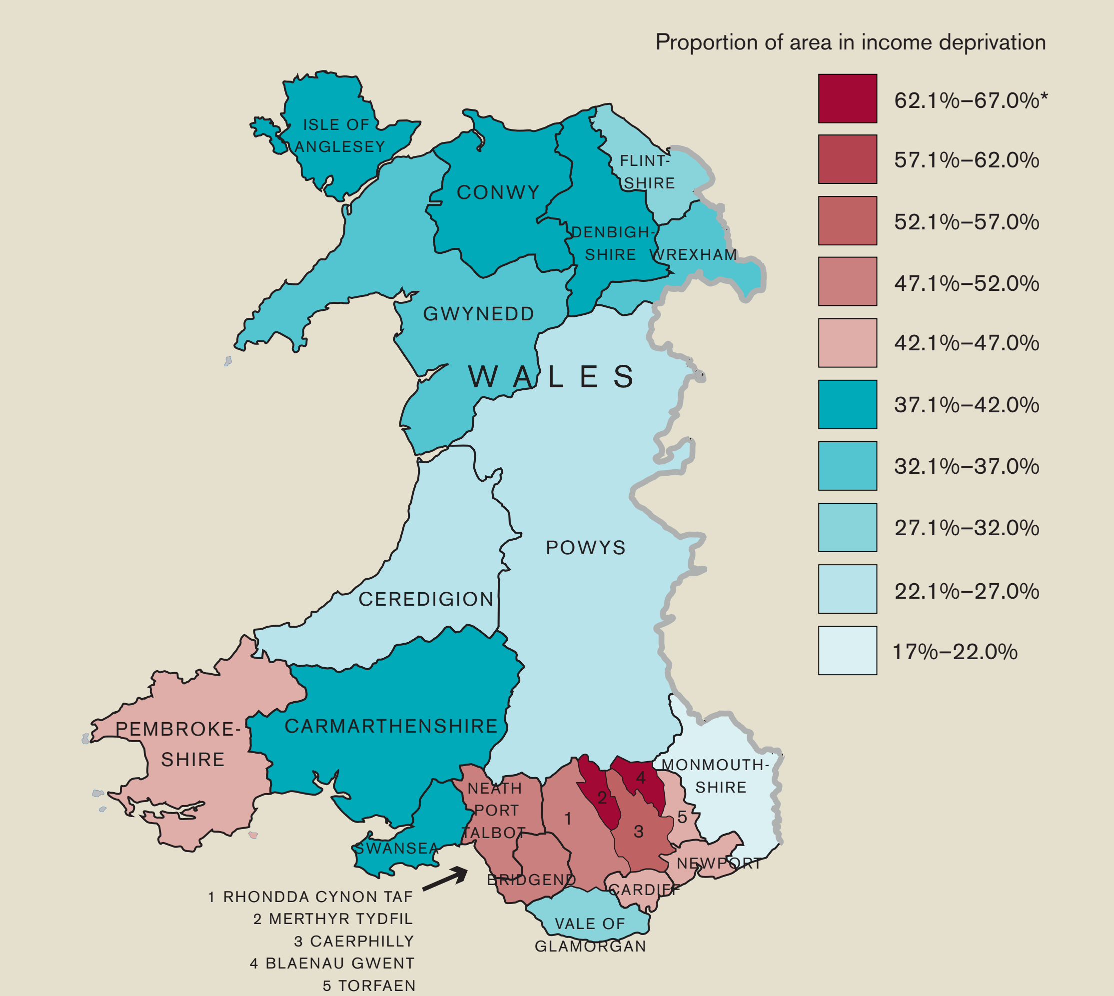
**Geographical distribution of cash grants by Welsh counties, showing per head support**

| *County* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| Flintshire | 2 | £341,250 | 152,500 | £2.24 |
| Isle of Anglesey | 2 | £134,670 | 69,700 | £1.93 |
| Cardiff | 5 | £146,613 | 346,100 | £0.42 |
| Torfaen | 1 | £26,000 | 91,100 | £0.29 |
| Swansea | 1 | £21,725 | 239,000 | £0.09 |
| Caerphilly | 1 | £15,200 | 178,800 | £0.09 |
| Bridgend | 1 | £6,714 | 139,200 | £0.05 |

As figures 4.13 and 4.14 show, deprivation is spread quite widely across Wales, and it is clear that corporate donations do not follow suit. Blaenau Gwent and Merthyr Tydfil, the most deprived areas in Wales, receive less than 2% of the overall corporate cash in Wales.

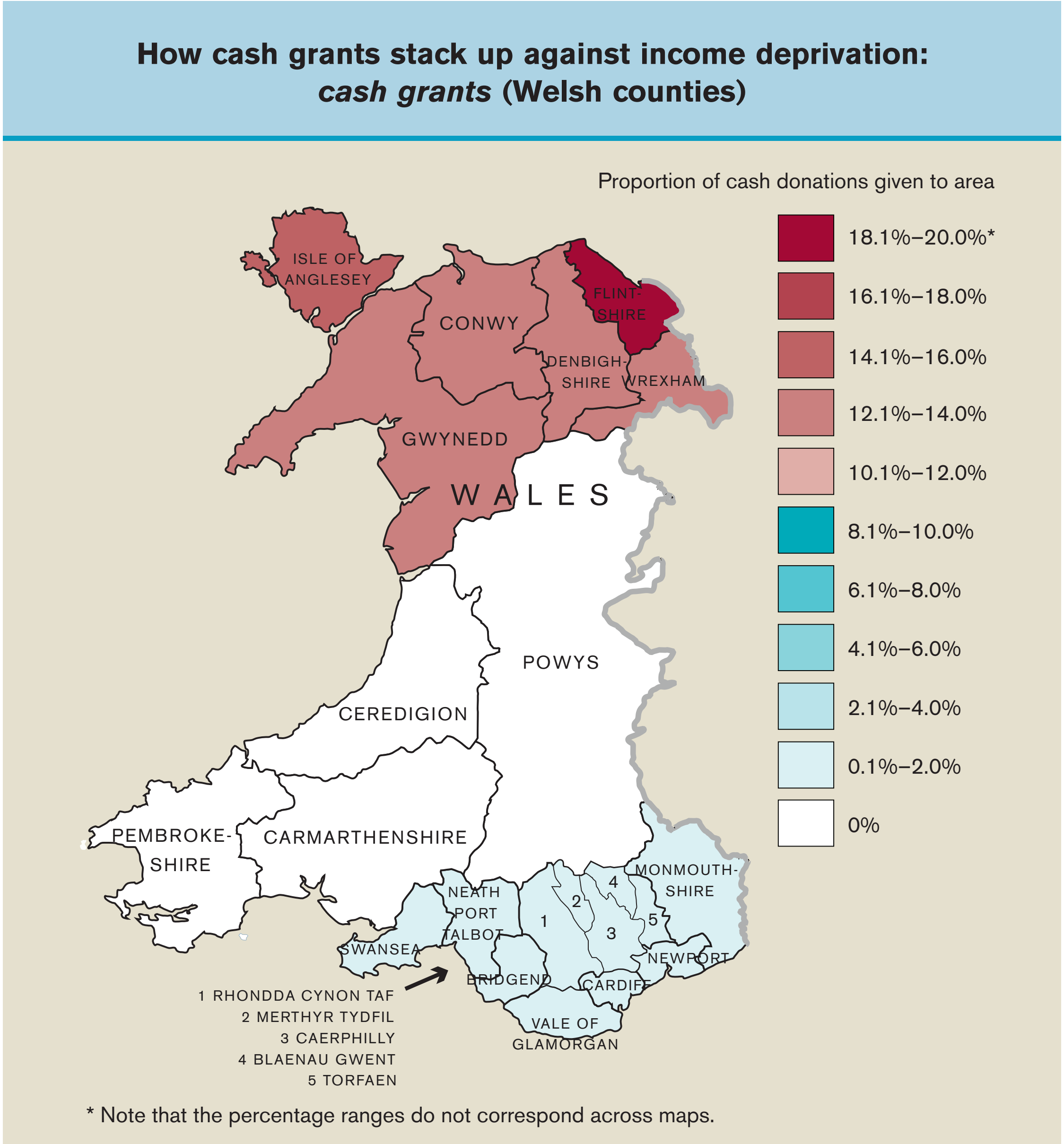
*Figure 4.13*

**How cash grants stack up against income deprivation: *deprivation* (Welsh counties)**




* Note that the percentage ranges do not correspond across maps.

*Figure 4.14*




## 4.6 Distribution of grants in Scotland

Nineteen companies from the top givers have their headquarters in Scotland, yet Scotland's corporate cash support is dominated by contributions in Fife and West Lothian. These were both from British Sky Broadcasting Group plc, which has campuses in both locations, and is active through its Bigger Picture programme:

> *We reach out to primary and secondary schools near our campuses in Hounslow, Scotland and Leeds to help raise aspirations and build life skills of young people. We invest in long-term relationships with local schools and have built a network of Sky volunteers who give up their time to play an active role in our local communities … We help young people learn about the media through a range of*

*initiatives including Sky Futures, a series of work taster sessions that showcase media careers for 14 to 16 year olds.*[16]

We invest in long-term relationships with local schools and have built a network of Sky volunteers who give their time to play an active role in our local communities near our

campuses in Hounslow, Scotland and Leeds. We help school students learn about the media through a range of initiatives including Sky Futures, a series of work taster sessions that showcase media careers to 14 to 16 year olds.

*Figure 4.15*


[16] Sky (2013), 'Bigger Picture: Local Initiatives', corporate.sky.com

The same pattern holds true for per head grants (see table 4.10) with West Lothian and Fife dominating. Sixteen Scottish counties receive no corporate donations according to the evidence in this dataset.

*Table 4.10*

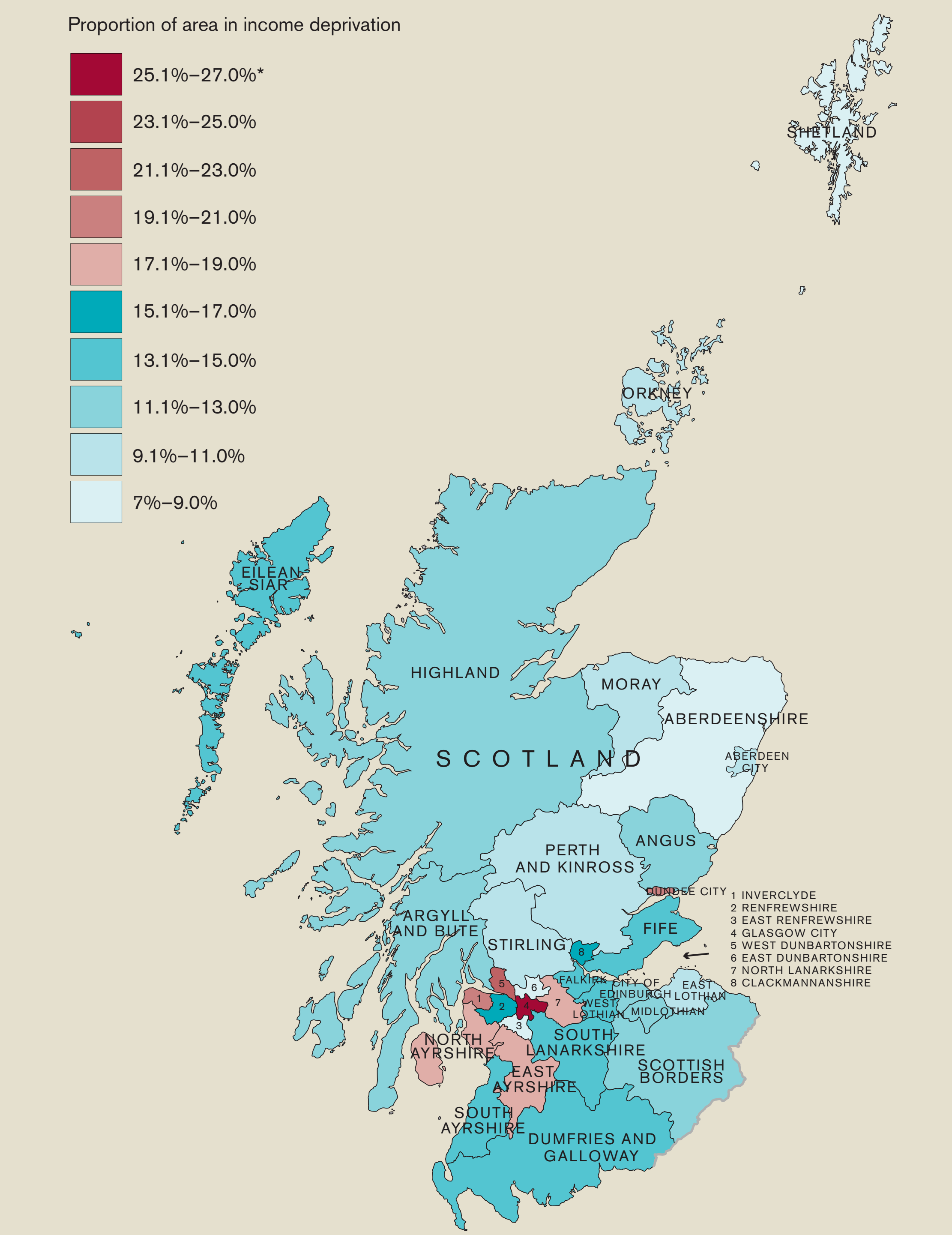
**Geographical distribution of cash grants by Scottish counties, showing per head support**

| *County* | *No. of companies* | *Cash donations (£)* | *ONS 2011 census population figures* | *Cash support per head of population* |
|---|---|---|---|---|
| West Lothian | 1 | £3,039,363.00 | 175,000 | £17.37 |
| Fife | 3 | £3,463,862.70 | 365,000 | £9.49 |
| Aberdeenshire | 2 | £1,168,268.00 | 253,000 | £4.62 |
| Stirling | 1 | £311,080.00 | 90,000 | £3.46 |
| Aberdeen City | 7 | £495,299.00 | 223,000 | £2.22 |
| Glasgow City | 13 | £746,946.00 | 593,000 | £1.26 |
| Edinburgh, City of | 8 | £559,205.00 | 477,000 | £1.17 |
| Highland | 1 | £249,900.00 | 232,000 | £1.08 |
| Dundee City | 1 | £27,806.00 | 147,000 | £0.19 |
| North Lanarkshire | 1 | £45,395.00 | 338,000 | £0.13 |
| Angus | 1 | £3,501.00 | 116,000 | £0.03 |
| South Ayrshire | 1 | £2,713.33 | 113,000 | £0.02 |
| East Ayrshire | 1 | £2,713.33 | 123,000 | £0.02 |
| North Ayrshire | 1 | £2,713.33 | 138,000 | £0.02 |
| South Lanarkshire | 1 | £833.00 | 314,000 | £0.00 |
| Scottish Borders | 1 | £150.00 | 114,000 | £0.00 |

As figures 4.16 and 4.17 show, the grants do not follow patterns of need in Scotland either, with many of the most income-deprived areas receiving little or no cash support from companies; however, in Scotland there appears to be a strong correlation between population density and corporate cash donations.

*Figure 4.16*

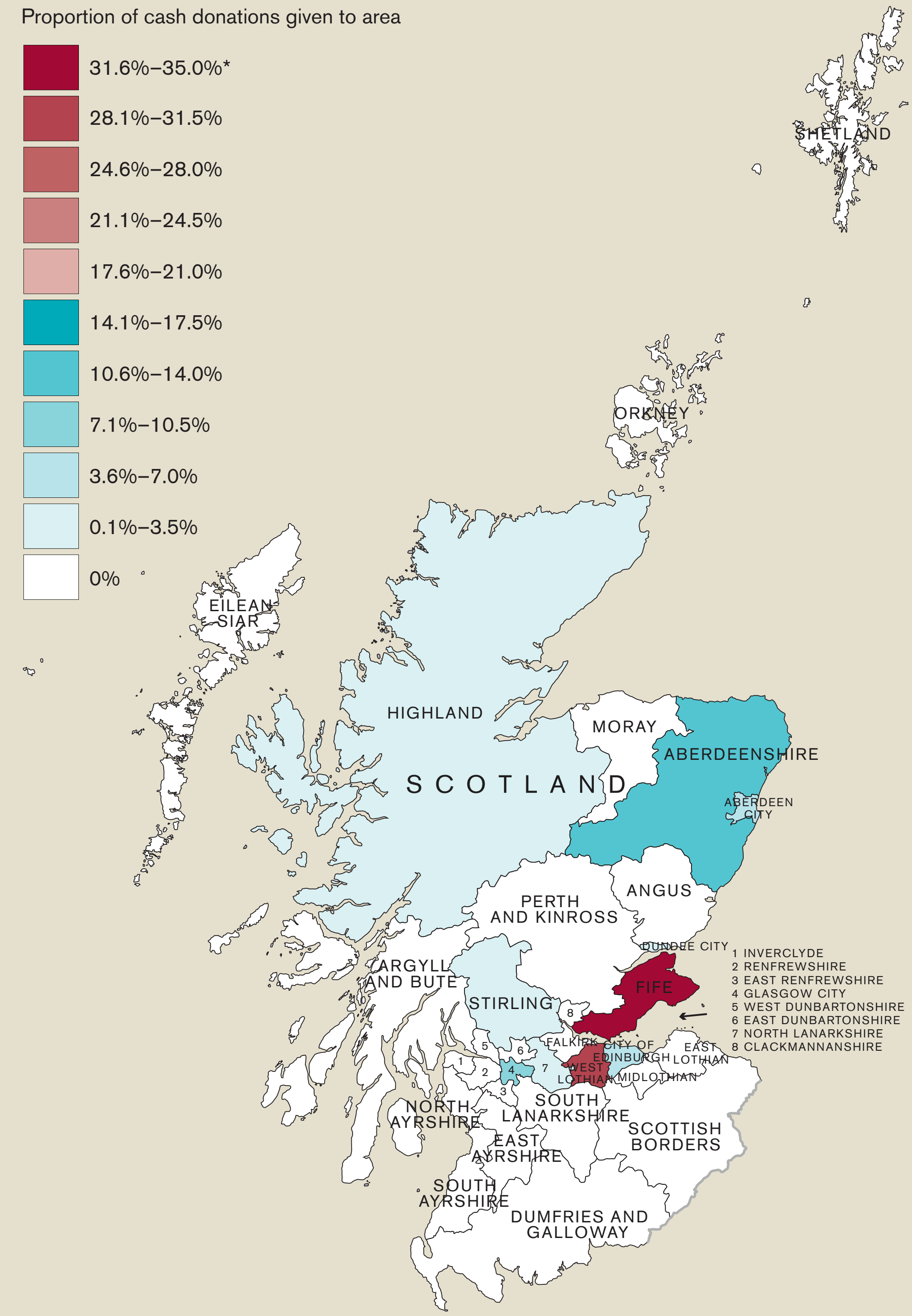
**How cash grants stack up against income deprivation: *deprivation* (Scotland)**




* Note that the percentage ranges do not correspond across maps.

*Figure 4.17*

**How cash grants stack up against income deprivation:**
***cash grants* (Scotland)**

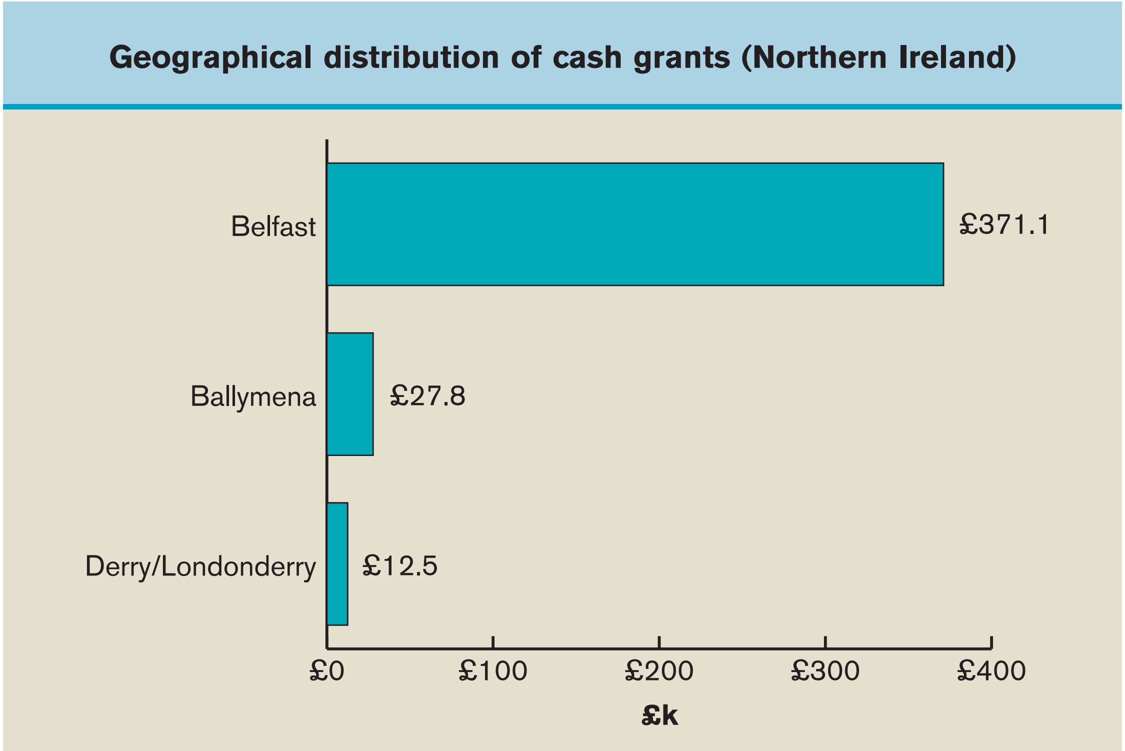



* Note that the percentage ranges do not correspond across maps.

## 4.7 Distribution of grants in Northern Ireland

Northern Ireland receives only 0.1% of the company cash grants given in the UK, with four companies giving just over £400,000. The bulk goes to Belfast, the capital city, courtesy of Prudential plc, which has an intermediary office there, outsourced to the Capita Group.

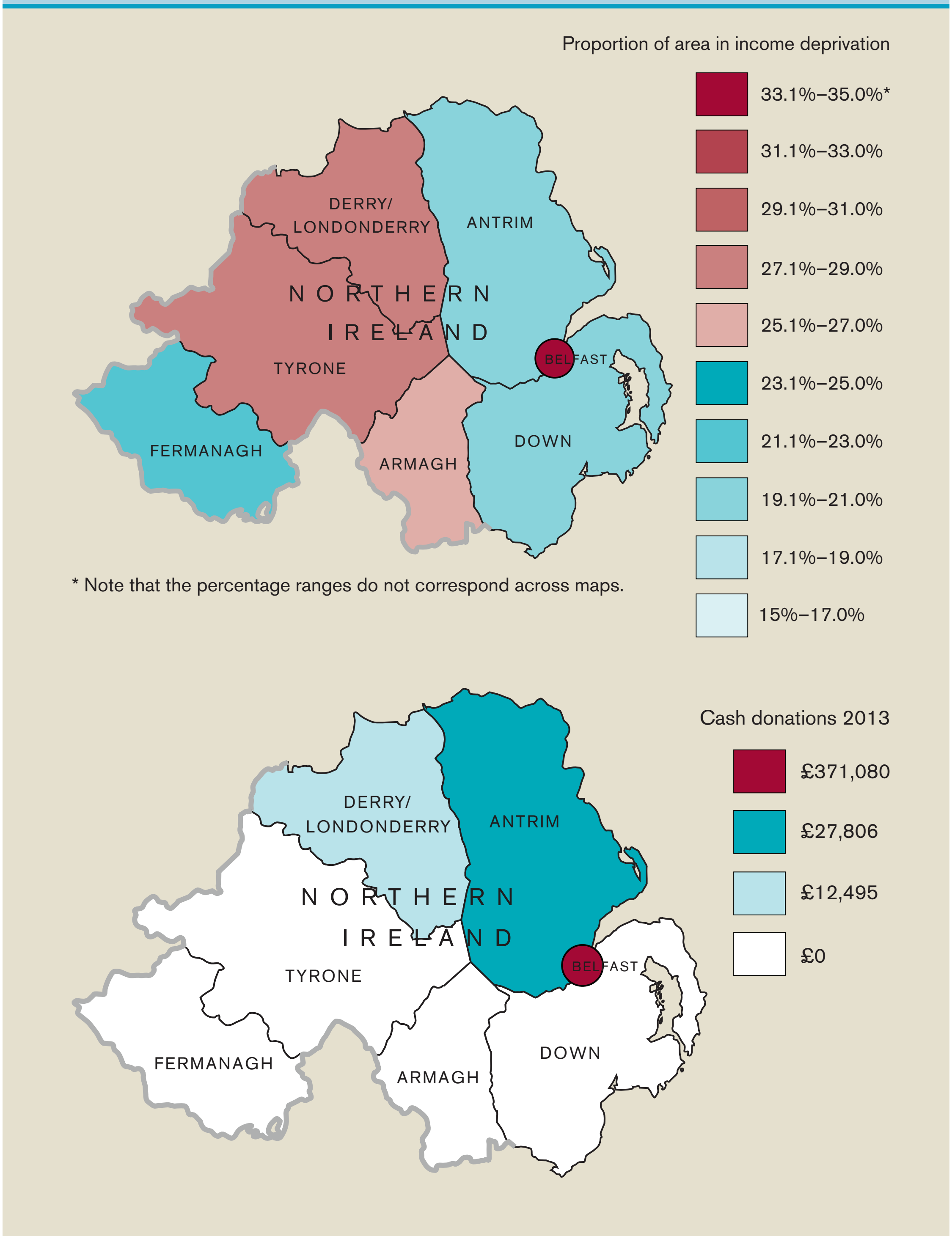
*Figure 4.18*




As figure 4.19 shows, Belfast does have a high relative income-deprivation score (the third highest in Northern Ireland), although as previous analyses have shown, it is likely that this is not the primary reason for its priority in the grants allocation.

*Figure 4.19*

**How cash grants stack up against income deprivation (Northern Ireland)**



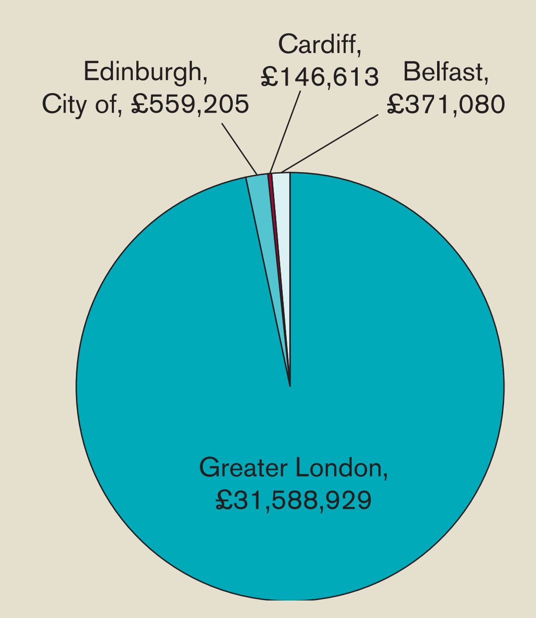

In all likelihood, Belfast features highly mainly because of the location of businesses there, population density, capital city status and density of charities located in the area.

## 4.8 An analysis of capital cities

An analysis of giving to the UK's capital cities shows that Greater London receives by far the lion's share of the cash, which is perhaps not surprising when you consider that the population of Greater London is at least ten times that of the largest of the other capitals. Yet the disparity in giving belies other factors – historical, geographical, sociological, charitable and accidental in the giving of the top corporate givers.

*Figure 4.20*

**A comparison of corporate cash giving to the UK's capital cities**




## 4.9 Conclusions

The analyses in this chapter show that, like charities, more companies tend to be based (and to give) in the South of England (including London) rather than the North. Similarly, there is no clear relationship between the level of local deprivation and company giving, with companies and their giving tending towards being distributed where they, and charities, are most concentrated.

This corroborates other research which has shown an inverse relationship between the number of charities and the level of local deprivation,[17] making this discovery a real cause for concern.

## 4.10 Methodology

The geographical area of benefit for company cash grants has been analysed on a case-by-case basis, using the companies' annual reports and accounts and any separate CSR reports. Up to ten geographical locations are tagged and cash is allocated according to the information present. If there were more than ten UK locations then the money has been allocated to the 'United Kingdom'. In reality, this applied to very few companies.

If no proportional allocation is available then the cash has been allocated to each location with an equal weighting.

[17] R. Lindsey, *Exploring Local Hotspots and Deserts: investigating the local distribution of charitable resources* [working paper], CGAP, www.cgap.org.uk.

