

Matt Holden and Phil Davies

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Overview

- The issue with economic indicators
- Correlation between GDP and charitable giving and looking beyond GDP
- What can we expect from inflation?
- Real life impact
- Looking ahead
- What can you do now?

Economicindicators

Data used to gauge the health or growth trends of a nation's economy





Interpreting indicators

- Indicators are only useful if interpreted correctly
- Use context
- Look at historical trends value over time
- Analyse multiple indicators together
- Understand & recognise data limitations/data gaps

Global GDP

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Is there a correlation between GDP

and charitable giving?





Not a simple one...

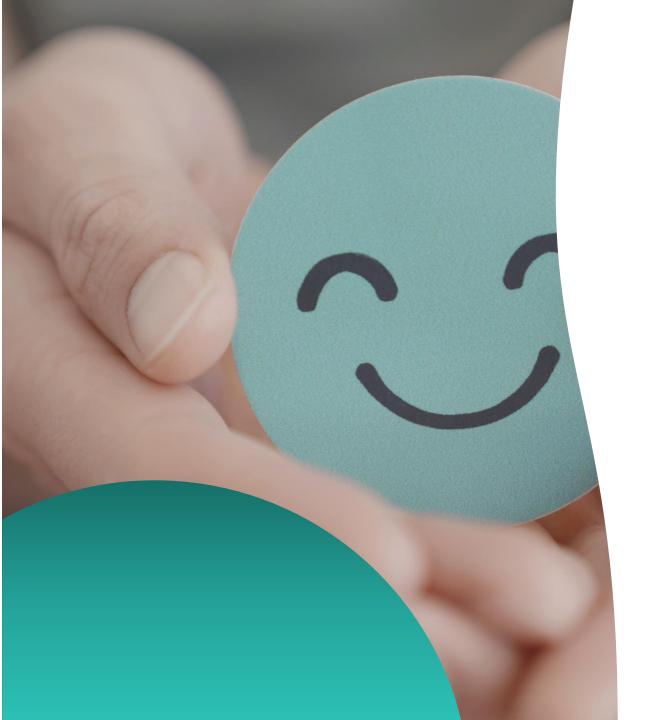
- Cultural and social factors
- Wealth distribution
- Government's role



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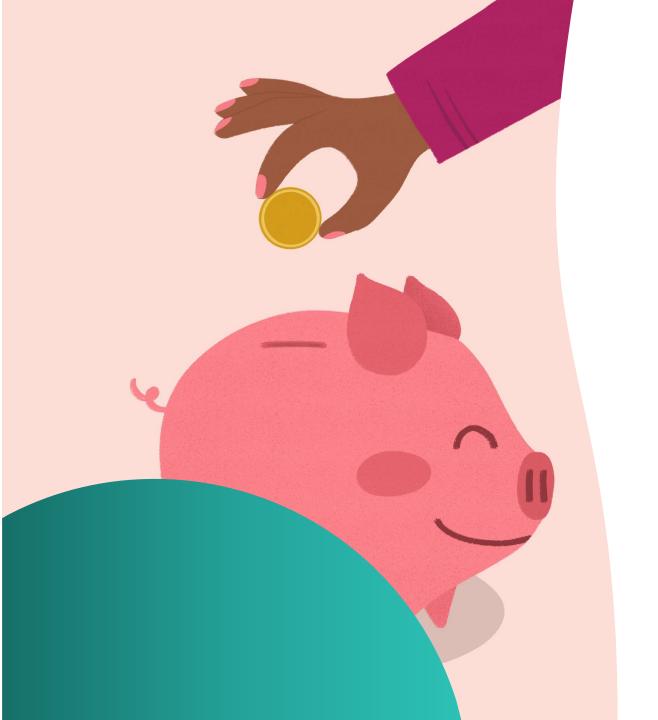
Giving and the economy: recessions in the 1980s, 1990s and early 2000s





Recession proof

- Giving in the UK appeared to be largely recession proof (Cowley et al, 2011)
- Value of donations grew in times of growth
- Did not fall at the same rate as GDP in periods of recession



Further analysis

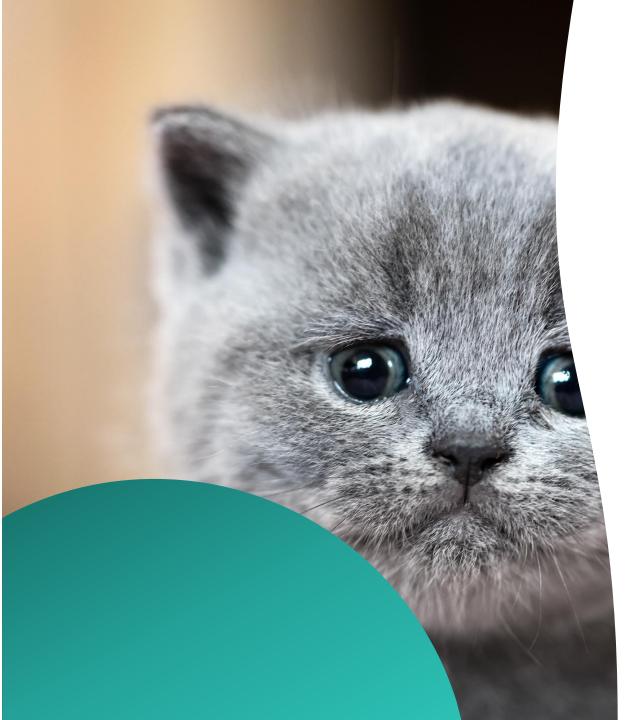
- Total giving was positively correlated
- The boom times caused givers to give more
- ...but the number of donors did not increase