All population figures are taken from the ONS 2011 census (ceremonial county definitions have been used (rather than administrative) to take in the widest geographical reach as these are the ones mostly used by funders and the public). Population scores are taken from the ONS 2011 census while deprivation scores are taken from the Indices of Multiple Deprivation for each country.[18]

The proportion of people in income deprivation has been chosen as a proxy measure for all four countries since it is one of only two measures which have been found to be comparable across all four countries (employment deprivation being the other).[19]

[18] Department for Communities and Local Government (2011), English Indices of Deprivation 2010 [PDF report], www.gov.uk; NISRA (2010), 'Northern Ireland Multiple Deprivation Measure 2010' [web page containing several PDF links], www.nisra.gov.uk; Scottish Government (2011), 'Scottish Index of Multiple Deprivation', simd.scotland.gov.uk; Welsh Government (2011), 'Welsh Index of Multiple Deprivation 2011' [web page containing several PDF links], wales.gov.uk.

[19] R. A. Payne and G. A. Abel (2012), 'UK indices of multiple deprivation – a way to make comparisons across constituent countries easier', *Health Statistics Quarterly*, no. 53, Spring 2012; see also Office for National Statistics (2013), 'Indices of Deprivation across the UK' [within 'Analysis and Guidance'], www.neighbourhood.statistics.gov.uk.

Chapter 5

# Who do companies give to? Causes and beneficiaries supported

## Key observations

- Community/social welfare, educational and children and young people's causes are most popular with more than 50% of companies supporting them.
- Causes such as human rights, inner cities, women's issues and equal opportunities are less popular, with fewer than 10% of companies supporting them.
- Companies tend to have different preferences for charitable causes from individuals, in particular the arts and culture are traditionally seen as the domain of the company giver rather than the individual
- In the last five years, community and social welfare has overtaken education as the most popular cause for companies to fund, but more cash still goes to education.

## 5.1 Introduction

Companies tend to make quite different choices from individuals when choosing a cause or beneficiary to give to. This may be because these decisions are often tied to their marketing and public relations strategies, and also because companies tend to give to areas connected with their business in some way.

NCVO's *Civil Society Almanac 2012* shows that while corporate funding makes up a small percentage of most charities' income, almost one-sixth (14%) of all research carried out by voluntary sector organisations relies on corporate funding, and almost one in ten (9%) grant-making foundations relies on corporate funding. Companies are also less likely to fund the smallest charities (only 1% of the funding for micro charities (charities with incomes of less than £10,000) comes from corporates).

It has been suggested that the basket of causes considered for funding by companies is both narrower and less susceptible to change than for other funders.[1] There is

[1] ICCSR/CAF (2006), *An evaluation of corporate community investment in the UK: A research report by the International Centre for Corporate Social Responsibility*, West Malling, CAF.

some evidence of change over the last decade or so, however, with companies becoming more responsive to public (and their employees') opinion. It was reported that companies reacted generously to large one-off disaster appeals such as the Tsunami in 2004/05 (although, for some, this was diverted from their normal causes rather than given additionally).[2]

The other factor affecting changing patterns is the recent economic upheaval which has seen changes to the dominance of some industries in the economy. In particular, arts and culture charities may have suffered because of their reliance on the financial sector for support (see Chapter 6 for more details on this). As figure 5.1 shows, arts and culture, which used to be a mainstay of company investment in the community, is still one of the major causes, but according to Arts & Business's annual review,[3] business funding has fallen for the last four years, and now accounts for just 19% of private investment in the arts.

## 5.2 Number of companies supporting different causes

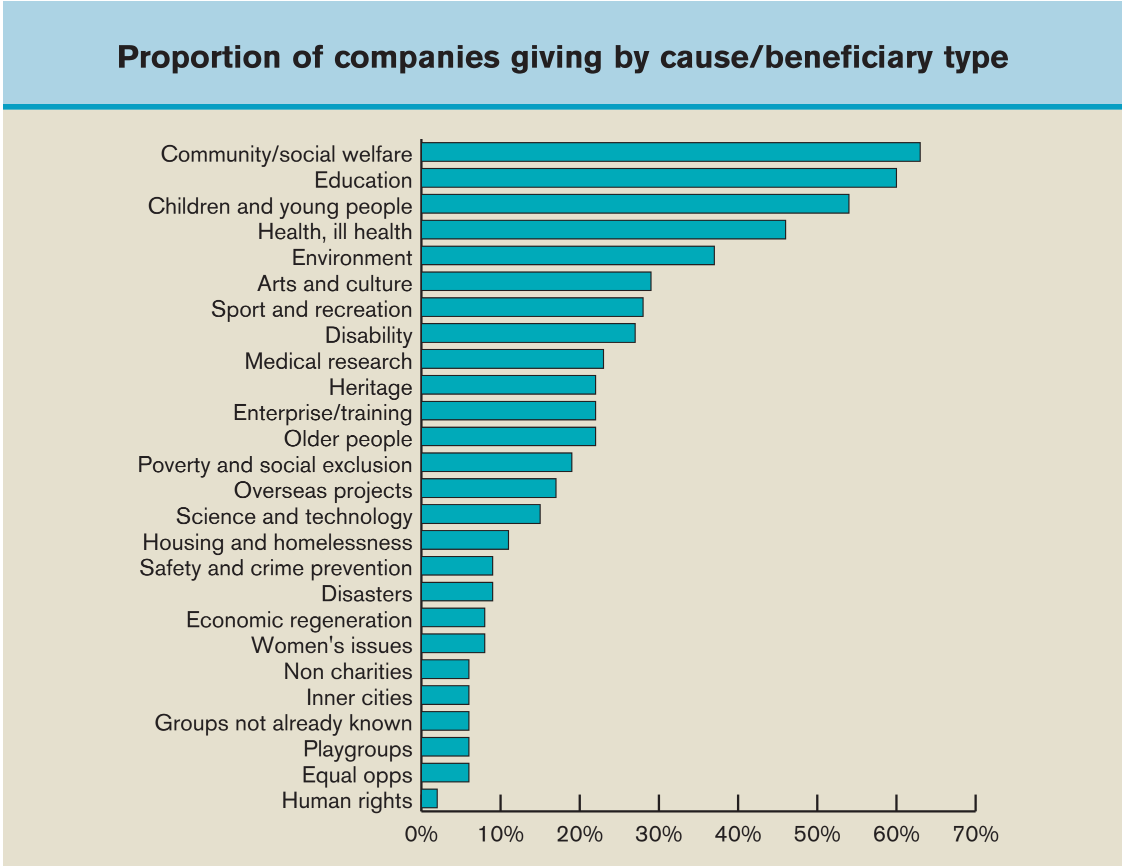
In our sample, companies were willing to give to an average of six causes; the number of causes ranged from 0 to 29. Figure 5.1 shows what proportion of companies in this sample gave to each cause.

Community/social welfare, educational and children and young people's causes feature most prominently, with over 50% of companies supporting them. Least popular are causes such as human rights, inner cities, women's issues and equal opportunities.

Funding of less popular causes is often delegated to the corporate foundation which, at an arm's length from corporate cultural strictures, has more freedom in its choices of causes and beneficiaries; but this is not true of all companies.

[2] Cited in C. Pharoah, C. Walker, E. Goody and S. Clegg (2006), *Charity Trends 2006*, CaritasData/CAF.
[3] Arts & Business (2013), 'Private Investment in Culture survey 2010/11' [web presentation], artsandbusiness.bitc.org.uk.

*Figure 5.1*




### *Women's issues and equality*

A number of companies do support women's issues, rights and equality. These are just some examples:

*Anglo American plc*

> *The threads that connect our giving are: the alleviation of poverty; support for projects designed to support sustainable development; and capacity building in areas such as governance, health and education. Increasingly we also seek to support women since in development we increasingly see that the greatest dividend can be achieved through empowering women within their communities, especially in relation to microfinance and health – hence our support for the International Women's Healthcare Coalition and, in Peru, Pro-Mujer.*[4]

[4] Anglo American Group Foundation (n.d.), *Helping to create opportunities and sustainable livelihoods*www.angloamerican.com.

*Avon Cosmetics*

In 1955 the company formalised philanthropic efforts with the creation of the Avon Foundation, which advances the mission to improve the lives of women and their families. Avon Cosmetics has long been associated with the fight against breast cancer and is the world's largest corporate supporter of the cause. The Avon Breast Cancer Crusade was launched in the UK in 1992 to raise funds for and awareness of breast cancer. Since then Avon has worked in partnership with charities including Breakthrough Breast Cancer, Macmillan Cancer Support and Breast Cancer Care. Avon's activities have supported research, awareness raising, lobbying and care and support services. Since launching in 1992, the Crusade has raised and donated more than $780 million for research and access-to-care programs in 58 countries.

Avon launched its Speak Out Against Domestic Violence program in 2012.[5]

*The Body Shop*

> *Our work on shea in particular has been one of the most outstanding win-wins we've ever had. Shea is a hidden ingredient in many food and cosmetics products and is collected exclusively by rural women in some of the poorest parts of Africa. By buying it on a Community Fair Trade basis, directly from the Tungteiya Women's Shea Butter Association for over 17 years, our trade has enabled the communities to build 11 school buildings, 8 teachers' quarters, 5 community health clinics and 2 child feeding centres. In addition, our trade has empowered the women of Tungteiya to achieve a far greater degree of gender equality within the communities who supply it to us in West Africa. We're now helping to spearhead The Global Shea Alliance, a new cross-industry initiative on shea that has the potential to benefit over 4 million other women in the region.*
>
> *The Global Grants programme funds projects anywhere in the world, preferring to fund small, local organisations… the current focus for this programme includes issues such as access to water, education for children and young women and conservation of forests. In 2010 7 organisations were awarded 2 year commitment grants, totalling £200,015. Among the projects funded were Coordinated Action Against Domestic Abuse, The Orangutan Foundation and SolarAid Malawi.*
>
> *The Body Shop Values Report 2011*

[5] Avon (2013), 'Corporate Citizenship', www.avoncompany.com/corporatecitizenship.

*Goldman Sachs*

> *The Goldman Sachs' 10,000 Women initiative is a five-year investment to provide underserved female entrepreneurs around the world with a business and management education. [It] operates through a network of more than 80 academic and non-profit institutions. These partnerships help develop locally relevant coursework and improve the quality and capacity of business education worldwide. The women selected for the program enroll in customized certificate programs ranging from five weeks to six months. Topics covered include marketing, accounting, writing business plans and accessing capital.*
>
> *Students are offered mentoring and post-graduate support by partner institutions, local businesses and the people of Goldman Sachs.*
>
> *Investing in women is one of the most effective ways to reduce inequality and facilitate inclusive economic growth. Research conducted by Goldman Sachs over several years has shown that investing in education for women has a significant multiplier effect, leading to more productive workers, healthier and better-educated families, and ultimately to more prosperous communities.*
>
> *Funding for 10,000 Women is provided by Goldman Sachs and The Goldman Sachs Foundation. Our people from offices around the world contribute their time as mentors, selection-committee participants and guest lecturers in the classrooms of global academic partners.*[6]

*Greggs*

Greggs the bakers has a training programme aimed at women offenders in prison:

> *We are active participants in the 2nd year of a business partnership to deliver training skills courses for women offenders in Low Newton Prison. To date around 64 women have been through the 'I'm Ready to Work' training programme and we are now working with Styal Women's Prison. We are also in discussions with Askham Grange Prison and the London Probation Trust to investigate additional opportunities for the recruitment and training of ex-offenders.*[7]

[6] Goldman Sachs (2013), '10,000 Women: About the Program', www.goldmansachs.com/citizenship/10000women/about-the-program

[7] Greggs (2012), 'Employability', corporate.greggs.co.uk/employability.

*Midcounties Co-operative*

*The Midcounties Co-operative has pledged to fundraise for and give practical support to its new charity partner Women's Aid... Over the next two years Midcounties colleagues will raise money to support the charity's work nationally and eleven local services that operate within its trading areas, including refuges at Wolverhampton, Walsall, Shropshire, Wyre Forest, Warwickshire, Wycombe, Oxfordshire, The Forest of Dean and Gloucestershire. They will also donate their time to volunteering projects and get involved in campaign work...Nicola Harwin CBE, Chief Executive for Women's Aid, said: 'We are delighted that The Midcounties Co-operative has chosen Women's Aid as its charity partner. Not only are the Midcounties colleagues incredibly committed to raising vital funds for Women's Aid's lifesaving services, but they will also increase awareness of domestic violence through their activities.'* [8]

*Thomson Reuters*

*The Thomson Reuters Foundation, a not-for-profit organization supported by our company, leverages skills and expertise across our organization to increase trust in, and access to, the rule of law, saving lives through the provision of trusted information and improving standards of journalism. In 2011, the Foundation successfully launched TrustLaw Woman, a hub for news and information on women's rights, and YouTrust.org, a social media platform that enables our community to easily share multimedia information and create their own campaigns.*

*Thompson Reuters Annual Report 2011*

*Vodafone*

*The Vodafone Foundation and its network of 27 local foundations continue to invest in the communities in which Vodafone operates. Specific initiatives include Mobiles for Good projects which include the piloting of handsets for women at risk of domestic violence and an instant network which provides rapid network coverage for emergencies. Red Alert SMS fundraising services for emergency appeals and its World of Difference programme which enables individuals to take paid time to work for a charity of their choice for up to a year. We make grants to a variety of local charitable organisations meeting the needs of their communities. Total donations for the year were £49.6 million and included donations of £5.2 million towards foundation operating costs.*

*Vodafone Group plc Annual Report 2011*

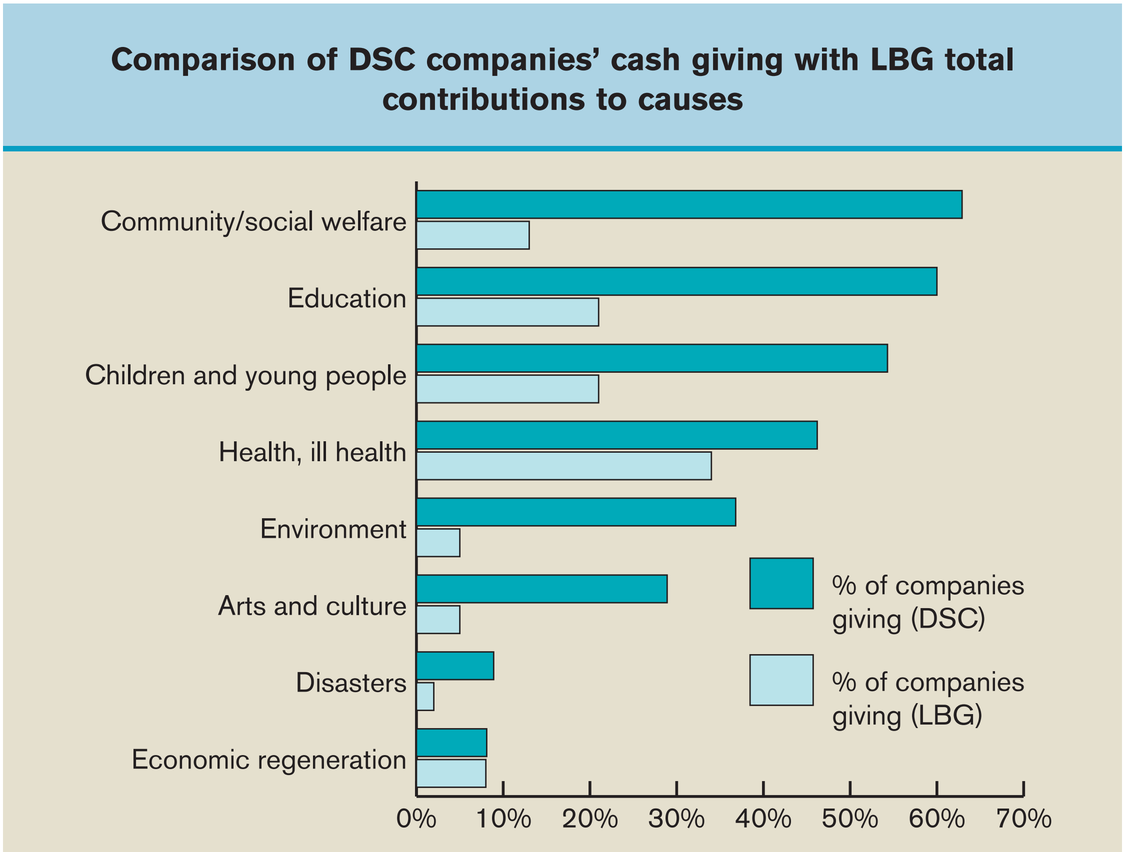
[8] The Midcounties Co-operative (2011), 'Midcounties launches charity partnership with Women's Aid', www.midcounties.coop.

### *5.2.1 Comparison with other sources*

There are very few aggregated views of company giving in the UK for comparison, but one such is LBG, whose 136 self-selected members worldwide are polled annually on their giving. LBG members are mainly larger, national and international companies, from Thames Water to Coca Cola Enterprises. In its 2012 annual report, LBG reported that a total of 41% of its members' cash and in-kind contributions were given in the UK (and that 54% of their contributions were cash). This makes a total of around £365 million given in the UK – less than the total represented in this report, but a relatively comparable sample.

LBG's findings on causes donated to are shown in figure 5.2. These tie in broadly with those reported above, although the LBG list contains far fewer choices of causes:

*Figure 5.2*



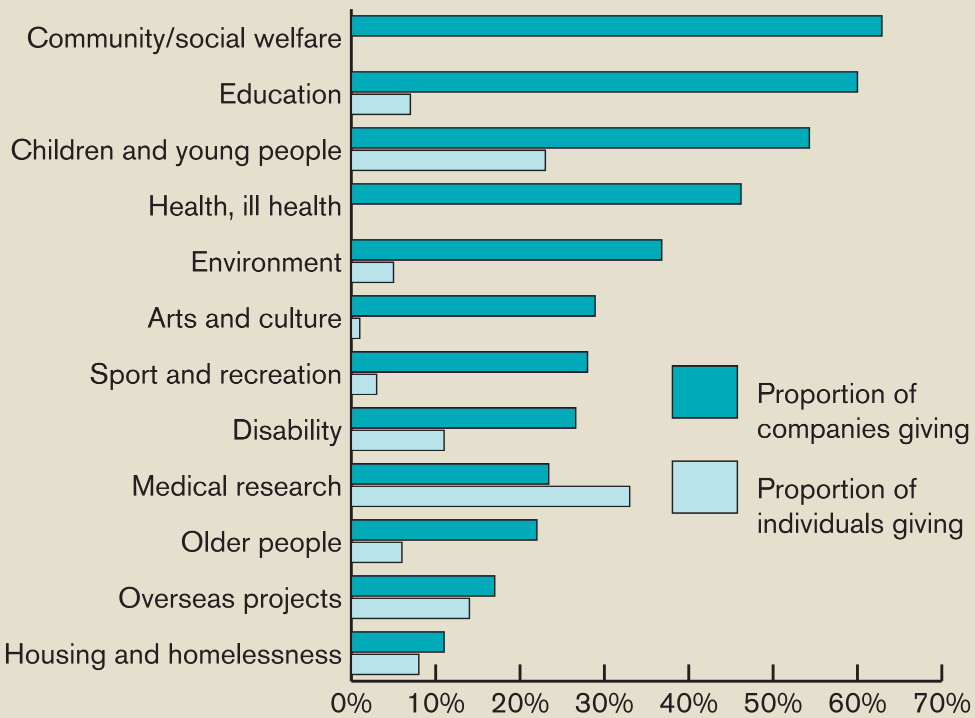

This reinforces the picture of the top corporate causes: health, education, children and young people, and community and social welfare. That health represents a far higher proportion for the LBG sample likely reflects the more global reach of its sample.

### *5.2.2 Corporate versus public support for causes*

Figure 5.3 compares the causes supported by companies to those supported by the general public. While the two lists of causes do not match exactly[9], the patterns of support are clearly not the same. For example, relatively few members of the general public give to the arts and culture (although a few wealthy individuals do give generously to these causes). Similarly, medical research (which includes some of the UK's largest charities, such as Cancer Research UK, British Heart Foundation, Macmillan Cancer Support, Alzheimer's Society, Parkinson's UK), while supported by both individuals and companies, receives much more support from individuals, for whom it is the number one charitable cause.[10]

*Figure 5.3*

**Proportion of companies giving versus proportion of individuals giving,[11] by cause/beneficiary type**




[9] It should not be inferred from this data that individuals do not give to all the causes listed, but that the ones illustrated are the top causes listed in *UK Giving 2012*.

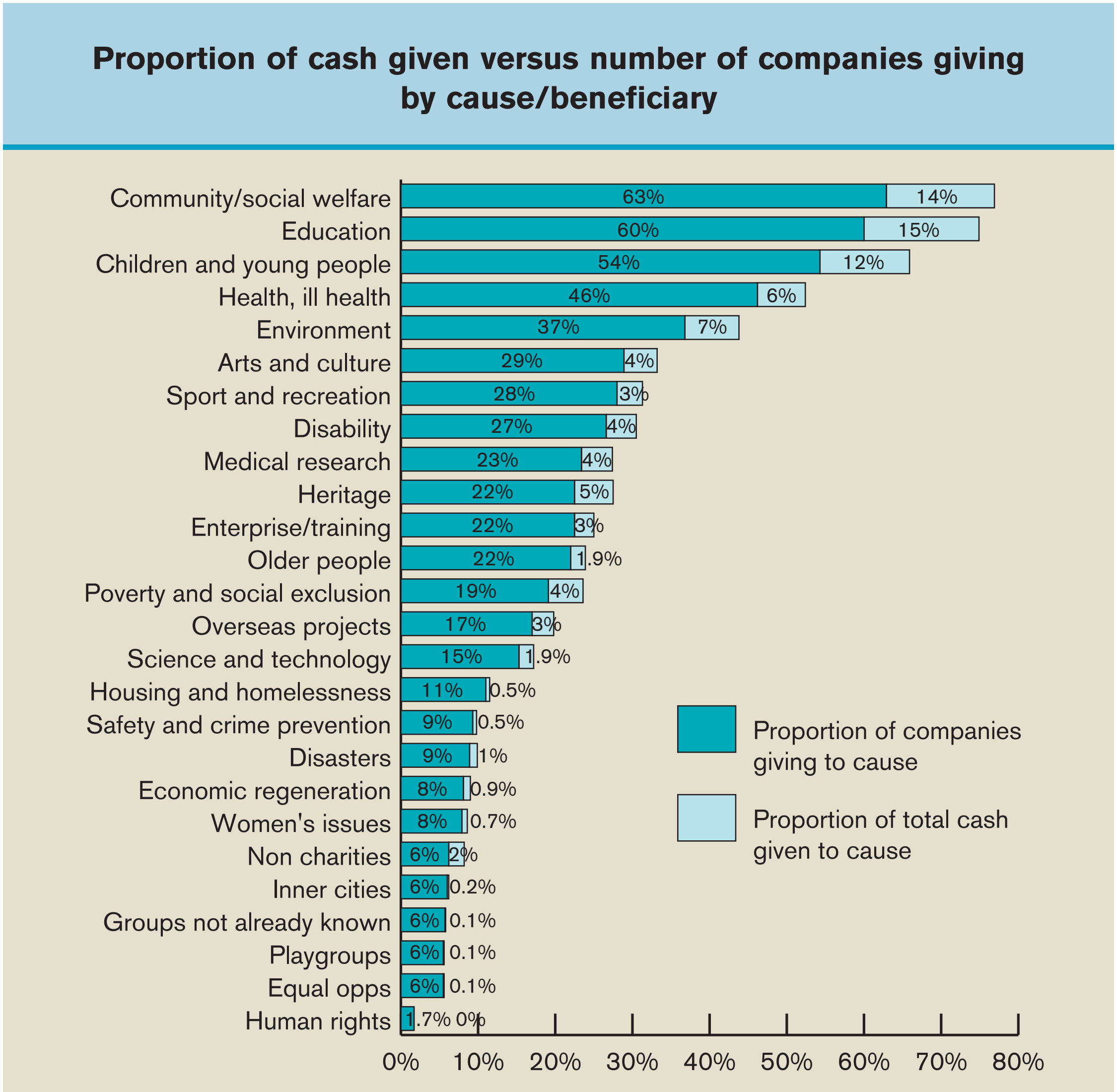
[10] Care should be taken when interpreting these categories, as individuals are not presented with a 'health' category, meaning that such causes probably fall under medical research for them.

[11] Data taken from CAF/NCVO (2012), *UK Giving 2012*, London/West Malling, Charities Aid Foundation/National Council for Voluntary Organisations.

## 5.3 Amount of cash given versus number of companies giving to different causes

Broadly speaking, the cash follows the number of companies giving to a cause, as figure 5.4 shows. There are some notable exceptions to this: education takes the number-one spot when it comes to the amount of cash support, while environment steps above health. Heritage and poverty and social exclusion both receive more as a share of the cash than their ranking by the proportion of companies giving to them implies, while older people, in particular, receive less.

*Figure 5.4*

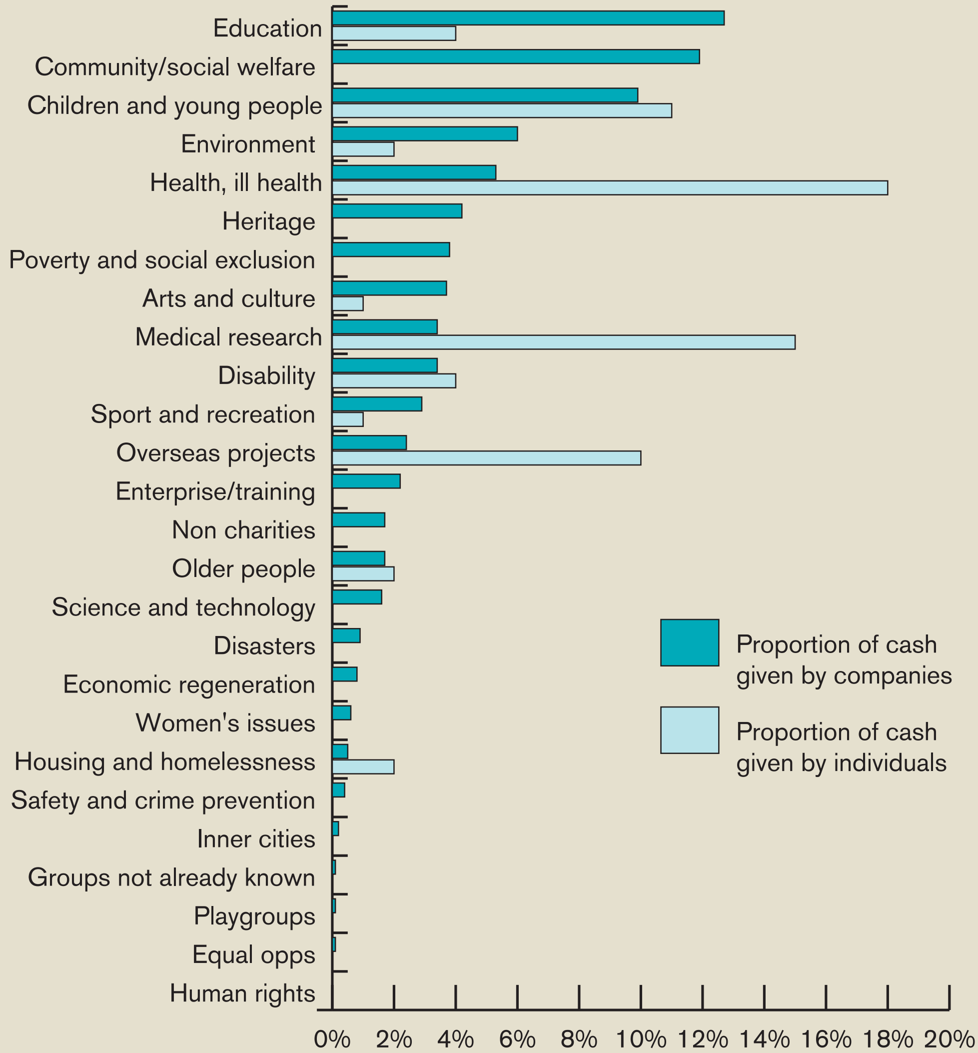


### *5.3.1 Comparison of cash given by companies and individuals to different causes*

Figure 5.5 shows that when it comes down to actual cash given, individuals give much more, in proportion, to health and medical research causes than companies, and less to education, environment, arts and culture and sports and recreation.

*Figure 5.5*

**Proportion of cash given by companies versus individuals,[12] by cause/beneficiary type**




[12] Data taken from CAF/NCVO (2012), *UK Giving 2012*, London/West Malling, Charities Aid Foundation/National Council for Voluntary Organisations.

## 5.4 Five-year trends

In 2008 DSC launched *The Funders' Almanac*, which pioneered analysis in this area. Those analyses gave us a baseline against which to compare the same picture five years on. While this is not a cohort comparison it does allow us to compare the top UK corporate givers over five years.

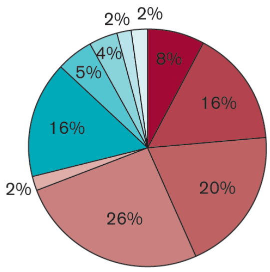
On the whole, there are few differences to note and giving by cause shows a remarkably stable pattern. *The Funders' Almanac 2008* found that education, social welfare, and children and young people top the charts, with more than 50% of all companies in the survey willing to consider applications from these areas. The causes least likely to attract corporate funding are playgroups, equal opportunities and women's issues.

In this report, community and social welfare has overtaken education as the most popular cause. This may reflect the recent economic turmoil. Sport and recreation has increased in importance, as might be expected after the London Olympics.

## 5.5 Which companies support which causes?

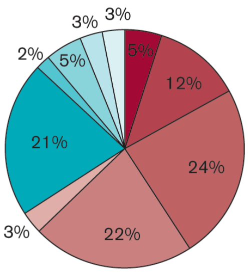
The following charts illustrate the preferences reported by companies within each industry sector with regard to causes/beneficiaries:

*Figure 5.6: Arts and culture*



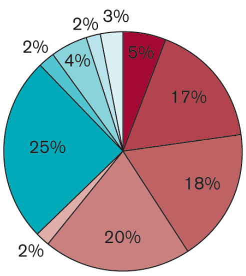

One-quarter (26%) of companies supporting arts and culture came from the financial sector followed by one-fifth (16%) from the industrial and consumer goods sectors. Only 2% of companies supporting arts and culture came from the utilities and healthcare sectors.

*Figure 5.7: Children and young people*



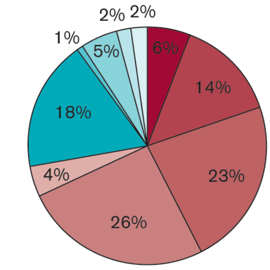

Nearly one-quarter (24%) of companies supporting children and young people came from the consumer services sector followed by 22% of the financial sector and 21% of the industrial sector. Only 2% of companies supporting children and young people came from the oil and gas sector.

*Figure 5.8: Community/social welfare*



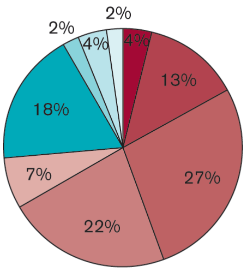

One-quarter (25%) of companies supporting community/ social welfare came from the industrial sector followed by 20% of the financial sector, 18% of the consumer services sector and 17% of the consumer goods sector. Only 2% of companies supporting community/social welfare came from the telecoms, oil and gas and healthcare sectors.

*Figure 5.9: Disability*



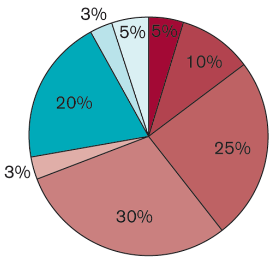

Over one-quarter (26%) of companies supporting disability came from the financial sector, followed by 23% from the consumer services sector and 18% from the industrial sector. Only 2% of companies supporting disability came from the utilities and telecoms sectors and 1% from the oil and gas sector.

*Figure 5.10: Disasters*



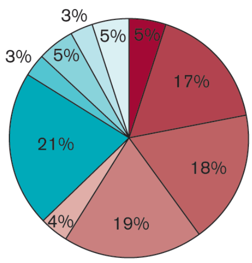

Over one-quarter (27%) of companies supporting disaster funding were from the consumer services sector, followed by 22% from the financial sector and 18% from utilities. Technology, utility and oil and gas companies were least likely to fund disaster causes.

*Figure 5.11: Economic regeneration*

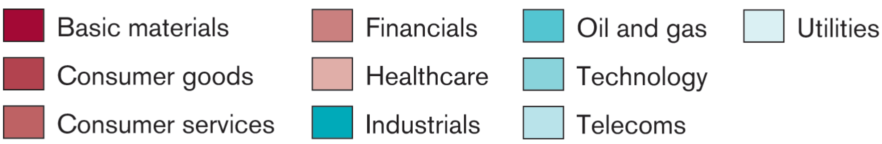



Nearly one-third (30%) of companies supporting economic regeneration came from the financial sector, followed by one-quarter (25%) from the consumer services sector and 20% from the industrial sector. None of the companies supporting economic regeneration came from the technology and oil and gas sectors.

*Figure 5.12: Education*

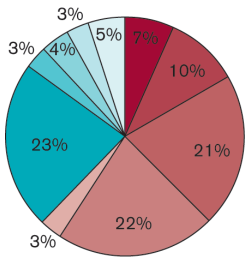



One-fifth (21%) of companies supporting education came from the financial sector, followed by 19% from the financial sector and 18% from the consumer services sector. Only 3% of companies supporting education came from the telecoms and oil and gas sectors.



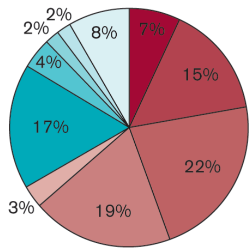

Industries not represented on a pie chart signifies zero support for that cause.

*Figure 5.13: Enterprise/training*



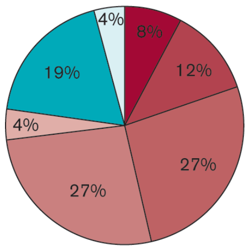

Nearly one-quarter (23%) of companies supporting enterprise/training came from the industrial sector, followed by 23% from the consumer services sector and 22% from the financial sector. Only 3% of companies supporting enterprise/training came from the technology, telecoms and oil and gas sectors.

*Figure 5.14: Environment*



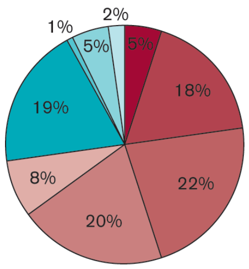

Of companies supporting enterprise/training, 22% came from the consumer services sector, followed by 19% from the financial sector and 17% from the industrial sector. Only 2% of companies supporting enterprise/training came from the technology and telecoms sectors.

*Figure 5.15: Equal opportunities*



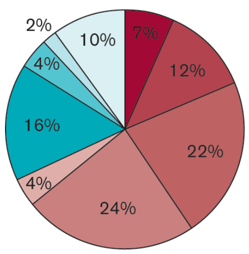

Over one-quarter (27%) of companies supporting equal opportunities came from the financial and consumer services sectors, followed by 19% from the industrial sector. None of the companies supporting equal opportunities came from the technology, telecoms and oil and gas sectors.

*Figure 5.16: Health, ill health*



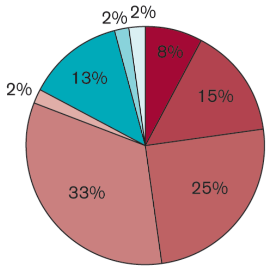

One-fifth (22%) of companies supporting health/ill health came from the consumer services sector, followed by 20% from the financial sector, 19% from industrials and 18% from the consumer goods sector. Only 3% of companies supporting health/ill health came from the telecoms and oil and gas sectors.

*Figure 5.17: Heritage*



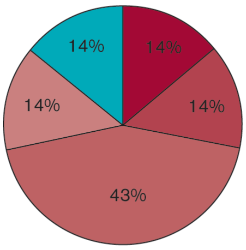

One-quarter (24%) of companies supporting heritage came from the financial sector, followed by 22% from the consumer services sector and 16% from the industrial sector. Only 4% of companies supporting heritage came from the healthcare sector.

*Figure 5.18: Housing and homelessness*



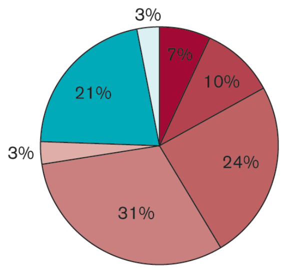

One-third (33%) of companies supporting housing and homelessness causes came from the financial sector, followed by one-quarter (25%) from the consumer services sector and 15% from the consumer goods sector. Only 2% of companies supporting housing and homelessness came from the healthcare, technology and utilities sectors.

*Figure 5.19: Human rights*



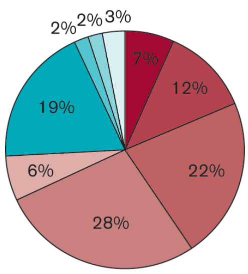

Of companies supporting human rights causes, 43% came from the consumer services sector, followed by 14% from each of the basic materials, financial, industrial and consumer goods sectors. The technology, utilities, telecoms, oil and gas, and healthcare sectors did not support human rights causes.

*Figure 5.20: Inner cities*

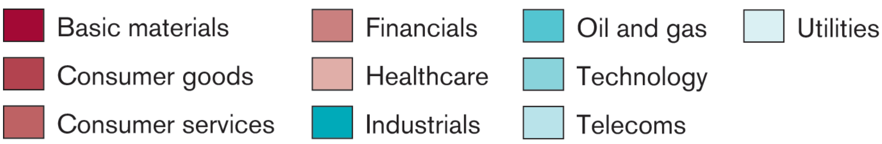



Nearly one-third (31%) of companies supporting inner cities came from the financial sector, followed by one-quarter (24%) from the consumer services sector and 21% from the industrial sector. None of the companies supporting inner cities came from the technology, telecoms or oil and gas sectors.

*Figure 5.21: Medical research*

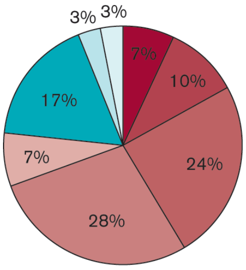



Over one-quarter (28%) of companies supporting medical research came from the financial sector, followed by 22% from the consumer services sector and 19% from the industrial sector. Only 2% of companies supporting medical research came from the technology and oil and gas sectors.



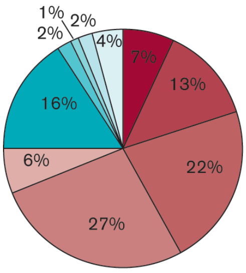

Industries not represented on a pie chart signifies zero support for that cause.

*Figure 5.22: Equal opportunities*



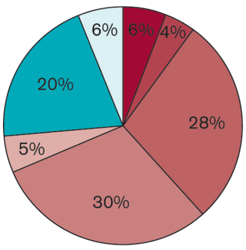

Over one-quarter (28%) of companies supporting non-registered charities and community groups came from the financial sector, followed by 24% from the consumer services sector and 17% from the industrial sector. None of companies supporting non-registered charities and community groups came from the technology and oil and gas sectors.

*Figure 5.23: Older people*



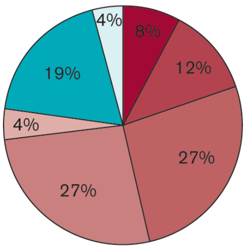

More than one-quarter (27%) of companies supporting older people came from the financial sector, followed by 22% from the consumer services sector and 16% from the industrial sector. Only 2% of companies supporting older people came from the telecoms and oil and gas sectors and 1% from the technology sector.

*Figure 5.24: Overseas projects*



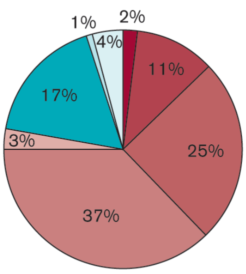

Nearly one-third (30%) of companies supporting overseas projects came from the financial sector, followed by 28% from the consumer services sector and 20% from the industrial sector. None of the companies supporting overseas projects came from the technology, telecoms or oil and gas sectors.

*Figure 5.25: Playgroups*



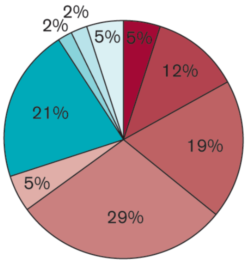

Over one-quarter (27%) of companies supporting playgroups came from the financial and consumer services sectors, followed by 19% from the industrial sector. None of the companies supporting playgroups came from the technology, telecoms or oil and gas sectors.

*Figure 5.26: Poverty and social exclusion*



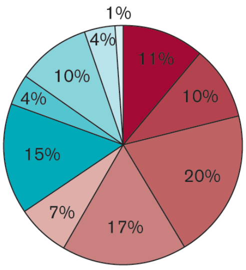

More than one-third (37%) of companies supporting poverty and social exclusion came from the financial sector, followed by 25% from the consumer services sector and 17% from the industrial sector. None of the companies supporting poverty and social exclusion came from the technology or oil and gas sectors.

*Figure 5.27: Safety and crime prevention*



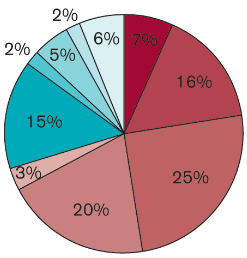

Over one-quarter (29%) of companies supporting safety and crime prevention came from the financial sector, followed by 21% from the industrial sector and 19% from the consumer services sector. Only 2% of companies supporting safety and crime prevention came from the technology and telecoms sectors and none from the oil and gas sector.

*Figure 5.28: Science and technology*



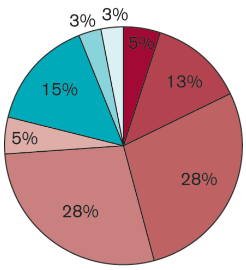

One-fifth (20%) of companies supporting science and technology came from the consumer services sector, followed by 17% from the financial sector and 15% from the industrial sector. Only 1% of companies supporting science and technology came from the utilities sectors.

*Figure 5.29: Sports and recreation*

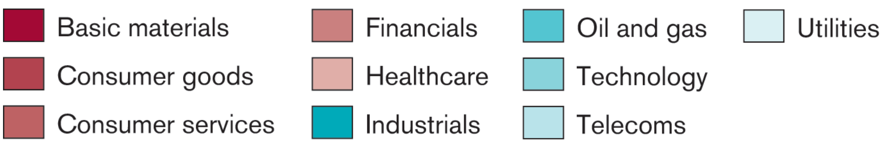



One-quarter (25%) of companies supporting sport and recreation came from the consumer services sector, followed by 20% from the financial sector, 16% from the consumer goods sector and 15% from the industrial sector. Only 2% of companies supporting sport and recreation came from the telecoms and oil and gas sectors.

*Figure 5.30: Women's issues*




Over one-quarter (28%) of companies supporting women's issues came from the financial and consumer services sectors, followed by 15% from the industrial sector. None of the companies supporting women's issues came from the telecoms or oil and gas sectors.




Industries not represented on a pie chart signifies zero support for that cause.

## 5.6 Conclusions

Companies have a vested interest in supporting education and children and young people's causes: these are the next generation of workers! It is heartening to see that companies also invest in projects for underprivileged and socially excluded young people. It is also great to see the huge investment in community and social welfare programmes supporting a diverse range of beneficiaries in the communities close to or affected by the company.

There is some inspiring work being done by many companies; however, there is, of course, more to be done. The £46 million currently being spent on UK children and young people by the top company givers equates to around £3.12 per head for each individual currently aged 0 to 19 years old. There are other areas, such as women's issues, human rights, and equal opportunities where much more could be done by companies.

It is also worth noting that less than 10% of the companies are willing to fund non-registered charities, something to bear in mind if Lord Hodgson's recommendations for the raising of the threshold for charitable status come into force.

## 5.7 Methodology

All the different causes and beneficiaries which a company will consider funding are extracted from codes used in DSC's database. This coding is largely based on information made publicly available by the companies in the dataset. Sources used include annual reports and accounts, CSR reports and websites, and where necessary this information has been cross-checked with representatives from the company.

Chapter 6

# Does what you do affect how you give? Company giving broken down by industry classification

## Key observations

- Despite the recent economic upheaval, the financial sector still dominates the top UK corporate giving figures, both in terms of cash (£245 million) and total support, including in-kind (£319 million).
- The financial sector also comes out on top with an average spend of £3.3 million in total contributions per company (£2.5 million in cash). Least charitable per company is the technology sector, with an average spend of £309,000 in total contributions per company (£237,000 in cash).
- While the average charitable support in the UK for these top company givers forms around 0.4% of pre-tax profit in the utilities, financials and consumer services industry sectors this figure stands at around 0.7% pre-tax profit, with consumer goods, healthcare and basic materials (chemicals, forestry, paper, mining) languishing at around 0.1% pre-tax profit on average.
- The overall average for UK giving was one-third (33%) of total worldwide CSR budgets across all industries in the sample, but this ranged from 99.5% for utilities to 1.4% for technology.
- While the majority of all companies favour community and social welfare, education, and children and young people's causes, there are industry-wide differences in which causes are favoured, with for example, utilities favouring the environment, education and heritage.

## 6.1 Introduction

There are many differences between industry sectors in the UK economy as each performs a very different function, from extraction of resources (primary industry) to production (secondary industry), the services industries (tertiary), research, science and technology (quaternary) and the highest levels of decision-making (quinary).

Do these differences have a bearing on companies' giving? There will be differences in available resources depending on which industries are doing well and which not so well, but are there other differences which also play a part?

The UK economy is currently in a post-industrialised era in which service industries are on the rise, along with research, science and technology, while primary activities are generally lessening.

The UK's main industries are currently banking and finance, steel, transport equipment, oil and gas, and tourism.

## 6.2 A description of the industry sectors

Figure 6.1 shows the breakdown of the companies in this report by industry sector. The industrial sector dominates, including such giants as Balfour Beatty, HESCO Bastion and McAlpine. They are closely followed by the financial and consumer services (including retail) sectors and the consumer goods sector. These four sectors dominate, covering 79% of the sample.

*Figure 6.1*

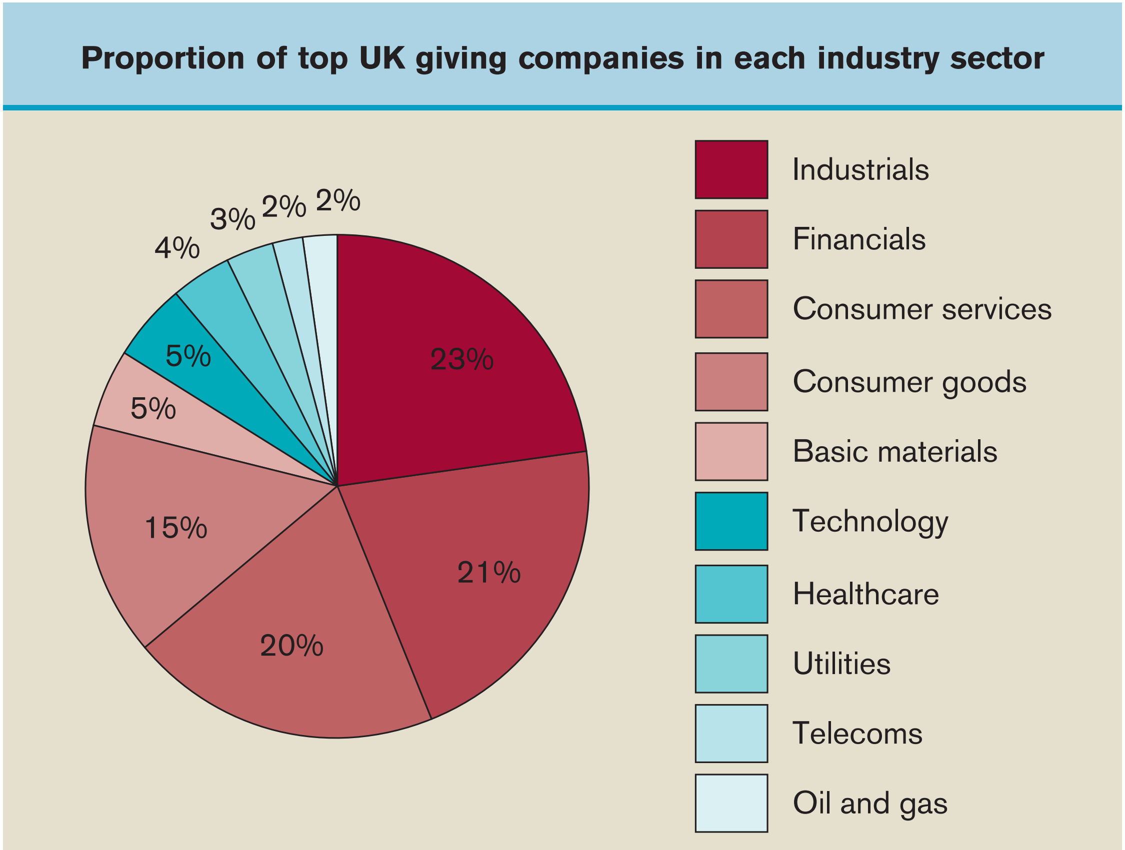
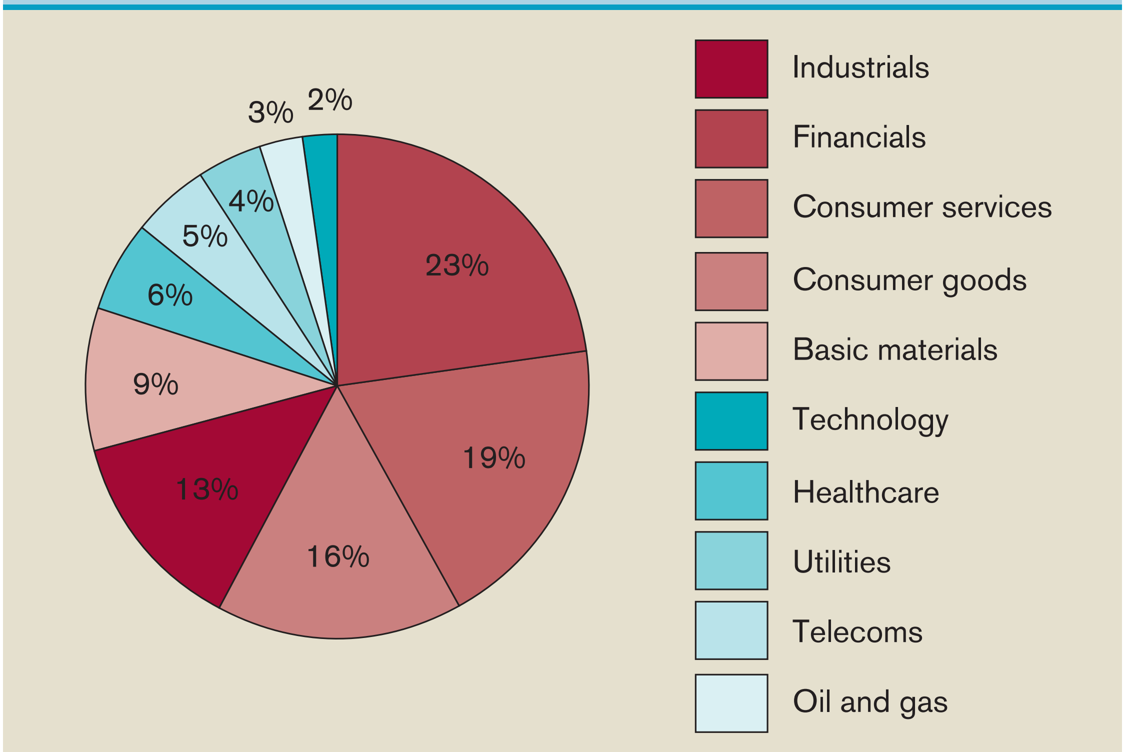


*Figure 6.2*

**Turnover of the top UK company givers, by industry sector**




While the same four sectors also dominate the picture by turnover, their positions are altered. The financial sector comes out top, with one-quarter of the total turnover in this sample, while the industrial sector comes fourth with 13%. The top four account for 71% of the turnover of the entire sample.

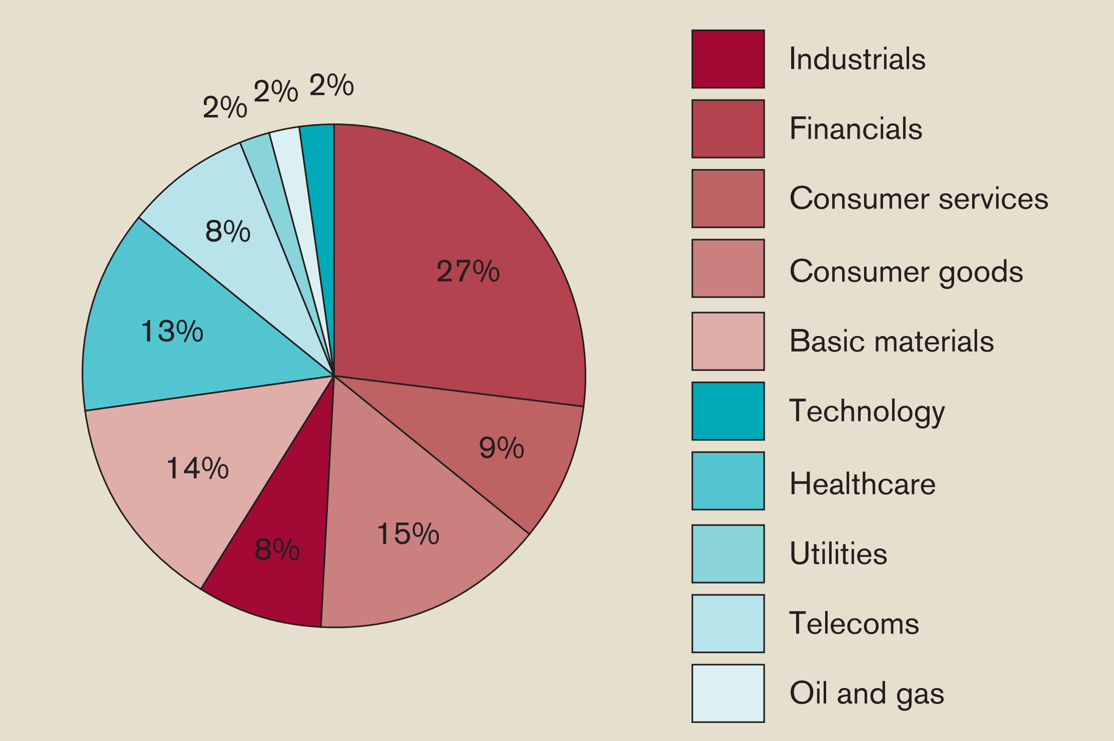
The technology sector is the smallest in terms of turnover and profit, despite having three times as many companies in the sample as the oil and gas sector.

As figure 6.3 shows, the picture becomes slightly more even when levels of pre-tax profit are under the microscope.

Although the financial sector still dominates, the consumer services, consumer goods and industrial sectors fare less well, with one-third of the total pre-tax profits of the group between them. Basic materials, healthcare and the telecoms sector also share 35%.

*Figure 6.3*

**Comparison of industry sectors by pre-tax profit**




## 6.3 Giving by industry sector

Figure 6.4 shows the charitable contributions of each industry sector. The financial industry, which made most profit over the last year, gave more both in terms of cash (£245 million) and total support (£319 million).

The utilities sector, dominated by regional and national utilities providers, gives £31 million (£19 million in cash). The telecoms sector's giving is dominated by Vodafone which gives £21 million in the UK (mainly to its local foundations and World of Difference programme).

The technology sector, which made the least profit last year, gave least both in terms of cash (£5.7 million) and total support (£7.4 million).