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Giving and the economy: the global financial crisis





Research since 2007

- A more negative picture
- The value of donations has steadily declined since 2010 in real terms and as a share of GDP (0.52% in 2024 v 0.62% in 2004)
- Brief recovery during the pandemic 2020









Distorts priorities and can be considered an incomplete measure of societal progress



Ignores the environment

It ignores the depletion of the natural world



Ignores what matters to people

A wildfire that destroys
people's homes is likely to
boost GDP due to the efforts
to rebuild!







'GDP is too narrow in its focus on market activity'

But PBE acknowledge it is easier to administer tax on sale of goods than it is on the hypothetical value of housework or volunteering

John Franklin 7 May 2025





What about inflation?

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The problem with inflation

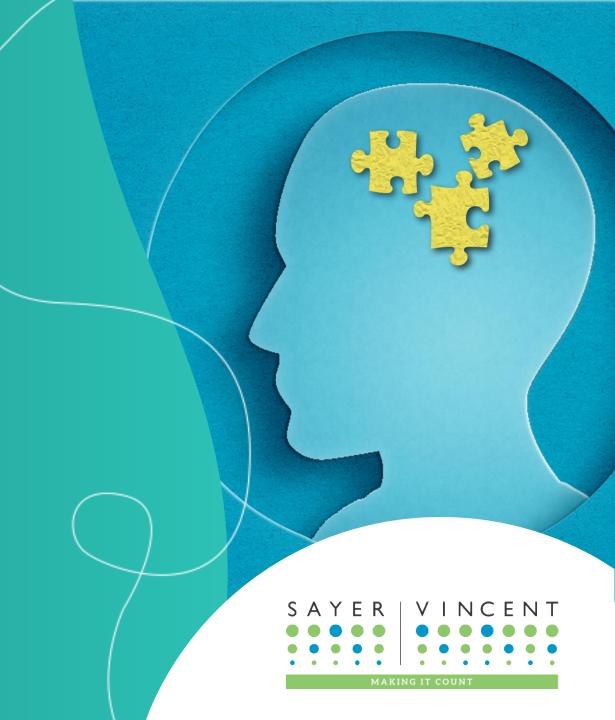
- Energy prices up
- Everyday goods become more expensive
- Pressure on staff costs
- Decreasing real value of donations – DDs (£20 ave)
- Grant funding affected consider cost of bidding
- Eats away at reserves

Economic shocks

Can we trust the indicators?



Summarising what history has told me...





Real Life impact

What was the impact of these shocks on the charity sector?

- Charities protected by reserves and grant makers stepping in
- Lockdown donations bucked the trends
- Reserves give time to react



Real Life impact

What was the impact of these shocks on the charity sector?

- Cumulative impact of shocks, a longer tail
- Government funding
- Changes to individual attitudes to giving

Looking ahead to 2026

What are we expecting and what could throw it off?





Bank of England outlook (published 7 Aug 2025)

	2023	2024	2025	2026
Inflation	4.2	2.5	3.7	2.5
GDP Growth	0.5	1.0	1.3	1.3
Unemployment	3.7	4.5	4.7	5.0
Private Sector Wages	6.2	6.2	3.7	3.3



UK factors

What are the specific UK factors?

- Decrease in living standards
- Autumn Budget 2025
- Government stability rules



Global factors and potential shocks

- Grim global economic outlook
- The Trump effect
- Stock market bubble
- Cyber outages
- Geopolitical tensions

What can you do now?

Active steps to support your charity





What are your risks?

Assess what global risks you might be particularly exposed to:

- Income for investments or cash deposits
- Receiving or sending funds in foreign currency
- Salary policy
- Profile of donors
- Longer term, fixed fee contracts



Budgeting for shocks

Building some sensitivity analysis into your budgets:

- What if inflation jumps to 5%?
- What if your donations fall by 10%?
- What if trust funding is delayed?
- Budgeting for costs & contracts fix supplier, and uplifts in donor

Not about predicting the future but about understanding what levers you have available to pull.



Honest conversations with donors

Share your story with those who are invested in the journey:

- Impact of inflation on your charity
- £20 donation in 2020 is worth
 £15.60 in Aug 2025 (based on CPI)
- Might they be willing to derestrict funds?



Monitor the indicators

- National Institute of Economic and Social Research
- PBE (formerly Pro Bono Economics)
- NCVO
- Charity Aid Foundation



Stay positive!



Any questions?

Matt Holden, ACA Training Manager

matt.holden@sayervincent.co.uk

Phil Davies, Senior Audit Manager

philip.davies@sayervincent.co.uk