*Figure 6.4*

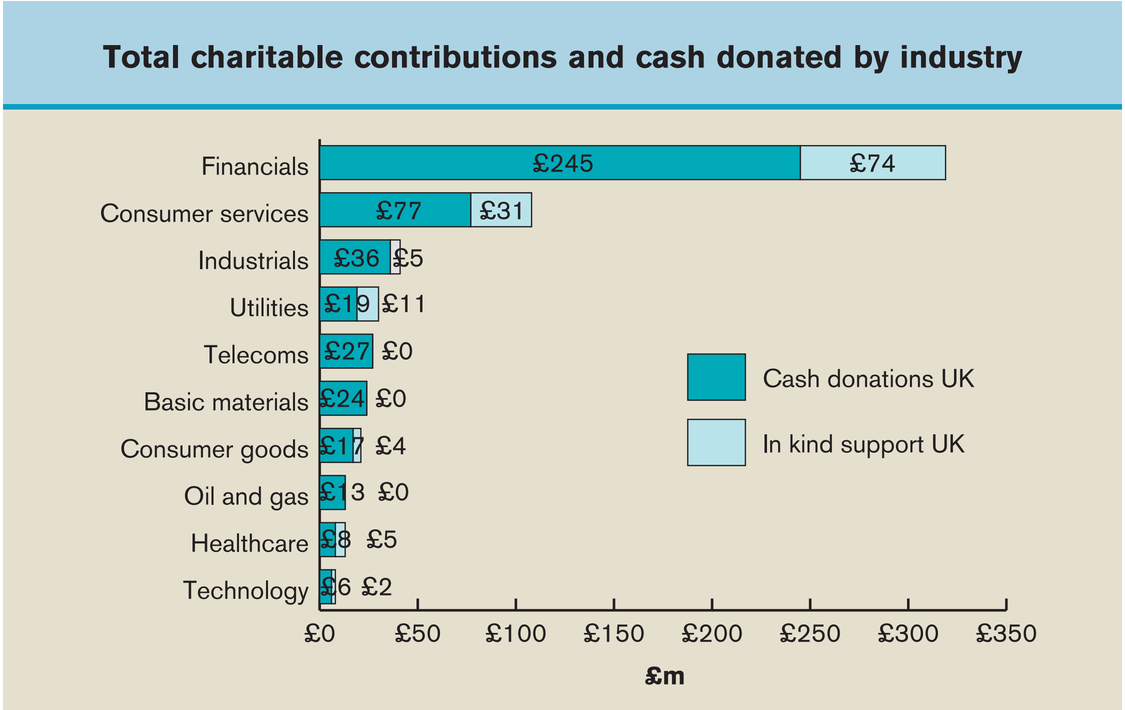
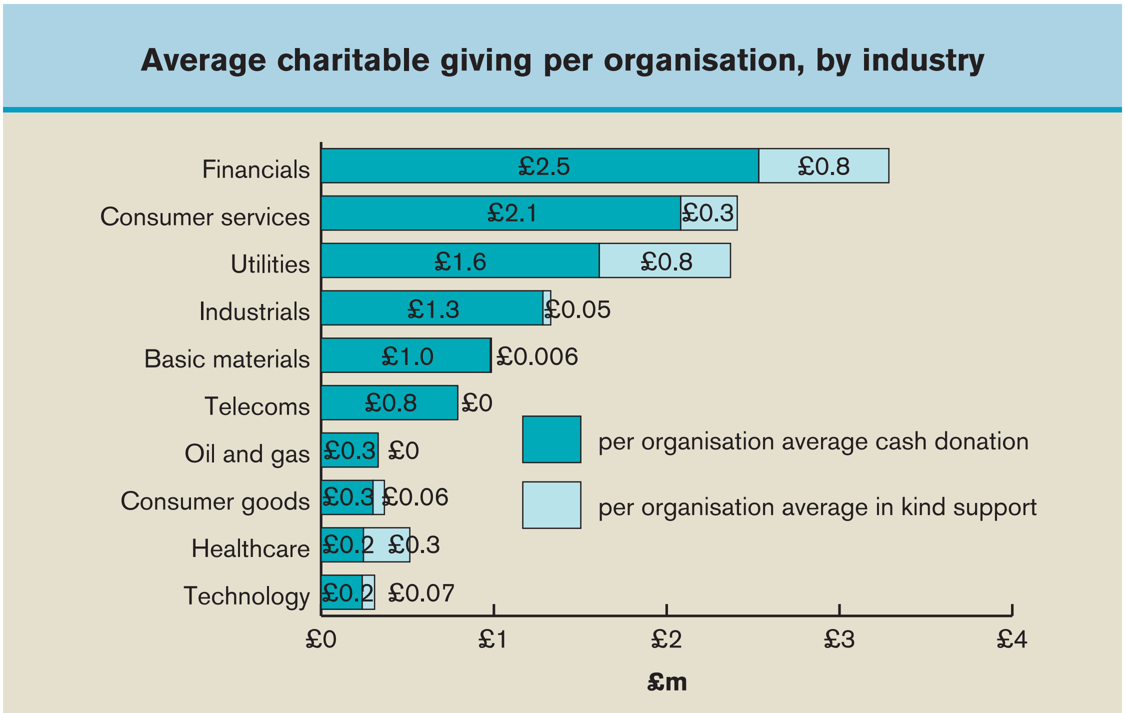



Figure 6.5 shows that even when you break down the charitable giving by company, the pattern remains the same: the financial sector comes out on top with an average spend of £3.3 million in total contributions per company (£2.5 million in cash). Least charitable per company is the technology sector again, with an average spend of £309,000 in total contributions per company (£237,000 in cash).

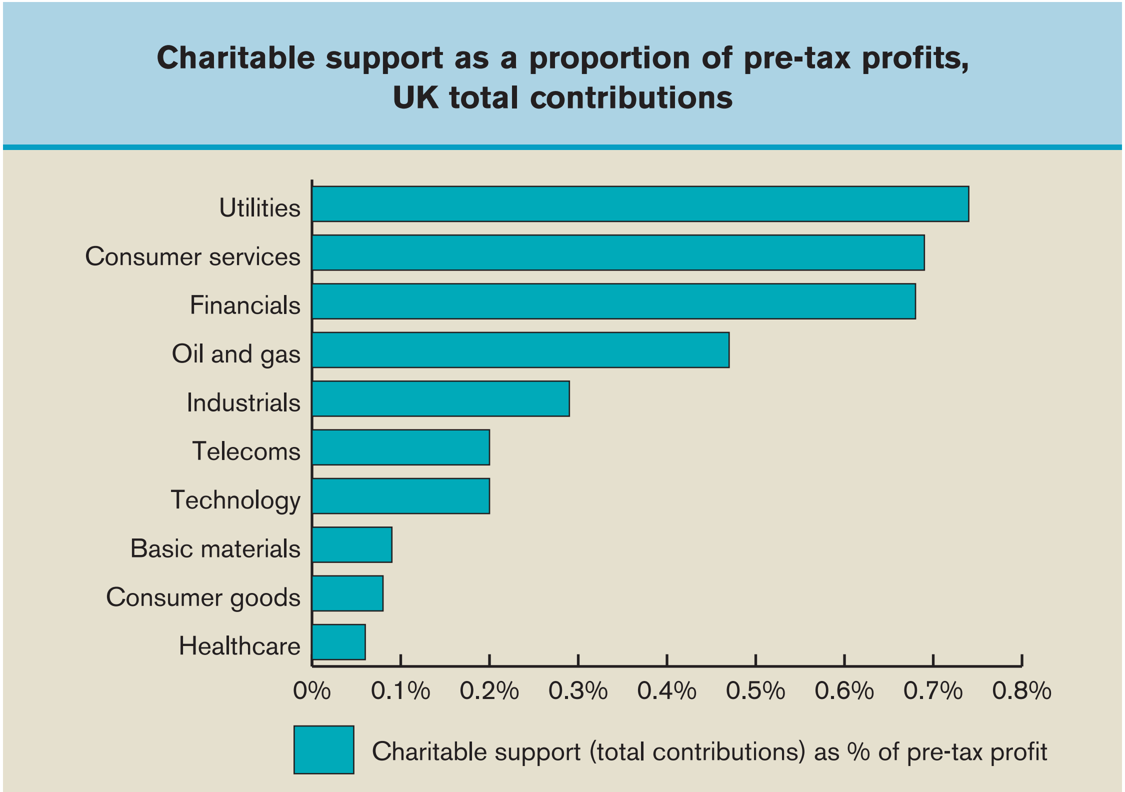
*Figure 6.5*



Perhaps a fairer indicator, however, is to look at total giving as a proportion of pre-tax profits. It was noted in figure 3.4 that across the board the average charitable support worldwide for these companies formed around 2.4% of their pre-tax profit; however, when it comes to UK contributions this average is far smaller, at around 0.4% of pre-tax profit (with UK cash at 0.3%).

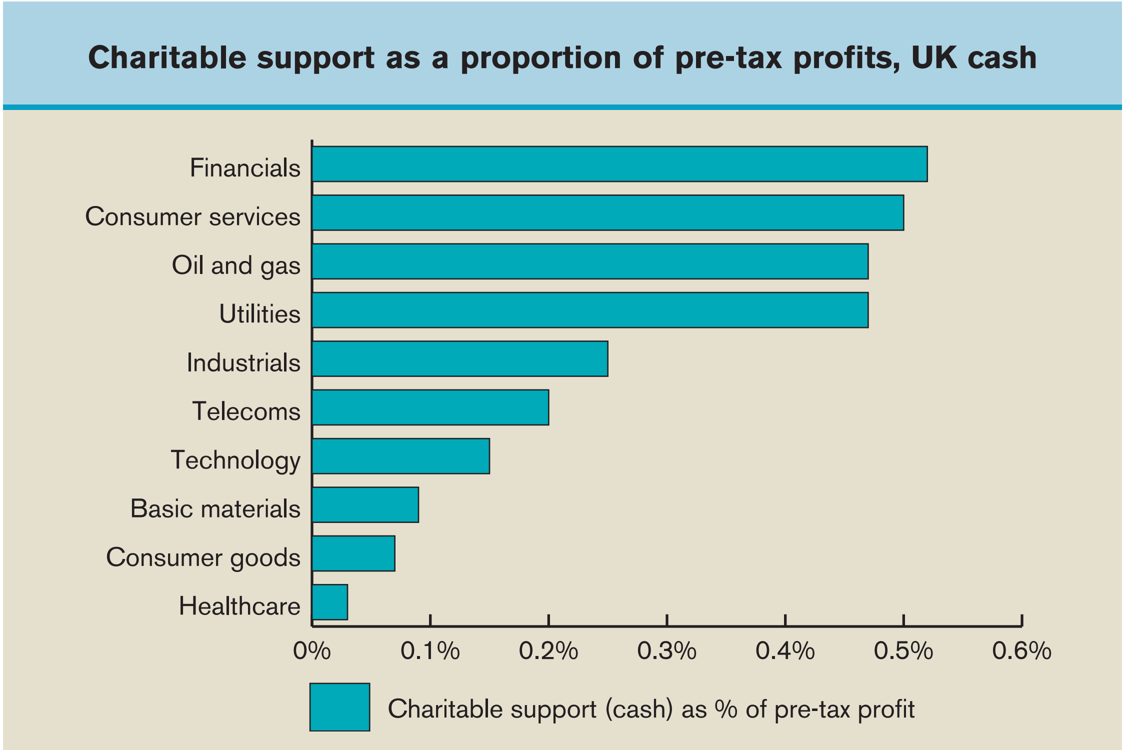
As figure 6.6 shows, these averages vary widely across industries, with utilities, financials and consumer services dominating at 0.7% pre-tax profit, and consumer goods, healthcare and basic materials (chemicals, forestry, paper, mining) languishing at around 0.1% pre-tax profit on average.

*Figure 6.6*



When compared with cash giving as a percentage of pre-tax profit there are few changes to the running order as figure 6.7 shows.

*Figure 6.7*



## 6.4 Giving in the UK versus giving worldwide

When compared against worldwide support the picture changes quite dramatically. Figure 6.8 shows that the technology sector (which includes many large multinationals such as Microsoft, Toshiba, Samsung, Sony and Siemens) gives a substantial proportion of its pre-tax profit (14.5%) worldwide in total contributions. The healthcare sector (including such global giants as Pfizer (US), GlaxoSmithKline (UK), Astra Zeneca (UK/Sweden), and Merck Sharp & Dohme (US)), despite having a strong UK focus, also gives much more worldwide than it gives to the UK. Its worldwide support often includes large amounts of product donations, and there are issues around valuing these.[1]

*Figure 6.8*

**Charitable support as a proportion of pre-tax profits, worldwide contributions v. UK total contributions**

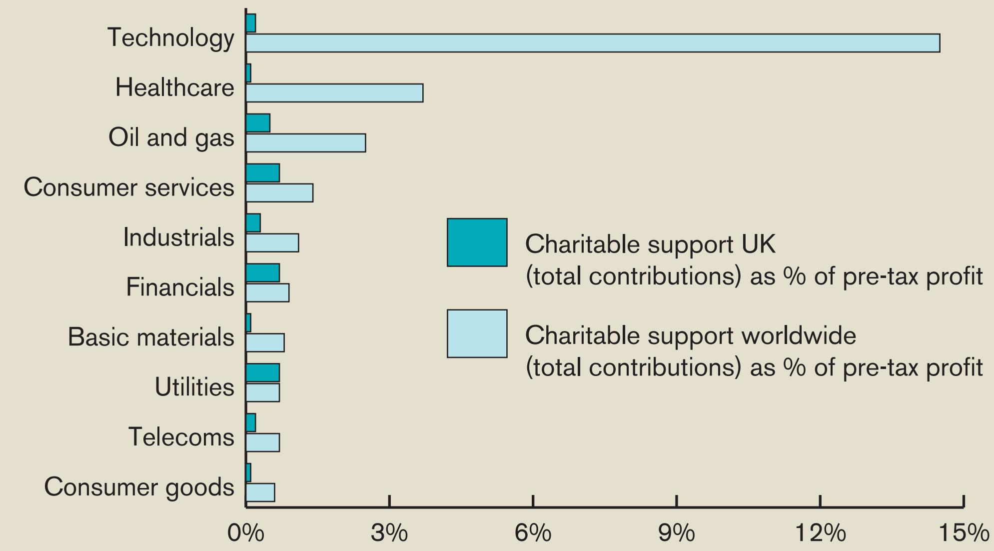
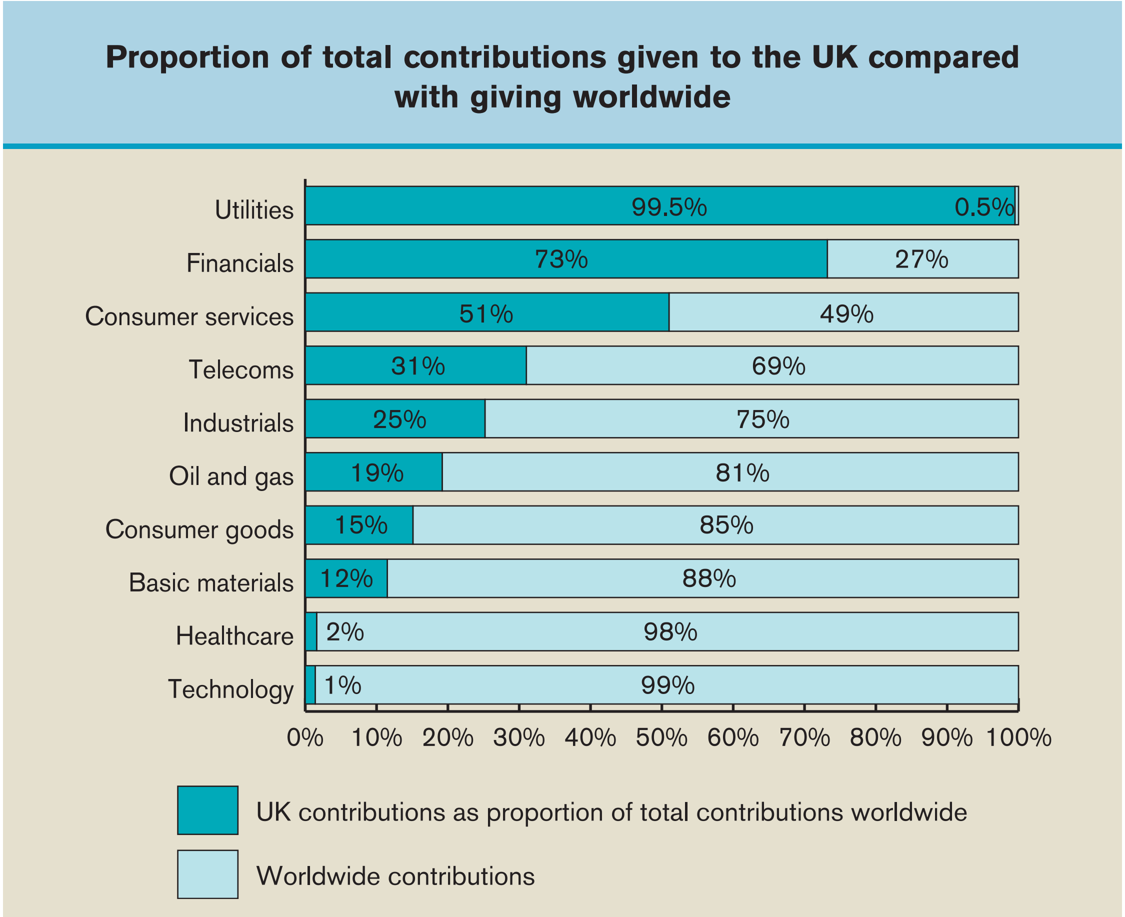



Figure 6.9 shows that the utilities, financial and consumer services sectors give more than 50% of their total charitable contributions to the UK. These industries are mainly home-grown businesses primarily serving the UK market, including the major energy suppliers, banks, supermarkets and high street shops. Increasingly businesses are becoming more global, however, so this pattern may change in future. The overall average for UK giving was one-third (33%) of CSR budgets across all industries, but as figure 6.9 shows, this varies dramatically.

[1] Pharmaceutical donations are often excluded from calculations of worldwide charitable donations, as they tend to skew the figures and are often calculated at market value in the country of origin instead of cost value or market value in the country of donation.

*Figure 6.9*




## 6.5 Who gives what to whom? Breakdown of giving to causes by industry sector

Probably the biggest differences between industry sub-sectors come to the fore when it comes to the decision of which causes to support, and hence those causes not to support. The majority of companies prefer to give to causes or communities with which they have some sort of link, whether geographical, business activity-oriented, or employee-led. It is generally true that companies give to a relatively narrow set of causes which do not change much over time.[2]

This has implications for a number of contemporary social issues, for instance, drug misuse, or crime and violence, which do not fit naturally into any particular industry's remit. Some industries also face a rather difficult choice when it comes to

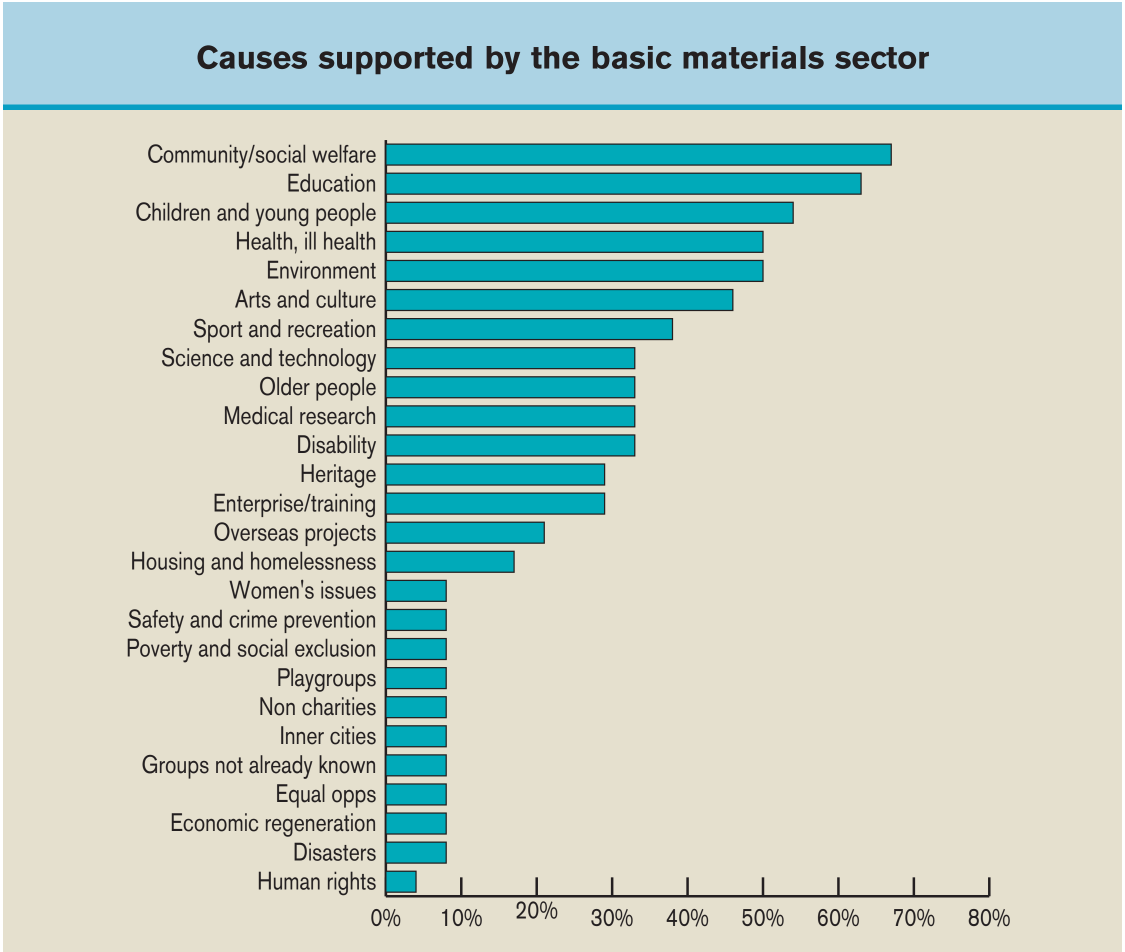
[2] International Centre for Corporate Social Responsibility and Nottingham University Business School (2006), *An evaluation of Corporate Community Investment in the UK*, West Malling, Charities Aid Foundation.

what causes to support, due to the nature of their business. This is neatly illustrated by the following excerpt from Imperial Tobacco's annual report:

> *The nature of our product, combined with our own International Marketing Standards, means that we are unwilling to make donations to charities or not-for-profit organisations involving young people, where there is a chance that our motives may be misconstrued.*
>
> *However, we recognise that some young people are amongst the most disadvantaged and deserving of charitable support. We therefore consider carefully potential exceptions to this norm. For example, one of our important partnerships is with the Elimination of Child Labour in Tobacco (ECLT) Foundation.*
>
> *Imperial Tobacco*[3]

The panoply of causes supported by companies presents a relatively complex picture as the following figures show, yet there are some clear patterns of preference.

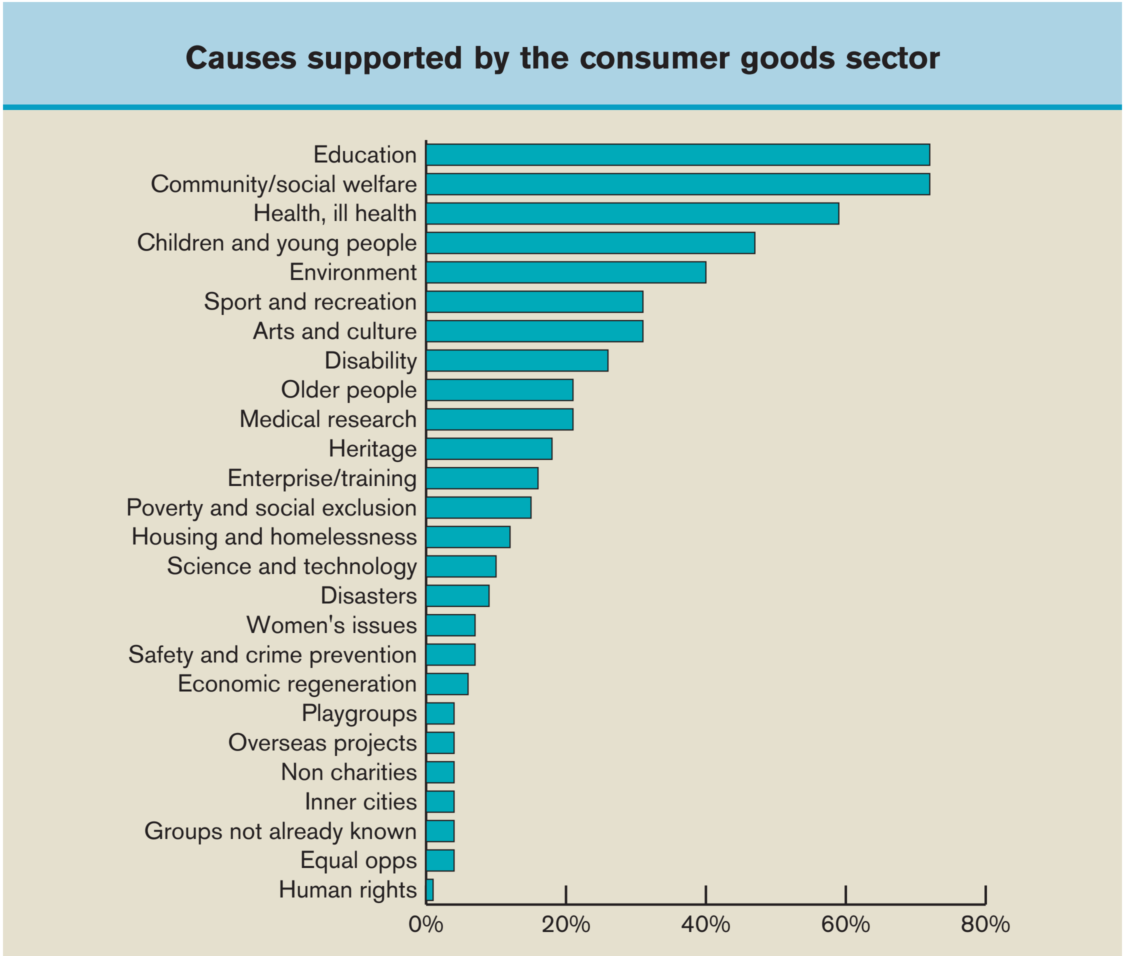
*Figure 6.10*




[3] Imperial Tobacco (2011), *Partnering and Contributing to Society* [web PDF], available from www.fundacionaltadis.com

Over half the companies in the basic materials industry sector support community and social welfare, education, children and young people, health, environment and arts and culture. Less than 10% of the companies in this sector support women's issues, safety and crime prevention, poverty and social exclusion, playgroups, non-registered charities, inner cities, equal opportunities, economic regeneration, disaster appeals, or human rights.

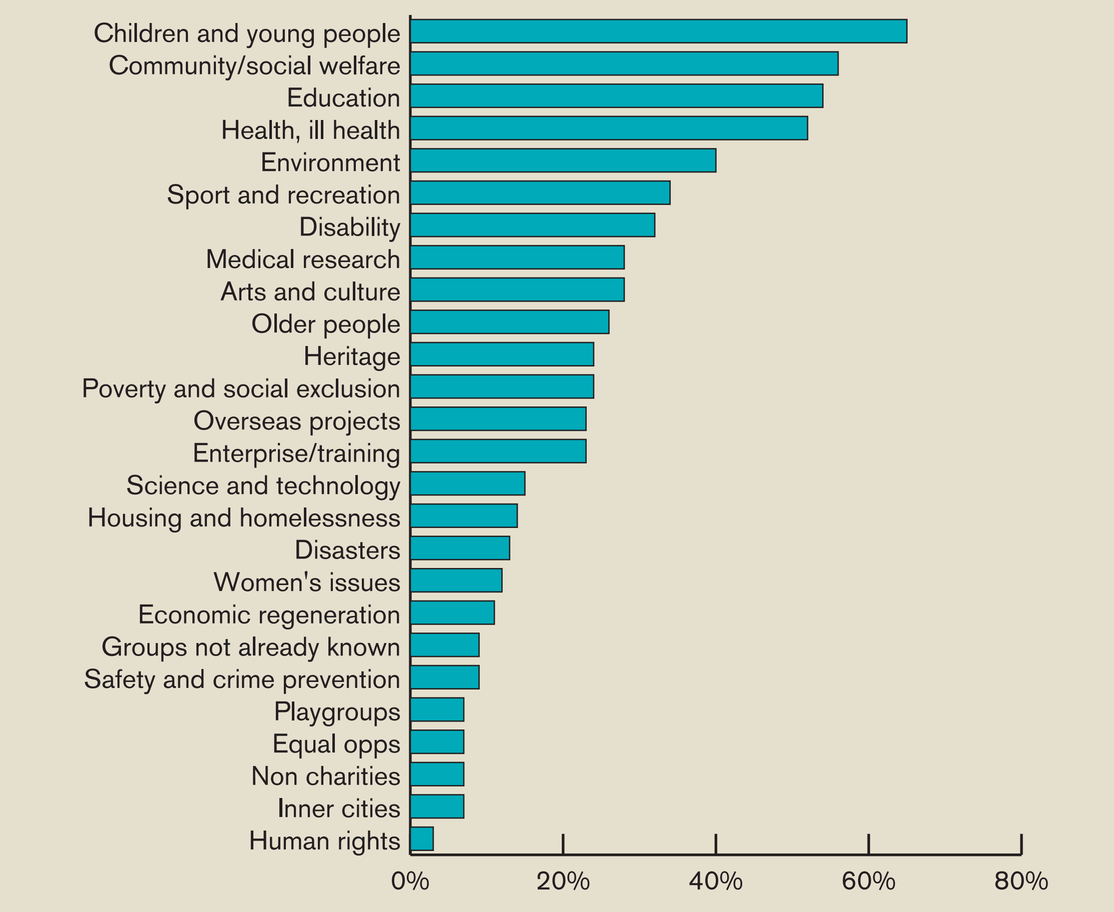
*Figure 6.11*




Nearly three-quarters of the companies in the consumer goods industry sector support education and community and social welfare, with around half supporting health and children and young people. Less than 10% of the companies in this sector support disaster appeals, women's issues, safety and crime prevention, economic regeneration, playgroups, overseas projects, non-registered charities, inner cities, equal opportunities, or human rights.

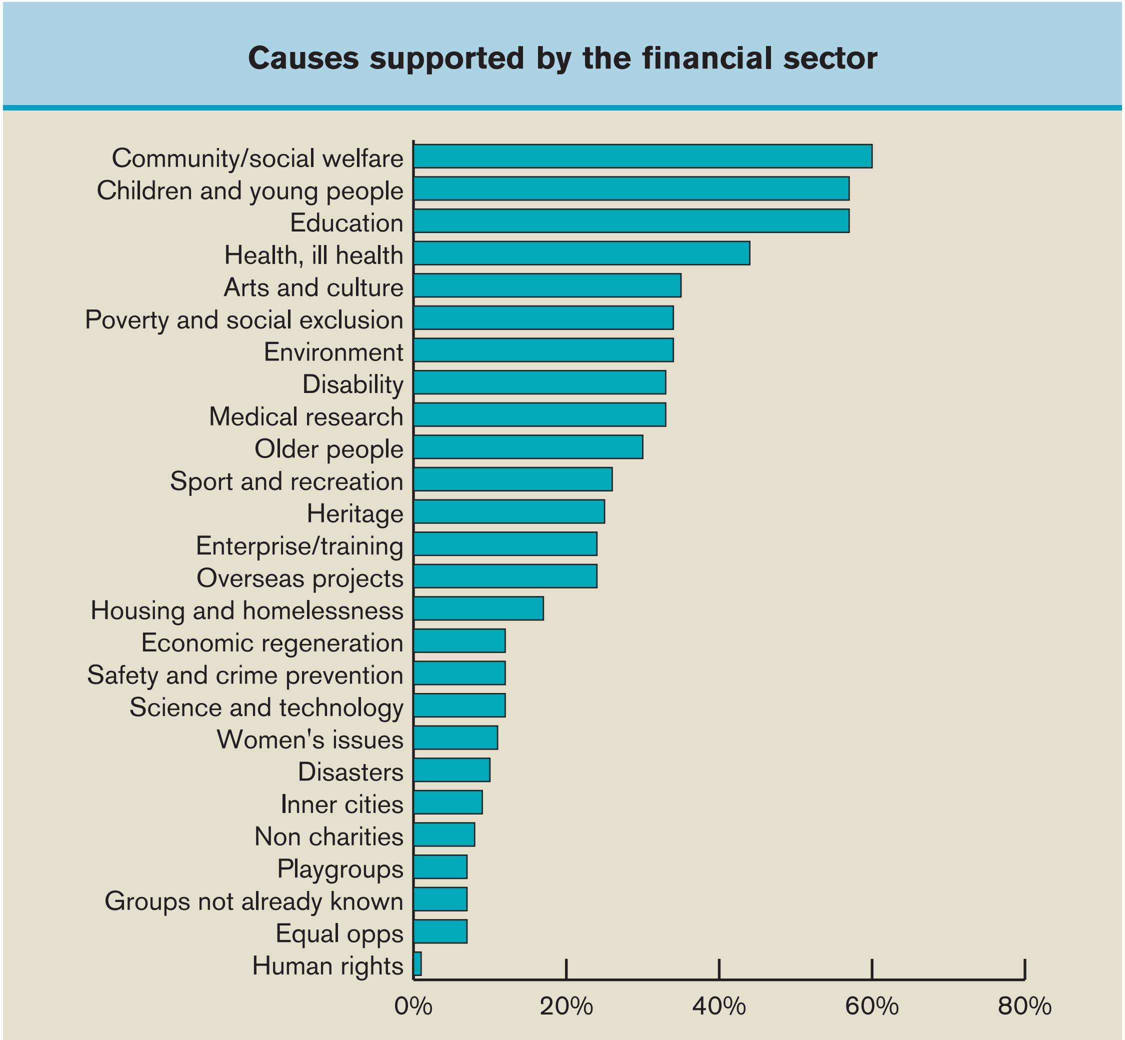
*Figure 6.12*

**Causes supported by the consumer services sector**



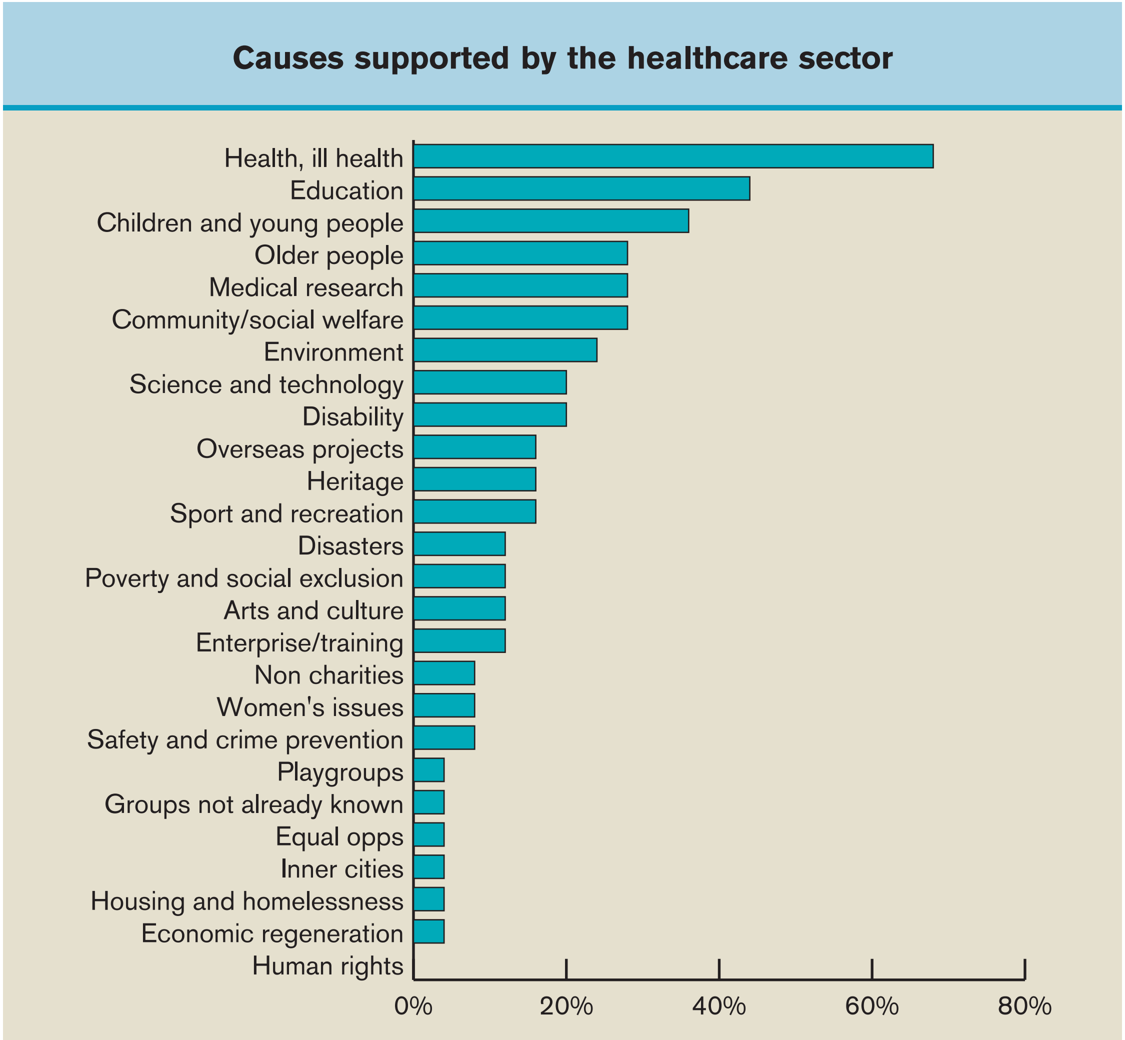

More than half of the companies in the consumer services sector support community and social welfare, children and young people, education and health (the top four most supported causes across the corporate boards). Less than 10% of companies in this sector support safety and crime prevention, playgrounds, equal opportunities, non-registered charities, inner cities, or human rights.

*Figure 6.13*



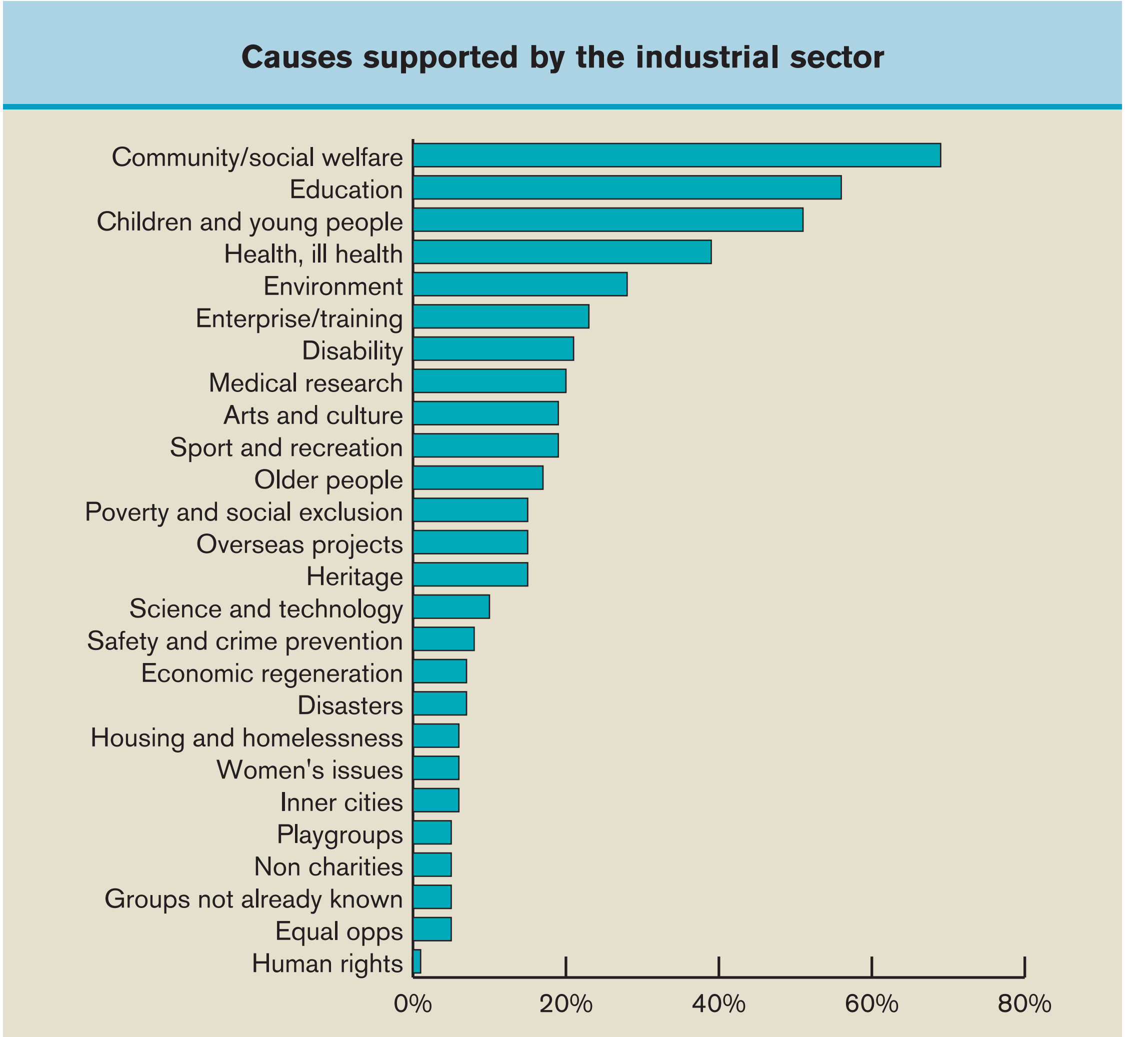

Over half the companies in the financial industry sector support community and social welfare, children and young people and education. The financial sector supports a wider spread of causes than any other sector in the sample, with around one-quarter of companies supporting 16 different causes. Less than 10% of the companies in this sector support inner cities, non-registered charities, playgroups, equal opportunities, or human rights.

*Figure 6.14*



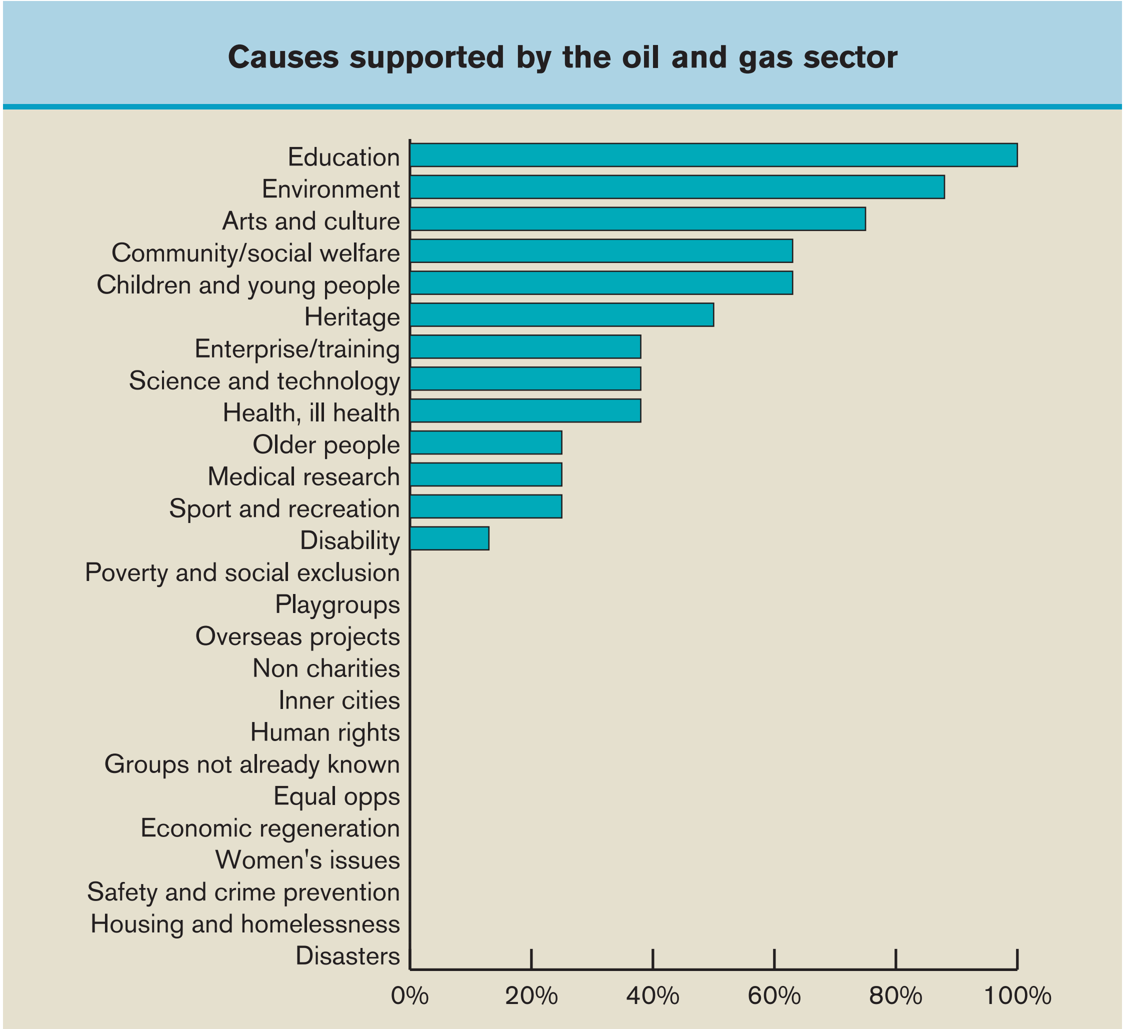

The healthcare sector is more focused in its giving, with 68% of companies giving to health and ill-health causes, and less than half giving to any other cause. It is also a big supporter of older people (28%) and medical research (28%). Less than 10% of the companies in this sector support playgroups, equal opportunities, inner cities, housing and homelessness, or economic regeneration.

*Figure 6.15*



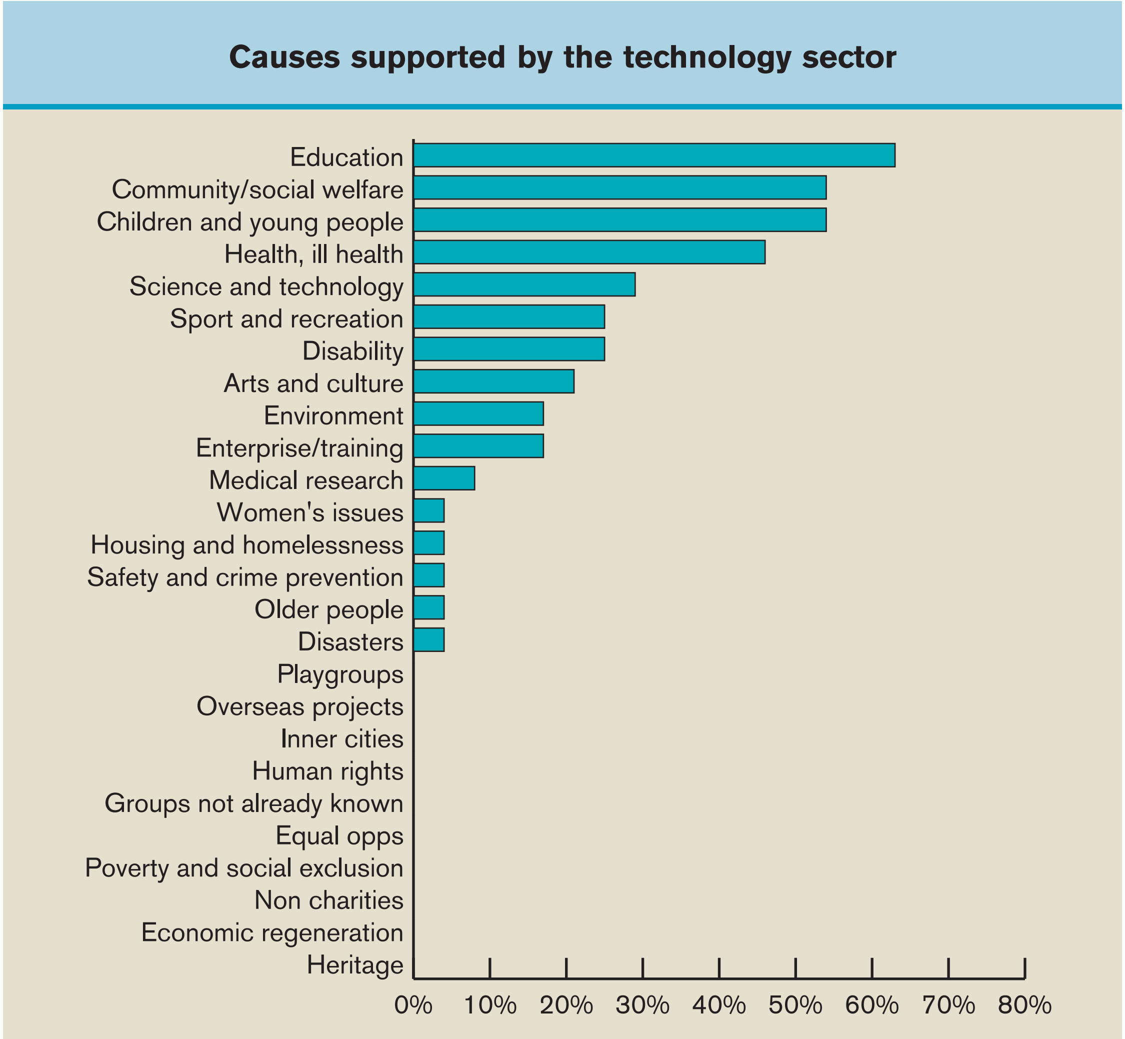

Over half the companies in the industrial sector support community and social welfare, education, and children and young people; 39% support health and ill health, with 28% supporting environmental projects. Less than 10% of the companies in this sector support safety and crime prevention, economic regeneration, disaster appeals, housing and homelessness, women's issues, inner cities, playgroups, non-registered charities, equal opportunities, or human rights.

*Figure 6.16*



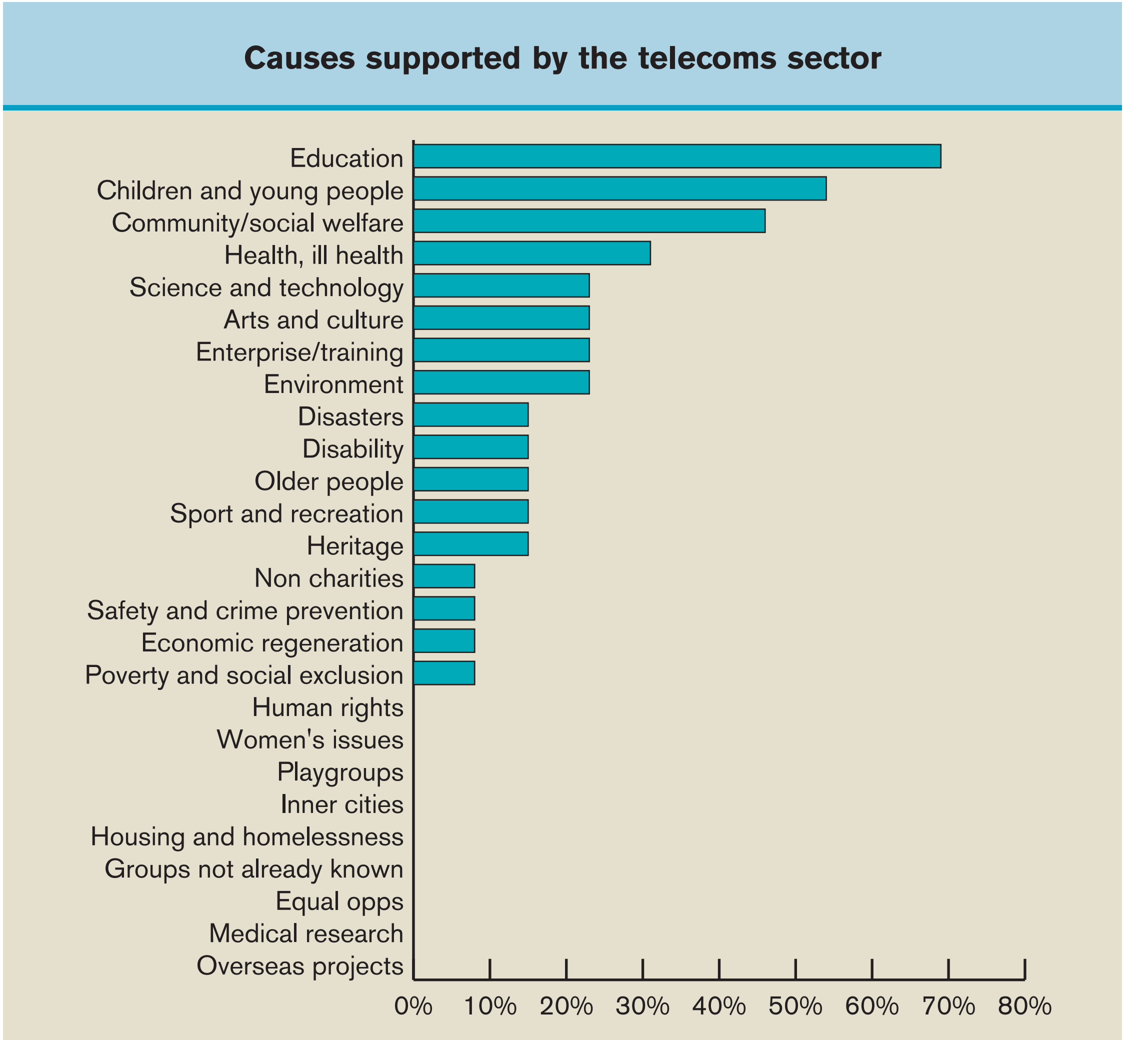

The oil and gas sector is one of the smallest sectors in this sample, so it is not surprising to see that companies in this sector support only 15 out of the 30 causes represented. Interestingly, 100% of companies in the oil and gas sector in this sample supported educational causes, while 88% support environmental causes and three-quarters (75%) support arts and culture; 50% also support heritage causes. In this sample, none of the companies in the oil and gas sector supported poverty and social exclusion, playgroups, overseas projects, non-registered charities, inner cities, human rights, equal opportunities, economic regeneration, women's issues, safety and crime prevention, housing and homelessness or disaster appeals.

*Figure 6.17*



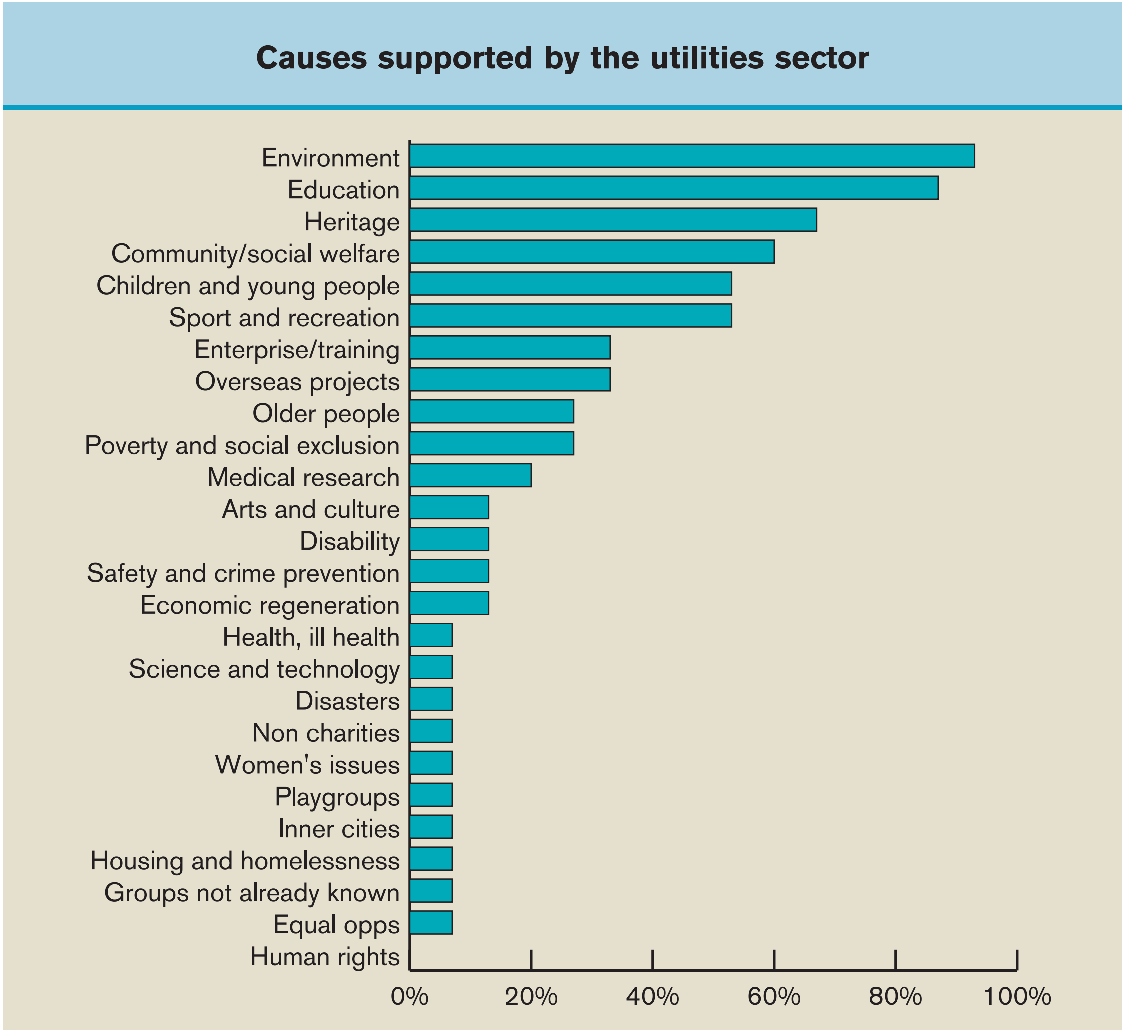

The technology sector is one of the smallest sectors in this sample, so it is not surprising to see that companies in this sector support only 18 out of the 30 causes represented. Over half of the companies in this sector supported educational causes, community and social welfare and children and young people, with around half (46%) supporting health causes; 29% support science and technology causes. In this sample, none of the companies in the technology sector supported playgroups, overseas projects, inner cities, human rights, equal opportunities, poverty and social exclusion, non-registered charities, economic regeneration or heritage.

*Figure 6.18*




Over half the companies in the telecoms sector support education and children and young people, while 46% support community and social welfare. In this sample, none of the companies in the telecoms sector supported human rights, women's issues, playgroups, inner cities, housing and homelessness, equal opportunities, medical research or overseas projects.

*Figure 6.19*




Utilities companies are most concerned about environmental causes (93%), then education and heritage, and then the stock favourites follow: community and social welfare and children and young people. Less than 10% of the companies in this sector are willing to support health causes, science and technology, disaster appeals, non-registered charities, women's issues, playgroups, inner cities, housing and homelessness or equal opportunities; and none support human rights.

## 6.6 Conclusions

There are some strong inter-industry differences which are clearly identifiable in this data, despite the uneven spread of industry sectors amongst this top corporate givers sample. That the financial sector dominates in terms of giving is not surprising, given its bounce-back in terms of profits this year and its dominance in turnover.

There is a huge disparity in industry giving as a proportion of pre-tax profits: from 0.7% in the financial, utilities and consumer services industry sectors to 0.1% across the consumer goods, healthcare and basic materials sectors. The reasons for this are unclear, although may partly rest in the fact that some sectors with lower UK giving give more worldwide. In these cases it may be that they do not state a UK pre-tax profit figure for comparison, and so UK giving appears to be a smaller proportion of their overall pre-tax profit.

While the majority of all companies favour community and social welfare, education, and children and young people's causes, there are industry-wide differences in which causes are favoured, with for example, utilities and oil and gas favouring the environment more strongly than other industry sectors. There is an obvious link here with their business and attempting to offset damage caused to the environment by these industries' activities. Dr Paul Golby, the Chief Executive of E.ON UK stated:

> *The challenges facing the energy industry show no signs of abating. We must continue our efforts to ensure the energy we supply and solutions we provide make the world of energy cleaner and offer our customers a better energy experience.*
> *E.ON UK Corporate Responsibility Report 2011*

The same two industry sectors also favour education projects, mainly around sustainable energy:

> *Young people, education and the environment are at the heart of our community activities, with the Total Green School Awards, our national initiative for primary school children, now established as a flagship project. Run by the Young People's Trust for the Environment in partnership with Total, the awards aim to generate interest in the environment and raise awareness of the need for sustainable energy sources.*[4]

There is a body of opinion citing such education programmes as 'charitywashing' (see Chapter 2, section 2.7.2), and claiming that some of the money donated to 'education' was actually given to fund and promote studies rubbishing climate change claims, but this remains unproven.

[4] TOTAL (n.d.), 'Case Study – TOTAL Green School Awards', www.uk.total.com/environment.

What is clear from these patterns is that the top corporate givers generally favour 'popular' causes around young people, education and society, whichever industry sub-sector they come from.

## 6.7 Methodology

The Industry Classification Benchmark (ICB) was used to categorise companies into industry types. The ICB is an industry classification taxonomy launched by Dow Jones and FTSE in 2005 and now owned solely by FTSE International. The ICB replaced the legacy FTSE and Dow Jones classification systems on 3 January 2006, and is used by the NASDAQ, NYSE and several other markets worldwide. The ICB uses a system of 10 industries, partitioned into 19 supersectors, which are divided into 41 sectors containing 114 subsectors. We report analysis at the 10 industry sectors level for ease of analysis.

Where a company has more than one industry classification, the money has been split evenly between classifications, but there will be a small amount of double-counting in the actual numbers of companies across all industries because of this.

Chapter 7

# Corporate trusts and foundations

## Key observations

- It has been estimated that corporate foundations provide 15% of grants made by charitable trusts and foundations in the UK, meaning that grants from corporate trusts and foundations could be worth over £500 million today.
- 113 of the companies in this report have their own corporate trust or foundation.
- The financial sector has more corporate trusts than any other industry sector, although the consumer services sector is gaining pace, particularly among retailers.
- The companies declaring corporate trusts and foundations in this year's report give over half of all the support going to the UK, and over half of the cash as well.
- The most popular cause for these companies with trusts or foundations is education, with 70% of companies supporting it.
- The bulk of the cash (46%) goes to the top three causes: education, community and social welfare, and children and young people.
- The charitable trusts and foundations associated with the top ten companies collectively received income of nearly £147 million in the last financial year, and gave grants of more than £116 million.
- Together these top ten foundations have assets of over £1 billion.

## 7.1 Introduction

Many companies form their own trusts and foundations to deal with their charitable commitments. Corporate foundations are separate legal charitable entities which act as grant-making bodies and, as such, should be considered independently from corporate giving per se. A large number of companies report the amount that they give to their corporate foundation as part of their annual corporate community investment giving figure, which can muddy the waters if considered alongside figures for trust and foundation giving. But corporate foundations form an important part of the overall funding landscape and act as a signal of companies' attitudes towards their corporate social responsibilities.

Corporate foundations are generally registered charities which derive the majority of their income from a profit-making company, either in the form of an endowment or by annual or periodic transfers of income. In the UK there are currently around 140 corporate foundations[1] compared to around 2,700 in the US.[2] This means that around 0.01% of all UK registered companies have a corporate foundation, compared to around 0.04% of all US registered companies.

The number is growing rapidly, however, with BITC putting it at 101 in 2003,[3] and CAF finding 126 in 2006,[4] which means a growth rate of over five new corporate foundations per annum (taking into account demises). So far, more corporate foundations were set up in the 1990s than any other decade, largely due to the number of de-mutualisations in that decade.[5]

In 2006, it was estimated that corporate foundations provided 15% of grants made by charitable trusts and foundations in the UK.[6] Extrapolating from that, giving from corporate trusts and foundations could be worth more than £500 million today. Note that only some of that total will be additional to the total giving by corporate donors, as many companies include their own giving to their corporate foundation in their total giving figure. In the US, estimates suggest that corporate foundations account for 32% of total corporate giving.[7]

Even though in some cases corporate foundations are part of the CSR programme and share staff resources, most corporate foundations are viewed as separate entities with their own discrete objectives. Since they are separate entities from their parent company it has been claimed that corporate foundations provide a more transparent structure for corporate community investment, supported by the credibility of meeting the legislative and reporting requirements of the Charity Commission. In addition, they also help to ring fence and manage a budget more effectively. Companies, unlike grant-making charities, are clearly not primarily established to support good causes and they have neither the same practices nor the policies in

[1] Corporate Citizenship (2013), *The Foundations of Business – The Growth of Corporate Foundations in England and Wales*, London, Corporate Citizenship.
[2] Foundation Center (2012), *Key Facts on Corporate Foundations*, New York, The Foundation Center.
[3] BITC (2003), *Corporate Foundations: Building a sustainable foundation for corporate giving*, London, Business in The Community.
[4] The SMART Company (2006), *Revealing the Foundations – a guide to corporate foundations in England & Wales*, London, Cabinet Office and the Charities Aid Foundation.
[5] Corporate Citizenship (2013), *The Foundations of Business – The Growth of Corporate Foundations in England and Wales*, London, Corporate Citizenship.
[6] C. Pharoah, C. Walker, E. Goody and S. Clegg (2006), *Charity Trends 2006*, CaritasData/CAF.
[7] Foundation Center (2012), *Key Facts on Corporate Foundations*, New York, The Foundation Center.

place as grant-making charities. Corporate foundations are registered as grant-making charities and are bound by the strictures of charity law.

Since corporate foundations are governed by deeds which state their purpose, and must produce annual reports on their activities, this makes it easier for organisations seeking support to identify whether their activities fall within the remit of a particular foundation. In addition, their status as registered charities and part of the voluntary sector 'helps them to forge links with other voluntary organisations, sharing learning, and expertise'.[8]

On the other hand, research suggests that the increased demands for information on CSR activity may not be incumbent upon corporate foundations. Corporate foundations provide companies with annual or biannual updates, but longer-term impacts of the investments made by the corporate foundation are not necessarily cross-examined. Some corporate foundations require information on levels of income and spending to be included in annual reports and LBG returns, but in some cases, the 'separateness' of the corporate foundation may mean this information is not asked for.

Corporate foundations are funded in many different ways: investment income on assets originally given by a company; regular donations from a company; an endowment linked to a company's profile; money raised by a company's or employees' fundraising efforts; gifts and support in kind. By law, corporate foundations must be independent from their corporate founders. In practice, the level of independence varies quite significantly from corporate foundations whose activities are intricately linked with the founder company's CSR strategy to those which are completely independent.

Interestingly, recent research has shown that nearly 90% of corporate foundations responding to a survey stated that they had some senior management involvement from the founding company.[9] Over half of respondents indicated that the giving strategy of the foundation was linked to the business focus, while one-third disagreed.

Corporate Citizenship's research has shown that the financial sector in England and Wales boasts around two-thirds as many corporate trusts/foundations as any other sector (with 40 trusts/foundations). This is followed by consumer services (for example retail, food and drink with around 27), then consumer goods (12). Clothing retailers have seen a spurt of growth since 2006; new entrants include the Burberry Foundation (2008), Primark Better Lives Foundation (2008) and the Jimmy Choo Foundation (2011).

[8] The SMART Company (2007), *The Changing Nature of Corporate Responsibility – What Role for Corporate Foundations?*, West Malling, Charities Aid Foundation.

[9] Corporate Citizenship (2013), *The Foundations of Business – The Growth of Corporate Foundations in England and Wales*, London, Corporate Citizenship.

Corporate Citizenship suggests that part of the strong growth in foundations in the financial sector may be due to the high degree of scrutiny these companies have been under in recent years, prompting them to give something back in a more prominent way through a foundation. Equally it could be that a foundation that is independent of the bank or financial services company may be viewed more objectively.

While there is strong growth in the number of corporate foundations, their income is falling (from an average of £1.75 million in 2005 to £1.46 million in 2011,[10] in real terms a fall of £640,000 or 32% per foundation). A lot of this volatility is due to the financial crisis, particularly in the financial sector. Over the same period, grants made by corporate foundations has increased by an average of £300,000 per organisation in real terms, meaning that despite income fluctuations, foundations are honouring their funding commitments, which is good news for charities. Hard times may, however, lead to companies imposing tighter restrictions on foundations' funding and a greater emphasis on impact measurement for those receiving funds.

Interestingly, many corporate foundations do not have a committed funding formula in place, despite the majority of them being funded in the majority by their founding company.[11] While it is unlikely that a company would let their foundation fold if they could help it, not having a formal commitment in place leaves the foundations in a slightly vulnerable position.

Similar to companies as a whole, corporate foundations tend to favour the areas of economic hardship, young people and education.[12]

## Case study: Richer Sounds

Richer Sounds is an independent British home entertainment retailer with a chain of 53 stores distributed across the United Kingdom and e-tailer of hi-fi, home cinema and flat screen TV equipment. The business is 100% owned by Julian Richer, the founder and managing director of the company. It had 403 employees in 2009.

In May 2010, Richer Sounds received the Best Retailer Award from *Which?*, beating the likes of Waitrose and John Lewis to the title in this category awarded solely on the feedback of 14,000 *Which*? members. In January 2011, Richer Sounds received a Royal Warrant. In May 2011, Richer Sounds came top of the *Which?* High Street Shop Survey 2011, earning 5 stars out of 5 for Product Range, Service and Pricing. And in July 2011, Richer Sounds received the *Which?* Best High Street Retailer of the Year 2011 award.

[10] Ibid.
[11] Ibid.
[12] Ibid.

| Corporate donations | |
|---|---|
| Total cash contributions UK: | £779,000 |
| Contributions as a % of pre-tax profit: | 19% |
| Cash as a % of pre-tax profit: | 19% |

### *Does it have its own trust or foundation?*

The Persula Foundation (Charity Commission no. 1044174) was established in 1994 as an independent grant-giving foundation which supports any cause the trustees feel strongly about. Whilst always researching new projects and charities to support, it does have core interests including animal welfare, disability, human welfare and human rights.

### *Breakdown of corporate contributions*

Support for charitable causes is rooted through the Persula Foundation which received £779,000 in 2011/12 from the company. In 2010/11 (the latest year for which more detailed financial information is available) project expenditure was broken down as follows:

**Breakdown of corporate contributions 2011/12 from the Persula Foundation**

| Project supported | Amount given |
|---|---|
| Human welfare | £451,000 |
| Human rights | £128,000 |
| Animal welfare | £199,000 |
| Disability | £37,000 |
| Storytelling | £11,000 |
| Tapesense | £21,000 |
| **Total** | **£847,000** |

### *What does the company do for charity?*

In 2010/11, the foundation had an income of £849,000 and spent £900,000 in grants to various charities (including support costs) including: RSPCA (£60,000); Amnesty International, Liberty and Prison Reform Trust (£25,000) and Tapesense (£21,000). The ongoing On The Right Track Project provides free touch-screen computerised kiosks for homeless people and young runaways in London.

*Staff volunteering?*
The company supports employee volunteering, allowing paid time off work to volunteers.

*Does the company have a payroll giving scheme and is it matched?*
There is no payroll giving scheme but the company has a scheme in place to match employees fundraising.

*Does it do cause-related marketing?*
Tapesense, the foundation's mail-order service, offers subsidised, brand new blank audio cassettes and popular hi-fi accessories to blind and visually impaired people.

*Does the company have its own CSR department or similar?*
No.

*What's its reporting like?*
Accounts for the charitable foundation are thorough, reporting all grants of over £20,000 and have been submitted on time to the Charity Commission for the past five years. Richer Sounds has told us, however, that they (both the company and the foundation) prefer to donate a lot of their money anonymously 'so that we can't be accused of giving money away for the wrong reasons'.

*Is the company a responsible corporate citizen?*
An independent retailer, Richer Sounds has been recognised by Business in the Community for its contributions to charity. The company was also judged best British-owned company to work for by the Sunday Times in 2002 and has been recognised by the government-backed Investors in People scheme. The company has voluntarily joined the Distribution Take Back Scheme, paying towards the provision and improvement of recycling facilities in the UK and has battery recycling points in all of its stores. It only has operations in the UK and therefore pays British taxes.

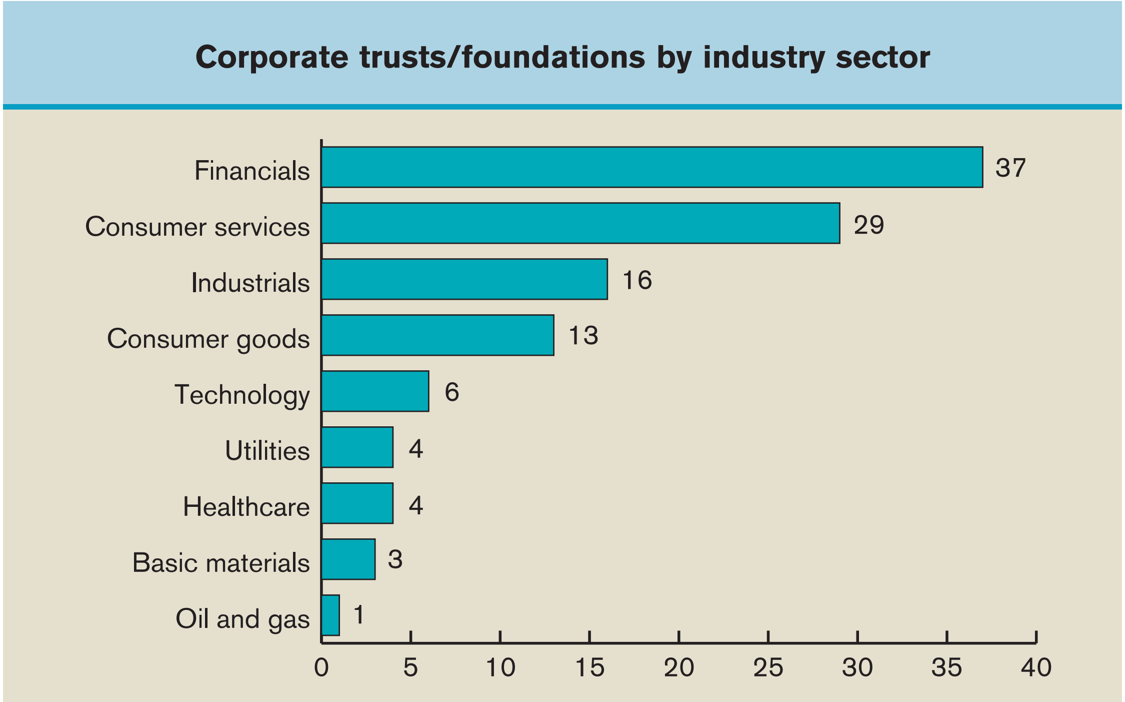
## 7.2 Analysis of the top corporate trusts and foundations

Our own research finds that 113 of the companies in this report have their own corporate trust or foundation.

The pattern of foundations we found matches fairly closely the national picture, picking up as it does around 80% of known corporate foundations in the UK[13] (see figure 7.1).

[13] Ibid.

*Figure 7.1*




The financial sector has more corporate trusts than any other industry sector, perhaps in part because of the relative longevity of the companies in the sector, although the consumer services sector is gaining pace, particularly among retailers. It is also mainly the larger companies which set up their own trusts and foundations in order to deal with a charitable support programme of some magnitude, so it is no surprise to see that the companies declaring corporate trusts and foundations in this year's report give over half of all the support going to the UK, and over half of the cash as well.

*Table 7.1*

**The giving of companies declaring trusts/foundations as a proportion of the entire sample**

| *Cash donations UK* | *Total contributions UK* | *Total contributions worldwide* |
|---|---|---|
| 59% | 59% | 51% |

The top ten companies with charitable trusts or foundations are shown in table 7.2. They include seven companies which are also in the top ten givers in the UK.

*Table 7.2*

| **The top 10 companies with trusts and foundations (£m)** | | |
|---|---|---|
| | *Total contributions UK* | *Cash donations UK* |
| Lloyds Banking Group | £85 | £43.8 |
| Goldman Sachs International | £40.1 | £40.1 |
| Vodafone Group plc | £21 | £21 |
| BHP Billiton plc | £19.4 | £19.3 |
| Santander UK | £14 | £14 |
| Co-operative Group Ltd | £11.8 | £8.8 |
| Ecclesiastical Insurance Group plc | £11.7 | £11.7 |
| Diageo plc | £10.5 | £10.5 |
| Fidelity Investment Management Ltd | £10.2 | £10.2 |
| Shell | £6.8 | £6.8 |

The charitable trusts and foundations associated with the top ten companies collectively received income of nearly £147 million in the last financial year, and gave grants of over £116 million. Together these foundations have assets of more than £1 billion, as table 7.3 shows.

These top corporate trusts and foundations account for over one-quarter (27%) of the estimated total giving by corporate trusts and foundations in the UK.

*Table 7.3*

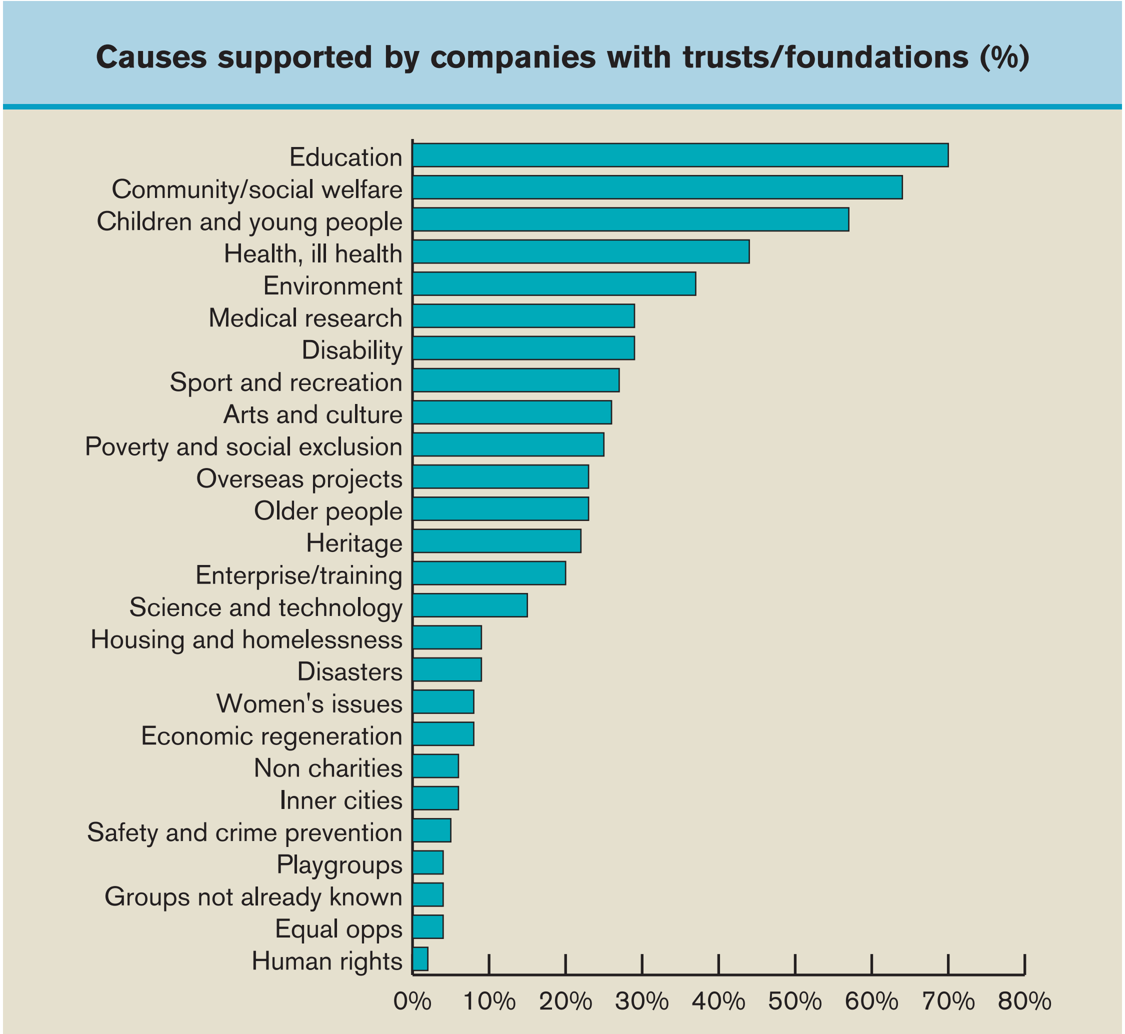
## Charitable foundations associated with the top ten companies

| *Trusts/foundations* | *Est'd* | *Income* | *Grants* | *Assets* | *Year* |
|---|---|---|---|---|---|
| Lloyds TSB Foundation for England & Wales | 1986 | £26,063,000 | £24,463,000 | £33,741,000 | 2010 |
| Lloyds TSB Foundation for Northern Ireland | 1986 | £1,918,629 | £1,682,560 | £2,791,442 | 2010 |
| Lloyds TSB Foundation for Scotland | 1986 | | £2,000,000 | | 2010 |
| Lloyds TSB Foundation for the Channel Islands | 1986 | £1,093,349 | £977,500 | £1,174,859 | 2010 |
| Goldman Sachs Charitable Gift Fund UK | 2007 | £2,326,000 | £2,452,000 | £8,825,487 | 2011 |
| Goldman Sachs Gives UK | 2008 | £14,299,338 | £16,689,000 | £74,690,000 | 2011 |
| The Vodafone (Group) Foundation | 2002 | £21,186,391 | £24,627,185 | £14,965,489 | 2009/10 |
| BHP Billiton Sustainable Communities | 2009 | £41,784,158 | £9,500,422 | £124,192,500 | 2012 |
| The Santander UK Foundation (formerly The Abbey Charitable Trust) | 1990 | £3,550,647 | £4,083,179 | £10,750,276 | 2010 |
| Co-operative Charitable Foundation | 2000 | £156,858 | £35,000 | £9,623,000[14] | 2012 |
| Ecclesiastical Insurance Group (owned by the Allchurches Trust Ltd, to which the figures relate) | 1972 | £11,294,000 | £9,747,000 | £363,374,000 | 2011 |
| Diageo Foundation | 1992 | £1,491,083 | £846,211 | £1,948,942 | 2012 |
| The Fidelity UK Foundation | 1988 | £13,075,721 | £4,479,202 | £119,917,303 | 2010 |
| Shell Foundation | 2000 | £8,546,480 | £14,617,728 | £268,085,996 | 2012 |
| **Total** | | **£146,785,654** | **£116,199,987** | **£1,034,080,294** | |

The most popular cause for companies with trusts or foundations is education, with 70% of companies supporting this cause. Although this does not necessarily represent the causes which the trusts or foundations themselves support, the pattern of causes supported is very similar to that of the whole sample. The bulk of the cash (46%) goes to the top three causes: education, community and social welfare, and children and young people.

[14] This has since been transferred to the Co-operative Community Investment Foundation.

*Figure 7.2*




## 7.3 Conclusions

Unsurprisingly, it tends to be the bigger companies and those which give most that set up their own corporate trusts and foundations. There are many advantages to doing so, including that the trust or foundation should be relevantly independent from the company. However, foundations often bear their founding company's name, making it difficult to dissociate one from the other. This can have reputational consequences in both directions. Further research into corporate trusts would be beneficial to see if they differ in any substantive ways from other foundations.

Chapter 8

# An in-depth look at the financial services sector

## Key observations

- The financial services sector in the UK employs 1.1 million people, contributes 10% to UK GDP – a higher proportion than other major economies – and accounts for 11% of UK tax receipts: more than any other sector.
- The financial (banking) crisis put paid to the financial sector's phenomenal growth of 6% per year (more than twice the growth of the UK economy as a whole). The loss of profits had a knock-on effect on the charitable contributions of the financial sector, and a considerable effect on the public reputation of the sector.
- The financial sector represents 21% of companies in the UK top company givers (23% by turnover, and 27% by pre-tax profits). In terms of numbers it is dominated by private equity and wealth management firms (31%), but it is the banks which dominate in terms of turnover (40%).
- Despite the recent economic upheaval, the financial sector still dominates the top UK corporate giving figures, both in terms of cash (£245 million) and total support including in-kind giving (£319 million).
- While the average charitable support in the UK for the top company givers in this report forms around 0.4% of pre-tax profit, in the financial sector this figure stands at around 0.7% of pre-tax profit.
- Banks dominate the sector's charitable support, with Lloyds Banking Group accounting for one-quarter (25%) of the entire sector's giving.
- The financial sector spreads its support across a wider range of causes and beneficiaries than other sectors, and strongly favours arts and culture causes.
- Despite the fact that over half of the financial sector's contribution to UK GDP is generated in London and the South East, 92% of the money donated by the financial sector is distributed nationwide, with only 3% concentrated specifically in Greater London (with 0.4% going to Scotland, and 0.1% going to Wales).

# 8.1 Introduction

The financial services sector is a special case in many ways. Its historical and current place as the wealth-creation unit of the UK economy, and the power it wields in society, the economy and government through its assets is phenomenal. With great power comes great responsibility, and though in recent years there might be a case to be put for the irresponsible ways in which some financial institutions have behaved, they still remain at the top of the tree, with great potential to change society for the better.

## *8.1.1 City wealth*

In the twenty-first century the City has become the 'engine room of the UK economy'. It is the UK's most significant creator of wealth, but concerns persist about the inequality borne from the extraordinary wealth creation which is seen as benefiting the few.[1] Indeed, Andrew Haldane, Executive Director of Financial Stability at the Bank of England, in the Wincott Annual Memorial Lecture 2011 said:

> *Banks are special . . . This status can have strange consequences. For a century, both risks and returns have been high. But while the risks have typically been borne by wider society, the returns have been harvested by bank shareholders and managers.*[2]

Haldane goes on to give an incredible illustration of how far massive risk-taking was being rewarded:

> *In 1989, the CEOs of the seven largest banks in the United States earned on average $2.8 million. That was almost 100 times the median US household income. By 2007, at the height of the boom, CEO compensation among the largest US banks had risen almost tenfold to $26 million. That was over 500 times the median US household income.*

Of course, this wealth creation has its upside for the economy as a whole. Findings from a City UK report show that the financial services 10% share of UK GDP is higher than other major economies (US, Japan, France and Germany), contributing 11% of UK tax receipts – the biggest sector contributor – and a trade surplus of £47.2 billion in financial services and £8.3 billion in professional services, which was larger than any other sector in 2011.[3]

Over half of the financial services sector's contribution the UK GDP is generated in London and the South East, accounting for over one-quarter of London's GDP (along with professional services). Financial and professional services account for 13.1% of Scotland's GDP, 9.5% in Wales and 7.4% in Northern Ireland.[4]

[1] R. John, R. Davies and L. Mitchell (2007), *Give and let give: Building a culture of philanthropy in the financial services industry*, London, Policy Exchange.
[2] A. G. Haldane (2011), 'Control rights (and wrongs)' [speech], London, the Wincott Annual Memorial Lecture.
[3] City UK (2012), 'Economic Contribution of UK Financial Services 2010', www.thecityuk.com
[4] Ibid.

Estimates by PricewaterhouseCoopers LLP in 2012 show that, for the financial services sector in the UK in the year to 31 March 2012, 1.1 million people (3.8% of the UK workforce) were employed in the sector, generating estimated employment taxes in the region of £27.7 billion; 11.8% of government tax receipts from employment were generated by the sector.[5]

Corporation tax is the third largest tax borne (21.9% of total taxes borne) and has decreased compared to last year (2011: 27.0% of total taxes borne), as a result of a fall in the tax rate and lower profitability. The sector paid increased amounts of personal income tax, VAT and social security contributions compared to the previous year, which helped to maintain the overall level of total tax contributions. £1.6 billion was paid by the financial services sector in respect of the new bank levy.

At a sub-sector level, the banks are the largest payers in the financial services sector and are also the largest employers.

### *8.1.2 The financial (banking) crisis and effects of the recession, Libor and tax-avoidance scandals, and the break-up of the banks*

According to the Bank of England, in the decade before the financial crisis, the UK financial services sector grew more than twice as fast as the UK economy as a whole.[6] During this period before the financial crisis, measured output growth in the UK financial services sector averaged more than 6% per year, compared with overall UK GDP growth of 3% per year. The sector's share of the economy also grew significantly and by more than in most other major advanced economies.

The recent global financial crisis, with its subsequent unfolding scandals and retributive measures has made the last few years hard ones for some financial companies, with increased uncertainty and volatility in the markets, and no concrete end in sight as yet.

A big question for the voluntary sector is how corporate givers in the financial sector have reacted to the banking crisis, subsequent recession and crises. An online survey by the Charities Aid Foundation in January 2009 found that two-fifths of charities receiving corporate funding said they had received less support than they had budgeted for.[7] With fluctuations in the stock market, and the faltering and failure of some financial institutions, there were and are still huge challenges for those planning their corporate social responsibility policies and programmes. Questions remain, however, over how far can or should community budgets be maintained in the face of lower profit margins, corporate cut-backs or staff losses. How far can or should forward planning be based on emerging but fragile 'green shoots' of recovery?

[5] PwC (2012), *The Total Tax Contribution of UK Financial Services*, City of London Economic Development.

[6] S. Burgess (2011), 'Measuring financial sector output and its contribution to UK GDP', *Quarterly Bulletin*, Q3, pp. 234–246.

[7] CAF (2009), 'Recession increasing demand for charity services', www.cafonline.org, 9 February

Those at the top of the corporate giving ladder had some of the biggest falls. *Charity Market Monitor* reported that almost all of the 15 FTSE 100 companies which experienced the largest drops in value in 2008/09 were also top corporate donors. This included, for example, the Royal Bank of Scotland, Man Group plc and Lloyds Banking Group.[8]

## Case study: Lloyds Banking Group

Lloyds Bank, alongside Barclays and Friends Provident (now Friends Life), were founded by Quakers, on the Quaker values of honesty, integrity and plain dealing. Many commentators see these Quaker values as the reason for the relative steadfastness and unshakeability of Quaker companies, few of which collapsed in the 18th century, and only a handful of their banks.

Some might feel that in the twenty-first century these values have been lost in the financial sector, even amongst those banks with Quaker origins. Lloyds Banking Group prides itself on being the largest contributor to UK charity and community causes, donating £85 million in total contributions (£43.8 million in cash) to the UK in 2010/11. The Lloyds TSB Foundation for England and Wales is one of the largest UK foundations and has been making grants for the last 26 years.

However, even Lloyds was not immune to the financial crisis. Having merged with the Trustee Savings Bank (TSB) in 1995, and acquiring Scottish Widows and the Chartered Trust, Lloyds TSB went on to merge with HBOS (the already merged Halifax Building Society and the Bank of Scotland) in 2009 to become the Lloyds Banking Group (despite HBOS suffering a huge loss in share price). Losses accumulated during the takeover totalled over £10 billion which, combined with the sharp retraction of the world economy, left Lloyds Banking Group on the brink of collapse. Lloyds became one of a number of UK banks to require capitalisation by HM Treasury to avoid collapse. HM Treasury (or read 'the taxpayer') currently owns a 43.4% stake in Lloyds Banking Group.

During all these restructurings, takeovers and bailouts the big question for the UK charity and community sector was: would Lloyds maintain the level of giving of its own and its merged partners programmes?

The picture is mixed: HBOS plc, for example, which gave £18.6 million in total contributions to UK charities in 2007/08, was taken over by Lloyds Banking Group in January 2009, which itself gave £37.5 million to UK charities in 2007/08. In 2008/09 the now combined Lloyds and HBOS, making a loss of £4 billion, wound up the HBOS Foundation and gave a total of £33.5 million, including minimal payments of £200,000 to the four Lloyds TSB Foundations for England and Wales, Scotland, Northern Ireland and the Channel Islands, instead of the £5 million to £6 million each usually received. Lloyds TSB Foundation for Scotland contested this decision, seeing it as a contravention of its founding covenant.

[8] CaritasData (2011), *Charity Market Monitor*, London, Wilmington Group.

In 2010, Lloyds established the Bank of Scotland Foundation to replace the HBOS Foundation and increased funding to £76 million, almost making up for the shortfall in 2008/09. The situation with the Lloyds TSB Foundation for Scotland, however, resulted in legal action between it and Lloyds Banking Group over the interpretation of its covenant which continued for over four years in the legal system and has only just been concluded in spring 2013, with the Supreme Court in London ruling that the Lloyds Banking Group was right to give the Lloyds TSB Foundation for Scotland a funding settlement of only £38,920 for 2010 rather than the £3.5 million it was awarded at a previous hearing.

The original ruling against the Foundation being overturned on appeal and finally over-overturned leaves Lloyds TSB Foundation for Scotland without an ongoing funding deal, and it has been told that all funding from Lloyds Banking Group will cease after the covenant agreement comes to an end in 2019. In the meantime, the Foundation has been using its reserves to meet funding commitments.[9]

While Lloyds Banking Group became the biggest corporate investor in local communities in 2010, investing a total of £76 million in 2010 (£85 million in 2011), the transition period is likely to have been difficult for many charities and community groups relying on sustainable and consistent funding from these sources to continue their work.

Lloyds did not escape the financial sector's scandals: it was implicated in the tax avoidance scandal, being named by the TUC as one of the top four UK banks with more than 1,200 subsidiaries in tax havens,[10] faced PPI mis-selling claims running to nearly £7 billion and has been subpoenaed in the Libor-fixing scandal. In fact it is little short of a miracle that Lloyds' shares are, as we go to print, trading at just below the minimum threshold for a sale which could see the taxpayer receive back a fraction of its investment in this great institution.

### *8.1.3 Reputation of the financial sector*

The scandals and crisis have undoubtedly had an effect on the public's view of the financial sector. A report by the Reputation Institute measures the overall reputations of 300 top companies on seven criteria (consisting of customer ratings of products and services, governance, citizenship, workplace, leadership, performance and innovation) to compile the 'UK's 180 most reputable companies' list.[11]

[9] J. Pudelek (2013), 'Supreme Court rules against Lloyds Foundation for Scotland in £3.5m funding dispute', Third Sector Online, www.thirdsector.co.uk, 24 January.

[10] *The Observer* (2012), 'Bank secrecy masks a world of crime and destruction', www.guardian.co.uk, 22 July.

[11] Reputation Institute (2013), *UK RepTrak™ Pulse 2013: Reputation survey results from Reputation Institute*, www.reputationinstitute.com.

The current Reputation Institute list shows that scores within the Financial-Banking sector range from poor to average. The sector scores lowest of all industries in the study.

Looking specifically at the 'big four' banks, HSBC leads with an average reputation of 60.59, RBS has a poor reputation (37.45), while Lloyds Banking Group and Barclays have weak reputations with scores of 50.66 and 50.62 respectively.[12] In fact, Royal Bank of Scotland (RBS) languishes at the bottom end of the reputation table (187 out of 188).

Only one financial company makes it into the top 50 most reputable companies in the UK – the Nationwide Building Society at number 22, with an overall score of 74.55; while the Co-operative Group ranks highest (fifth overall) of the financial companies on the Citizenship dimension (scoring 74.94).

Comparing reputation scores over the last five years shows that some have fared better than others. While HSBC has improved its overall reputation from 55.35 in 2008 to 60.59 in 2013, Lloyds has had a much more rollercoaster ride from 55.60 in 2008 through a high of 59.82 in 2009 to a low of 50.66 in 2013. RBS has suffered a continuous drop from 56.92 in 2008 to 35.33 in 2012, experiencing a small improvement to 37.45 in 2013.

Barclays and Lloyds Banking Group are still falling (by nearly 11 and 6 points respectively since last year), while the Reputation Institute reports that building societies, as a whole, are seeing a slight improvement in their reputations in 2012/13.

## 8.2 The financial services sector in detail

We saw in Chapter 6 that the financial sector dominates the top UK company givers in terms of turnover and pre-tax profit, despite not being the largest sector in terms of the number of companies represented in the sample. In view of recent scandals this is a big achievement, and one likely to help in the reputational analysis.

[12] Score ranking: Excellent/top tier: above 80; Strong/robust: 70–79; Average/moderate: 60–69; Weak/vulnerable 40–59; Poor/bottom tier: below 40.

*Figure 8.1*

**Proportion of top UK giving companies in each industry sector**

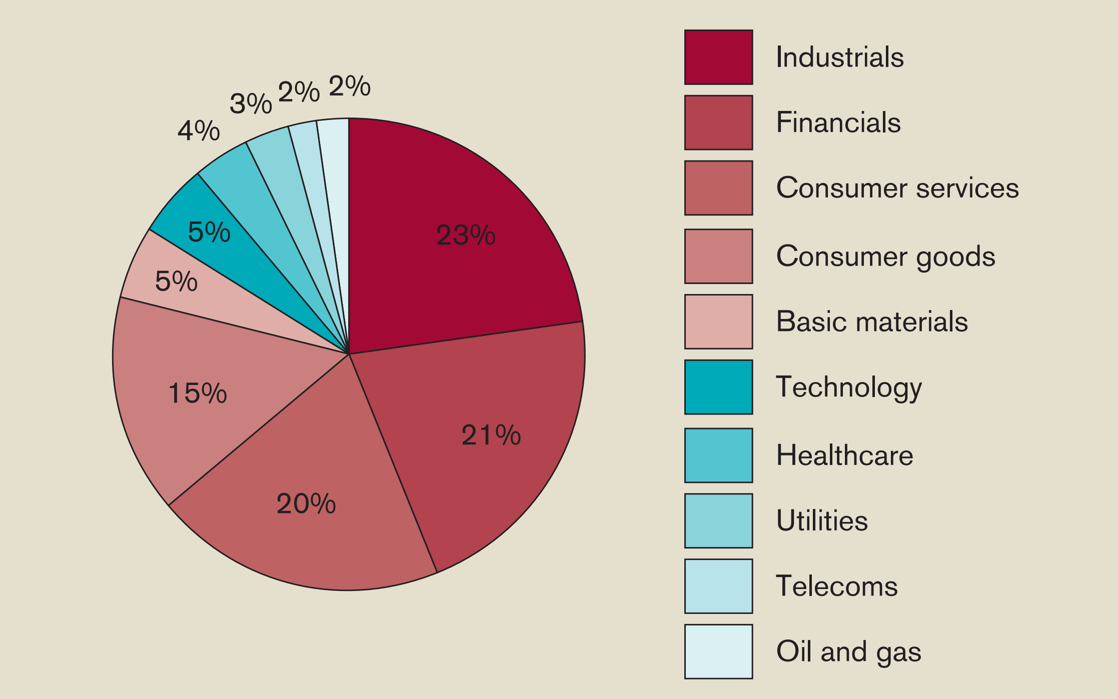



*Figure 8.2*

**Turnover of the top UK company givers, by industry sector**

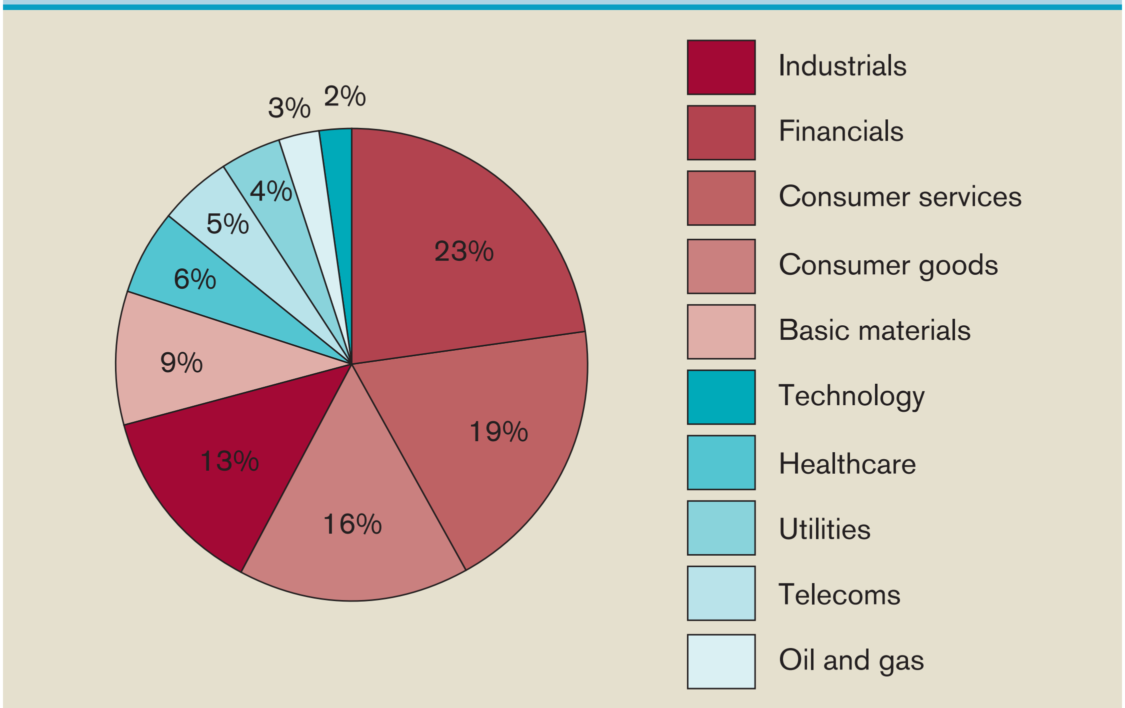
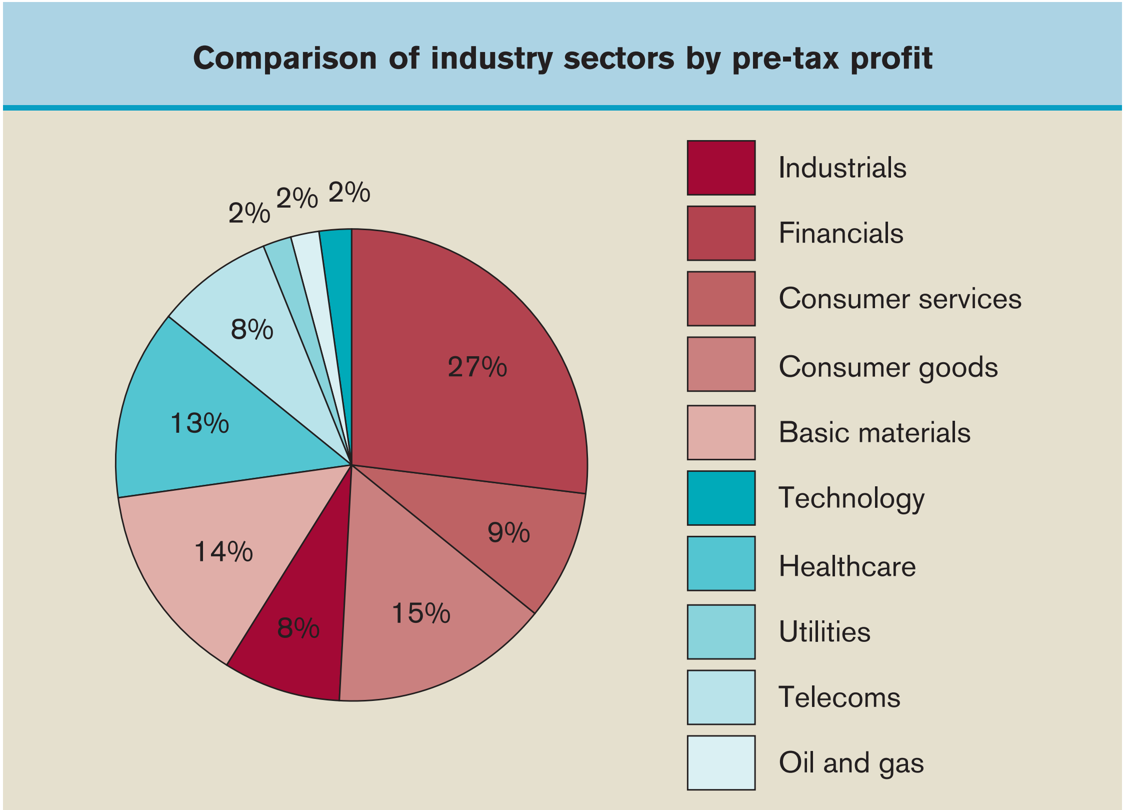


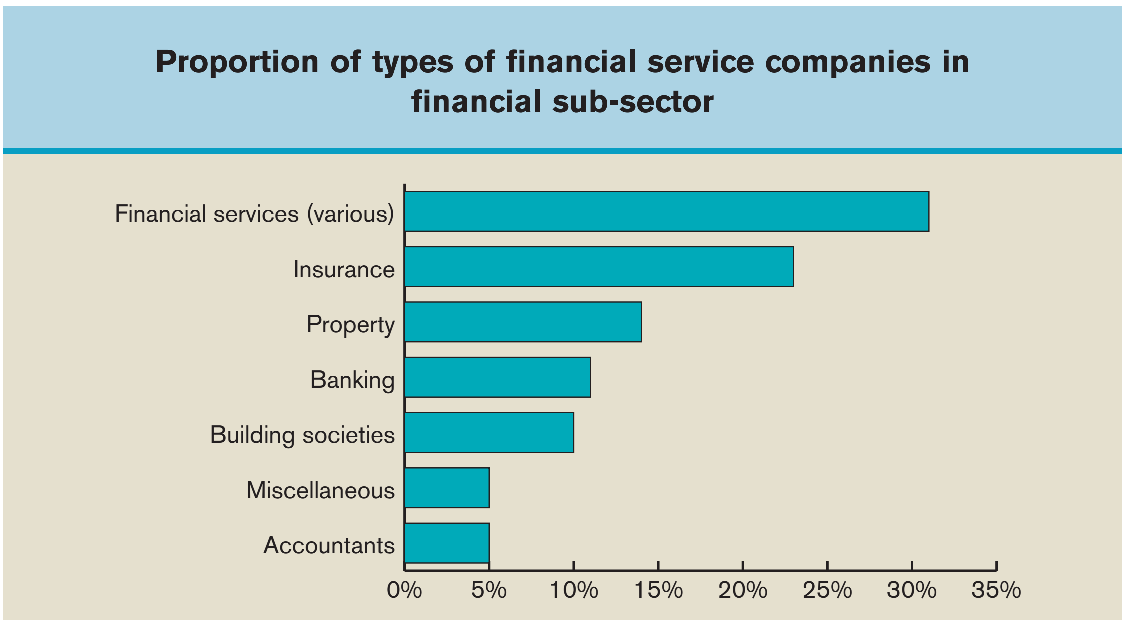
*Figure 8.3*




### *8.2.1 Composition of the financial sub-sector*

The financial sub-sector is dominated by companies offering mixed financial services, primarily private equity and wealth management services (for example St. James's Place plc, Schroders plc, Morgan Stanley International Ltd).

*Figure 8.4*



In terms of total turnover, however, those providing banking services come out on top. Figure 8.5 shows that the banks in this sample had a turnover of over £141 trillion, compared to those dealing in property with a turnover of just over £4 trillion (although these latter will compete when it comes to assets).

*Figure 8.5*


### *8.2.2 Top givers*

In terms of overall giving to the community, the financial industry gave more both in terms of cash (£245 million) and total support (£319 million) than any other industry sector. This is echoed in the per-company support, with an average spend of £3.3 million in total contributions per company (£2.5 million in cash), and an across-the-sector spend of 0.7% of pre-tax profits for total contributions and 0.5% pre-tax profit for cash donations.

*Figure 8.6*

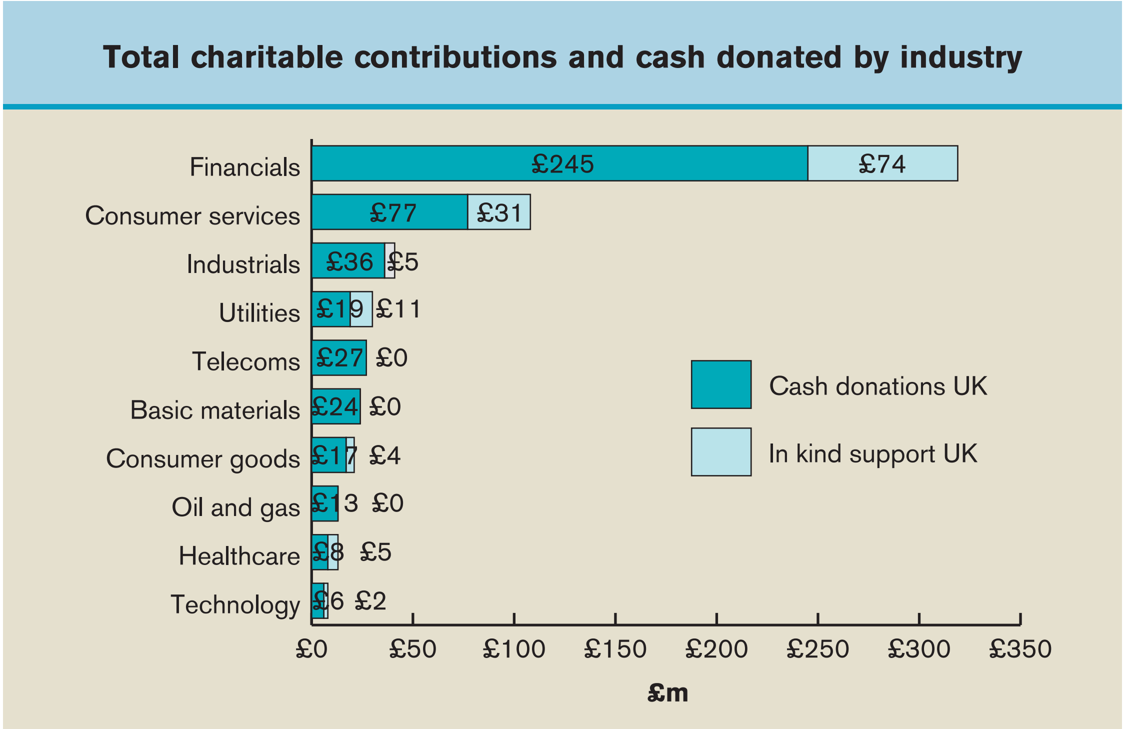
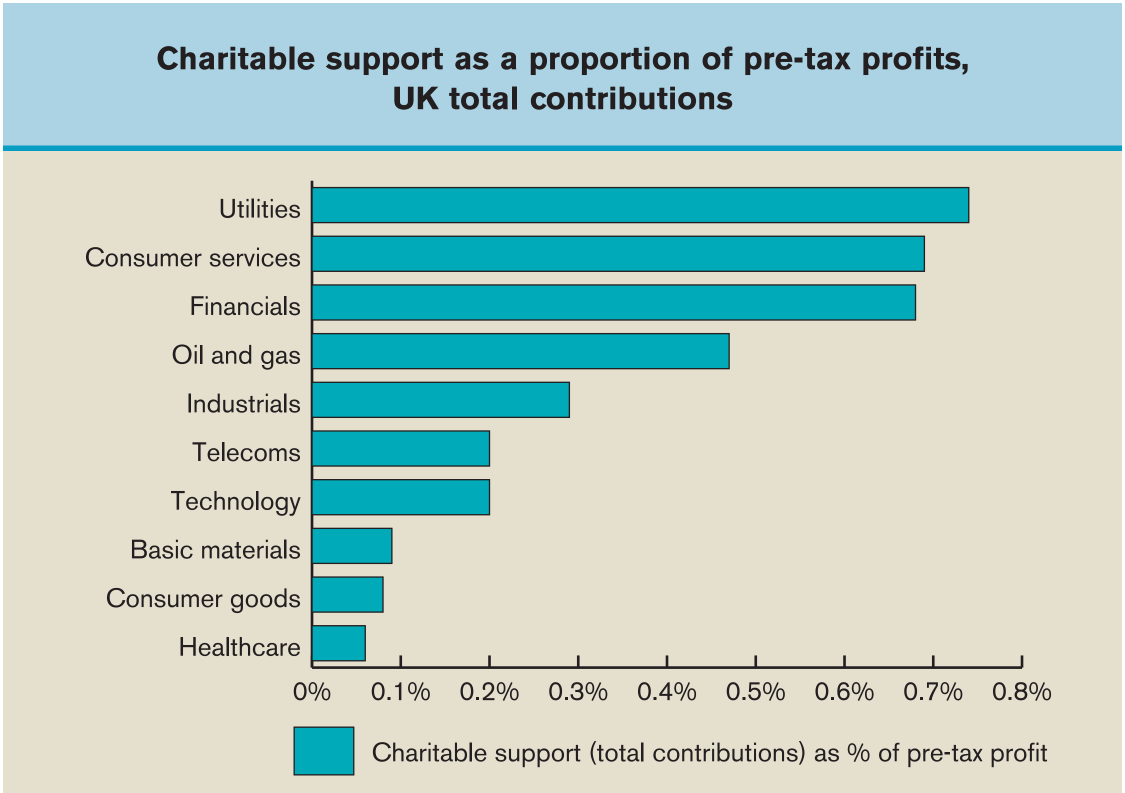
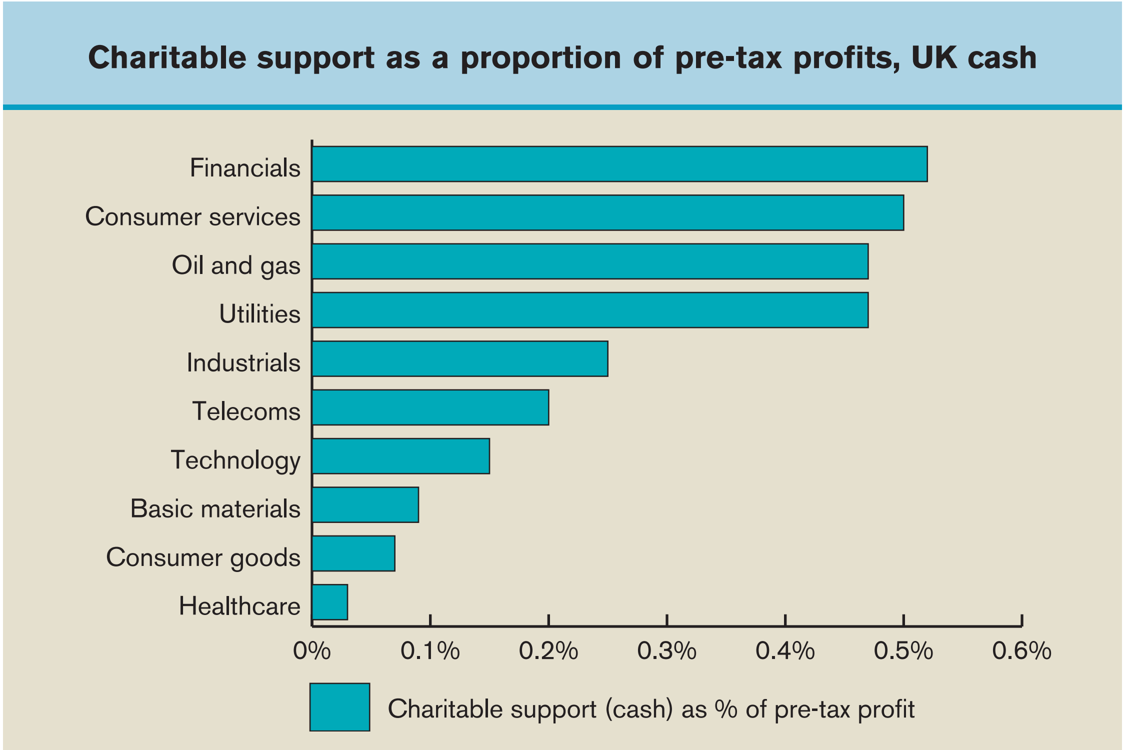



*Figure 8.7*



When compared with cash giving as a percentage of pre-tax profit there are few changes as figure 8.8 shows.

*Figure 8.8*




Patterns of giving within the financial sub-sector more or less follow turnover figures as figure 8.3 shows, with banking heavily dominating the picture.

*Figure 8.9*

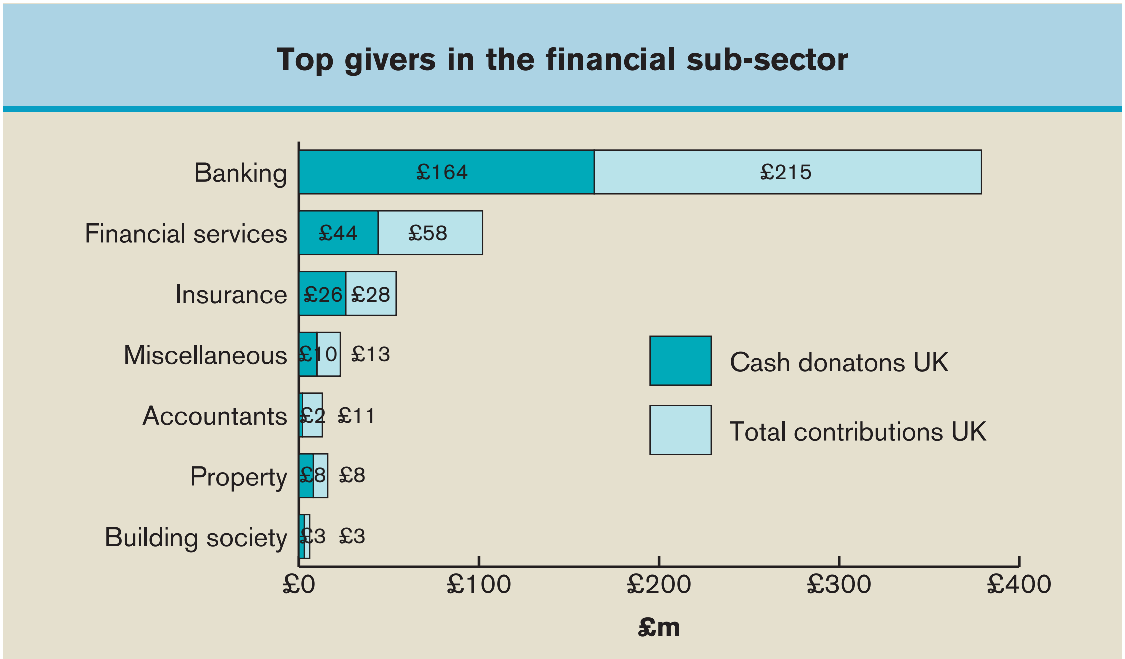
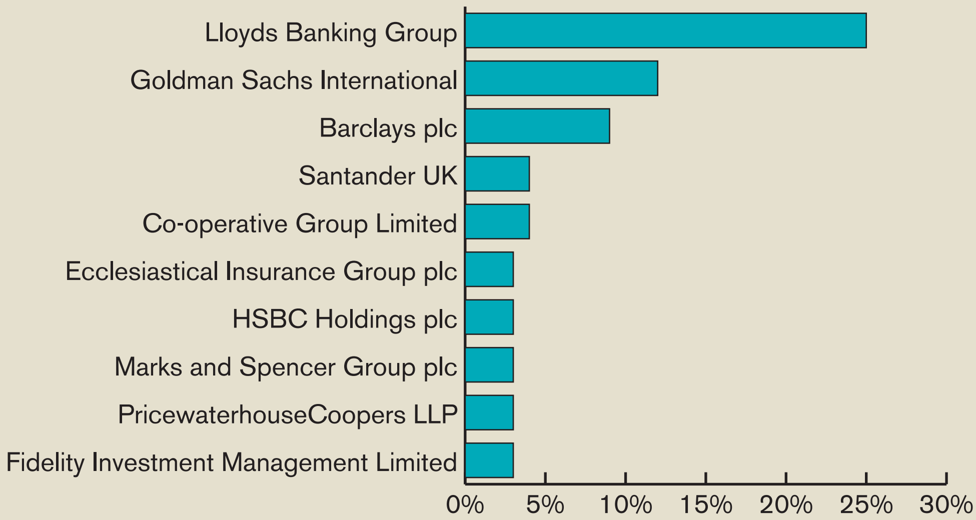


Figure 8.10 shows the top 10 companies within the financial sub-sector. Between them the top 10 companies give 70% of the total contributions of the whole sub-sector, with Lloyds Banking Group – the top giver – contributing one-quarter of the total.

*Figure 8.10*

**Top giving companies in the financial sector showing the proportion of the total contributions by the financial sub-sector given by each**[13]




8.2.2.1 Million-pound givers

One-third (34%) of companies in the financial sector contributed over £1 million to UK charities and causes, giving nearly three-quarters (72%) of this sector's total contributions.

### *8.2.3 Causes supported by the financial sector*

Compared with other industries, the financial sector supports a wider spread of causes than any other sector in the sample, with around one-quarter of companies supporting 16 different causes.

Over half the companies in the financial industry sector support community and social welfare, children and young people, and education. Less than 10% of the companies in this sector support inner cities, non-registered charities, playgroups, equal opportunities, or human rights.

[13] See www.db.com/unitedkingdom/company.html for a summary of Deutsche Bank's 140 year history in the City of London and community activities in the UK.

According to Arts & Business, corporate funding for arts and culture has fallen for the last four years, and now accounts for just 19% of private investment,[14] although it is still clearly a significant target for the financial sector, ranking fifth highest, as figure 8.11 shows, and remains the largest contributor to such causes of all industry sectors.

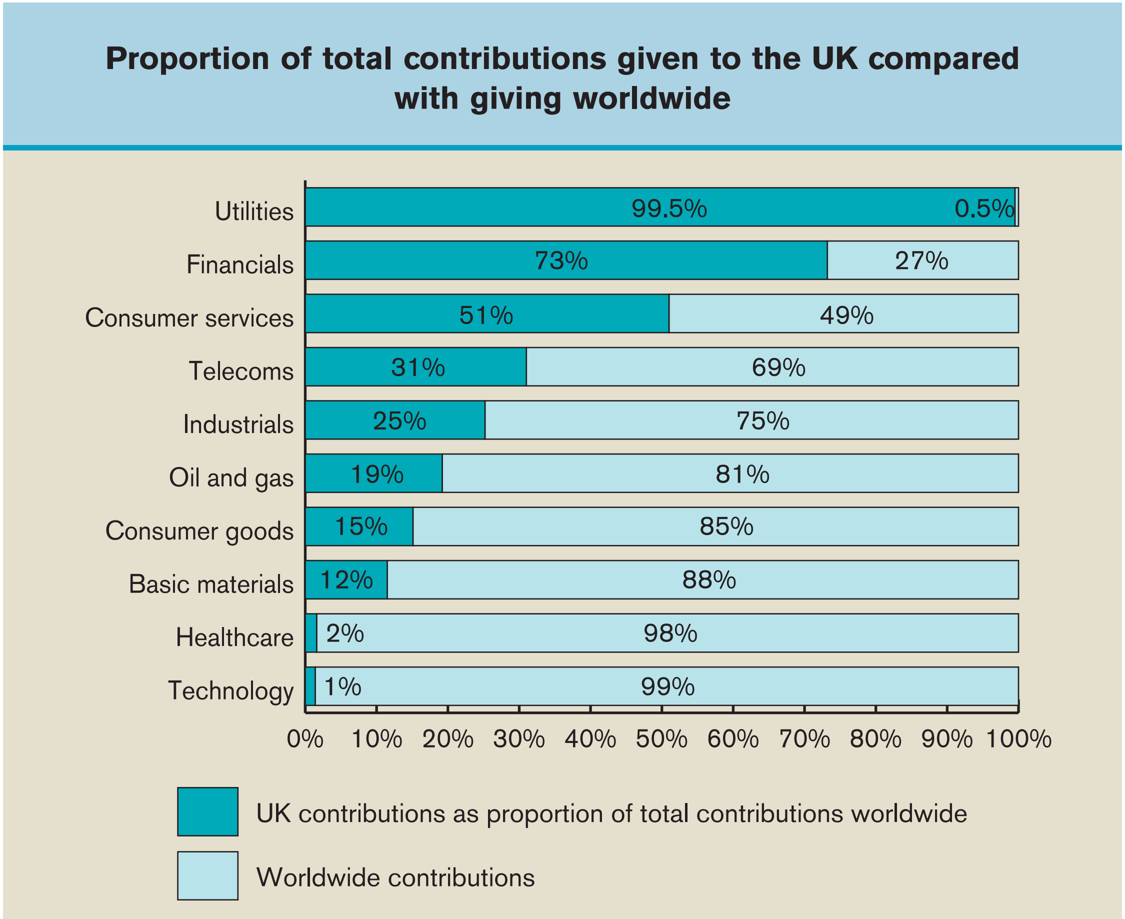
*Figure 8.11*


[14] Arts & Business (2013), 'Private Investment in Culture survey 2010/11' [web presentation], artsandbusiness.bitc.org.uk.

### *8.2.4 The geography of the financial sector's giving*

As Chapter 6 showed, the financial sector gives around three-quarters of its charitable budget to the UK, with one-quarter going to causes worldwide. This is one of the highest proportions of homeland giving in the sample, as figure 8.12 shows.

*Figure 8.12*




Of the money donated by the financial sector, 92% is distributed nationwide, with only 3% concentrated specifically in Greater London; 0.4% going to Scotland, and 0.1% going to Wales.

## 8.3 Conclusions

The financial sector is currently experiencing arguably the worst of times in a century, and, reputationally, things are worse still. Yet it still manages to be the largest sector giver to UK charities and communities. Issues of potential greenwashing aside, there is much to be celebrated here, and much more to be encouraged.

Anatole Kaletsky wrote in *The Times* in November 2007:

> *Don't be fooled by the tantrums on Wall Street… Markets always go up and down. Wealth creation remains significant in the City and philanthropy should not be merely an afterthought in a good year. Giving levels will naturally be affected by levels of income and bonuses, but the culture needs to remain constant.*[15]

The exceptional wealth creation we have seen over the last few decades in the financial sector puts financial services professionals in a unique position to support the society in which they operate. One might even say that, given their circumstances, they have a moral responsibility to do so.

[15] Cited in R. John, R. Davies and L. Mitchell (2007), *Give and let give: Building a culture of philanthropy in the financial services industry*, London, Policy Exchange.

Chapter 9

# Overview and conclusions

## 9.1 Introduction

*I believe the distinction between a good company and a great one is this:*

*A good company delivers excellent products and services;*

*A great company delivers excellent products and services and strives to make the world a better place.*

*William Clay Ford Jr., Executive Chairman, Ford Motor Company*[1]

Is company giving stuck in the starting blocks? Is it a trend only for an elite few high-profile companies? Is it just a case of charitywashing? Is it even worth worrying about given that it contributes just 2% of the voluntary sector's total income? Or is company giving an area which is ripe for growth and development: a vibrant and fast-evolving way for companies to really get stuck in and give something worthwhile back to the communities in which they operate?

## 9.2 What the data and research process tells us

### *9.2.1 Measuring corporate support – a lack of transparency*

It is notoriously difficult to measure company giving. The reluctance of the majority of companies to be truly transparent – for example, to state their contribution in each country rather than an overall global figure, or to declare in monetary terms what they have given to the community by way of their social investment – leads to confusion over who gives most, where they give and what they give for. It also means a lack of clarity for potential grant or partnership applicants about which companies to approach and what they should be applying for.

If companies state that funding or support is part of their commitment to their communities and they reap the benefits that this brings, then it is not unreasonable to ask the following questions. How much was given in volunteer time, mentoring hours, equipment, secondments, etc.? What is the breakdown of the contribution given? Where did the cash contributions go, what good did they do and how were the successful applicants selected?

[1] From William Clay Ford, Jr.'s letter to shareholders from the Ford Motor Company Annual Report 1998.

Companies which are truly transparent with all they do as regards community involvement are still, unfortunately, in the minority. Much more needs to be done to develop and encourage better and more rigorous reporting of giving by companies.

### *9.2.2 Corporate–charity partnerships: a lack of understanding*

It is clear that there are too many cases of partnership mismatches: from the ubiquitous tale of a qualified team of accountants painting the same wall every six months, to charities being too scared to ask companies to cover the costs of managing the 'team-building volunteering opportunity' for their staff. The 'Charity Challenge' – a 'one-off' day often aimed at fulfilling a company's CSR commitment – has become a challenge for charities–being both hard to accommodate and of limited value in both the short and long-term for the charity (and the company):

> *The skills secondments we've done are so much more valuable but it's a shame they don't attract the same press as 50 people digging a hole!.*[2]

The feeling in the voluntary sector is very much that:

> *Corporates must do better than a £5 voucher or some tins of paint.*[3]

The traditional perceptions of charities seeing companies as 'cash cows' and companies perceiving charities to be 'well-meaning but disorganised amateurs' stand in the way of building meaningful relationships between the two. Additionally there is evidence that these perceptions may well be unfounded.

Equally worrying, perhaps, is the recent rhetoric in the sector about companies bypassing charities by doing their own social projects. Of course there can be value achieved when companies consider their social responsibilities in the round. However, this approach smacks a little of 'companies know best' how to cure society's ills, and that they can do so without the need for the specialist knowledge of charities and community groups, built up over years of working on the ground in that territory. This approach risks losing out on valuable local connections and engagement with the community that charities can provide. And more importantly, in the long run, if companies are going to 'do it for themselves', the people that charities support may lose out, because the charitable intervention in their lives is likely to be qualitatively different (and probably better) than that which business can provide directly.

Society needs more responsible business but the 'traditional' donor relationship shouldn't be dismissed as 'the old way of doing it'. We most likely need a mixture of approaches.

[2] K. Lendon and C. Thompson (2012), 'The Charity Challenge: The reality for charities of engaging with corporate volunteers', session at the NCVO–VSSN conference, 10 September.

[3] K. Curley (2012), 'Corporates must do better than a £5 voucher or some tins of paint', *Third Sector*, www.thirdsector.co.uk, 21 August.

### *9.2.3 The importance of being earnest*

Most large companies acknowledge these days that their social responsibility footprint has an effect on their reputation. Global business leaders increasingly agree that we live in a 'reputation economy' where people's willingness to support a company relies heavily on issues of trust rather than just the quality of their goods and services, and that their reputation has a high financial impact on their business. Savvy executives see social responsibility as vital to the future growth of their business.

Indeed, the public's support for companies improves in a direct relationship with reputation – consider the fates of G4S in the wake of the Olympics security fiasco, or Findus after the horsemeat scandal. In a similar way, the UK's banking and financial sector is still suffering the slings and arrows of the financial crisis, as Chapter 7 detailed. Despite the unfolding tax-avoidance and market-rigging scandals, what is in the financial sector's favour is that it gives more compared to other industries in the UK. This may or may not help to cushion the other reputational blows, depending on how this support is viewed.

All companies need to be wary of 'charitywashing': attempting to wash clean any reputational stains with overblown claims of alliances with or gifts to well-trusted charities. Charities too need to be aware of the possibility that their good name is being used as a kind of PR detergent. In this age of global social media, it is harder to get away with such things, and the public backlash can be fierce.

The public does not feel that it has clear information on how companies perform in the area of good citizenship, but the evidence indicates that it is an increasingly important consideration for how companies are viewed.

### *9.2.4 Small charities and SMEs: flying under the radar*

Very little is known about charitable support amongst small businesses. The British Chamber of Commerce reported that 8 out of 10 small companies gave money and 1 in 3 gave time and services in 1998,[4] but as far as we are aware no figures have been reported as to actual support and impact.

Another weighty challenge facing CSR is that small charities often do not have access to large companies. It is estimated that in 2012 three-quarters of corporate grants to the voluntary sector went to the largest 3% of charities.[5] There are challenges to companies adopting a more long-term partnership approach with a smaller number of charities, not least of which is that the few which are chosen are likely to be those whose profile is already large enough to fulfil the companies'

[4] D. Quirke (1998), *Corporate Volunteering: The Potential and the Way Forward*, London, Winston Churchill Memorial Trust.

[5] Centre for Social Justice (2012), *A Step Change in Giving: Monetising volunteering through the corporate sector* [web report], www.centreforsocialjustice.org.uk.

ambitions in terms of advertising, prestige and associated benefits. This means that smaller charities will increasingly find it hard to get a look in, despite the fact that charities with incomes of less than £100,000 per annum make up over 80% of registered charities in the UK.[6]

More research into the scale and nature of giving between SMEs and small charities is needed. Awareness and information about how successful relationships can be ‘brokered’ between local business and local charities can be improved. Organisations such as local Community Foundations and local business associations clearly play an important role in this respect. However, is their role visible enough, available in all communities, and sufficiently appreciated and understood?

### 9.2.5 What’s it all worth? The total scope of corporate support

DSC’s research suggests that total corporate support for the general voluntary sector is around £700 to £800 million (see section 2.1.1 for a more in-depth exploration of this figure). This represents around 2% of the total income to the voluntary sector (compared with 43% from individuals, 37% from statutory sources and 9% from trusts and foundations); and has not increased meaningfully in over a decade.

DSC data shows that the top 400 corporate givers to the UK gave an average of 0.4% of their pre-tax profit in total contributions (0.3% in cash). This is a far cry from the 1% touted in some quarters as a gold standard, but which should really be the starting benchmark rather than a ceiling for corporate support.

Companies tend to give to larger charities, representing 5% of income for major charities with a total income over £10 million, but only 2% for those under £100,000 (1% for those with an income under £10,000).[7] This does not mean that small amounts of corporate sponsorship are not important to smaller charities and community groups, but that more companies could do much more.

There has been a trend in recent years for support in cash to decline while the proportion of in-kind giving increases. Some commentators have speculated that the decrease in the proportion of cash donations by companies over the last few years was due to the poor state of the economy, and a trend towards more in-kind giving as part of ‘more engaged partnerships’. The real picture is unclear: DSC’s latest research has indicated that both cash giving and in-kind giving fell during the onset of the recession, but that cash giving fell at a lower rate.[8] However, as giving tends to be a lag indicator we will probably have to wait for a few more years to see the full effects of the global recession on corporate giving.

[6] D. Kane, P. Bass, J. Heywood, V. Jochum and K. Wilding (2013), *The UK Civil Society Almanac 2013*, NCVO.
[7] Ibid.
[8] D. Lillya and T. Traynor (2013), *The Guide to UK Company Giving 2013/14*, London, DSC.

### *9.2.6 Where companies give (and where they don't)*

Although the evidence in this area is patchy – few companies list their full grants – there is evidence that geographical giving by companies is not evenly spread across the UK. Greater London receives the greatest proportion of corporate cash grants in England, both in terms of the amount given (one third of the total) and the number of companies donating (nearly one fifth).

However, while the pattern of giving, country-wide, is largely portrayed as 'local' to the company, this does not mean that it is centred solely around their headquarters (many being London-based), but rather may be local to a number of branches around the country. Large companies with regional bases tend to dominate the giving picture in Scotland and Wales.

Like charities, more companies tend to be based (and to give) in the South of England (including London) rather in the North. Similarly, there is no relationship between level of local deprivation and company giving, with companies and their giving tending towards being distributed where they, and charities, are most concentrated. Since other research has shown an inverse relationship between the number of charities and the level of local deprivation, this discovery is a cause for concern.

### *9.2.7 What companies support (and what they don't)*

Companies have a vested interest in supporting education and children and young people's causes – after all, these are the next generation of workers. It is heartening to see that companies also invest in projects for underprivileged and socially excluded youth. It is also good to see the huge investment in community and social welfare programmes supporting a diverse range of beneficiaries in the communities close to or affected by companies.

There is some inspiring work being done by many companies; however, there is, of course, more to be done. The £46 million currently being spent on UK children and youth by the top company givers equates to around £3.12 per head for each young person or child currently aged 0 to 19 years. There are other areas, such as women's issues, human rights, and equal opportunities where much more could be done by companies.

### *9.2.8 Industry differences*

There are some strong inter-industry differences which are clearly identifiable in this data. That the financial sector dominates in terms of giving is not surprising given its bounce-back in terms of recent profits and its dominance in turnover. It also has a long history of corporate support, as Chapter 7 showed.

There is a huge disparity in industry giving as a proportion of pre-tax profits – from 0.7% in the financial, utilities and consumer services industry sectors to 0.1% across the consumer goods, healthcare and basic materials sectors. While the reasons for this may partly rest in the fact that some sectors with lower UK giving give more worldwide, it is also important to note that those companies which do not state UK giving figures skew the picture. Nonetheless, it is clear that all industries fall woefully short of the 1% level.

While the majority of all companies favour giving to community/social welfare, education, and children and young people's causes, there are industry-wide differences in which other causes are favoured; for example, utilities and oil and gas companies favour environmental causes more strongly than other industry sectors. There is an obvious link here with their business and attempting to offset damage caused to the environment by these industries' activities. In a different way, the financial sector has traditionally been a strong supporter of the arts and culture and while this support has waned over the last few years, the industry is its biggest supporter.

What is clear from these patterns is that the top corporate givers generally favour 'popular' causes around youth, education and society, whichever industry sub-sector they come from.

### *9.2.9 Corporate trusts and foundations*

Unsurprisingly, it tends to be the bigger companies and those that give most which set up their own corporate trusts and foundations. There are many advantages to doing so, including that the trust or foundation should be relatively independent from the company. However, foundations often bear their founding company's name, making it difficult to disassociate one from the other. This can have reputational consequences in both directions.

Despite questions around branding and independence, our experience in researching companies which have chosen to set up charitable trusts or companies or that give through existing foundations (for example Community Foundations) is that this often works better for the charitable beneficiary. Further research into corporate trusts would be beneficial to see if they differ in any substantive ways from other foundations, and to determine whether and how company giving might be improved through more promotion and development of this way of giving.

### *9.2.10 Spotlight on the financial sector*

The financial sector is currently experiencing arguably the worst of times in a century, and, reputationally, things are worse still. Yet it still manages to be the largest sector giver to UK charities and communities. Issues of potential 'charitywashing' aside, there is much to be celebrated here, and much more to be encouraged.

As Anatole Kaletsky wrote in *The Times* in November 2007:

> *'Don't be fooled by the tantrums on Wall Street... Markets always go up and down.' Wealth creation remains significant in the City and philanthropy should not be merely an afterthought in a good year. Giving levels will naturally be*

*affected by levels of income and bonuses, but the culture needs to remain constant.*[9]

The exceptional wealth creation we have seen over the last few decades in the financial sector puts financial services professionals in a unique position to support the society in which they operate. One might even say that, given their circumstances, they have a moral responsibility to do so, especially since the bulk of what employees in the City do could be, and indeed has been, described as 'socially useless'.[10]

## 9.3 Where next for corporate support?

There are, naturally, a number of elements to being a 'good corporate citizen', of which we would argue giving to charity is one. Others include paying a fair share of tax, paying a living wage, demonstrating a commitment to the environment and sustainability, working with supply chains in an ethical manner, abiding by legislation that protects workers and consumers, and generally by giving back to the communities in which companies operate and from which they make their profits.

There are those who hope that we are, in 2013, on the verge of redefining capitalism. The last Pope may have been among this group:

> *This is not merely a matter of a 'third sector', but of a broad new composite reality embracing the private and public spheres, one which does not exclude profit, but instead considers it a means for achieving human and social ends. Whether such companies distribute dividends or not, whether their juridical structure corresponds to one or other of the established forms, becomes secondary in relation to their willingness to view profit as a means of achieving the goal of a more humane market and society.*
>
> *Striving to meet the deepest moral needs of the person also has important and beneficial repercussions at the level of economics. The economy needs ethics in order to function correctly — not any ethics whatsoever, but an ethics which is people-centred.*
>
> *Pope Benedict XVI*[11]

[9] Cited in R. John, R. Davies and L. Mitchell (2007), *Give and let give: Building a culture of philanthropy in the financial services industry*, London, Policy Exchange.

[10] Lord Adair Turner, former head of the Financial Services Authority, quoted by Lord Andrew Phillips in his keynote speech at the Directory of Social Change's Annual Social Change Awards, November 2012.

[11] From the Encyclical Letter Caritas in Veritate of the Supreme Pontiff Benedict XVI to the Bishops Priests and Deacons Men and Women Religious the Lay Faithful and All People of Good Will on Integral Human Development in Charity and Truth, www.vatican.va.

However, others seem to take a more sceptical view about whether we are living through a 'sea-change' in companies' approaches to their social responsibilities. As Tom Levitt bluntly states:

> *If stories of business-based philanthropists like Buffett or Gates suggest that the private sector is enjoying a Golden Age of Social Responsibility, think again. Dozens of astonishing stories of good practice exist but they represent the shining tip of a grey corporate iceberg.*[12]

Developments such as 'shared value' and other new ways of framing company support represent interesting new opportunities, but we maintain that companies giving cash or in-kind help to charity remains hugely important and can have a beneficial impact on society. Corporate philanthropy is far from dead, but it may need a new lease of life after the recent economic difficulties. At a time when so many charities which provide crucial services to people are struggling to survive, a cheque from a corporate donor is not 'just a cheque': It may be the difference between adapting and surviving or going under.

Even small amounts of cash can make a big difference, especially to small local charities. Despite various new theories about venture philanthropy, demonstrating 'return on investment' and 'measuring impact', the importance of a simple cash donation or grant should not be underplayed or undervalued. Sometimes just keeping a vital and trusted charitable service going which helps people, maintaining something that many people have invested their time, energy and passion in to build, is an impact in and of itself. Giving need not be more complicated than that.

## 9.4 How do we improve company giving?

The Directory of Social Change has campaigned over a number years for better grantmaking and funding for charities from institutions such as charitable trusts and foundations, the lottery, statutory agencies, and companies.

DSC's Great Giving campaign aims to achieve better funding relationships between charities and their funders. In the recent past it has focused on issues such as the accessibility of funding terms and conditions and the level of ineligible applications to funders. We want to support and help develop good funding practice among those organisations which give to charities and other voluntary organisations.

Following the publication of *The Company Giving Almanac*, DSC's Great Giving campaign will focus on ways of improving company giving for charities. DSC is planning a schedule of actions, events, media work, further research and practical

[12] T. Levitt (2012), *Partners for Good: Business, Government and the Third Sector*, Farnham, Gower Publishing.

programmes aimed at companies and those in the charitable sector who seek to work with them or fundraise from them.

Underpinning this campaign is the belief that our society needs companies to give more, we need more companies to give, and we need better giving.

We do not have all the answers, and part of our approach will be to ask some key questions and seek to involve others in debate and discussion about how to move forward. However, based on our experience and analysis of the evidence, we can see three priorities:

### *1. The transparency of company giving must be improved*

Companies need to be honest about the value of what they give to charities and communities, both in terms of cash and in-kind giving. For example, businesses should:

- not present things like management overheads, unmatched payroll giving donations from staff, and customer donations as giving from the company;
- root out overblown and spurious valuations of what they give in kind;
- provide comprehensive and accessible information about the company's giving which meets a high standard of scrutiny.

### *2. The quality of company giving must be improved*

Companies in general need to be clearer about what they want to achieve with their giving, what causes they want to support and how they wish to be approached. This should start with some quite basic and practical considerations which are all too often missing, such as:

- developing a giving strategy: considering the needs of the community in which the company operates, or causes the company wishes to support, as part of a planned approach to giving;
- engaging with potential beneficiary charities to understand what beneficiaries need, rather than assuming that any giving will be welcome and helpful;
- clearly stating what the company wants to fund, where it wants to fund, and why (preferably on their website, in their reporting, and in other relevant communications);
- ensuring any application guidance is clear, concise and as jargon-free as possible, and providing clear contact points for enquiries.

### *3. The amount that companies give must be increased*

As we have seen, companies as a whole only provide 2% of charity income. Relatively few companies give substantial amounts. At a time when other potential sources of support for charity are in decline, the potential for growth in giving by companies is huge. A handful of companies are very generous; for example, the stereo retailer Richer Sounds gave an astonishing 19% of its pre-tax profits to its charitable foundation as we saw in the case study in Chapter 7. How can we make that level of generosity the aspiration for more companies?

It's a complex issue, but companies, business leaders, government, charities and other interested parties can do more to:

- promote the value and importance of company support for charitable and community causes (cash and non-cash);
- build mechanisms to highlight and publicise leading examples of companies that demonstrate genuine generosity and good practice;
- develop opportunities and structures that facilitate connections between businesses that wish to give and charitable good causes (i.e. 'brokerage').

More information about DSC's Great Giving campaign and its focus on company giving is available at www.dsc.org.uk/greatgiving.

# The Company Giving Almanac

Are companies, as David Cameron says, 'the most powerful force for social progress the world has ever known'? This Almanac analyses more than 400 top UK companies in detail to examine the state of companies' support for the UK voluntary and communities sector today.

The book draws extensively on the latest available data on the top company givers, including a wide range of national and international companies, to provide a comprehensive picture of UK company giving. Case studies are provided so that other company funders and potential funders can learn from their peers' successes and failures.

It includes:

- A comprehensive overview of company giving in the UK
- The geographical distribution of company giving
- Which causes companies give to and which they don't
- An industry breakdown of giving
- An in-depth review of the financial services sector
- An analysis of UK corporate trusts and foundations

The Almanac is for company funders and potential funders seeking to benchmark their corporate social responsibility performance, and also for charities seeking corporate funding. It is invaluable for researchers, academics and individuals who are interested in UK corporate giving. Its findings will be of particular relevance to charity sector leaders and influencers.

*'Why has a comprehensive account of company giving like this been such a long time coming? Combining DSC's well-established data and the excellent research skills of Catherine Walker and colleagues, this book for the first time provides the essential detail for effective corporate fundraising. With easy-to-read tables and graphics, it is an invaluable tool for busy fundraisers, and gives companies, government and policy-makers a long-awaited state-of-the-art picture of corporate giving today.'*

**Cathy Pharoah, Co-Director, Centre for Charitable Giving and Philanthropy, Cass Business School**

*'Numbers matter. If companies are to do more to support the voluntary sector – as I believe they can and should – then the powerful analysis in this Almanac can help make it happen. In these tough times, both business and society will benefit.'*

**Mike Tuffrey, Co-founding Director, Corporate Citizenship and co-founder of LBG (London Benchmarking Group)**

DSC is the leading voluntary sector publisher and provider of charity training, conferences and grant-finding websites.

ISBN 978-1-906294-76-2

9 781906 294762

www.dsc.org.uk