COMMUNITY & PUBLIC SERVICES

MORE, BETTER, TOGETHER: A STRATEGIC REVIEW OF GIVING IN LONDON

Peter Harrison-Evans
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with Erica Belcher
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Published by Centre for London, September 2018

Published by:
Centre for London 2018

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Acknowledgements

This report has been a long time in the making and we have incurred many debts in the process. We are particularly grateful to City Bridge Trust, who provided us with an initial scoping grant and, above all, Sir Harvey McGrath, who has supported this project from its inception. We are also grateful to all the members of the project's advisory board: James Banks, Matthew Bowcock, Cheryl Chapman, Laura Cordingley, Dan Corry, Rosie Ferguson, Jenny Field, Peter Lewis, Bharat Mehta, Fiona Rawes and Sonal Shah.

We would like to thank all those who participated in, and contributed to, the research. Particular thanks go to Victoria Boelman, who led on the scoping study, Maeve Glenny and Ellie Harres, who helped in the initial stages of our research, James Bowles, from the University of Birmingham's Third Sector Research Centre, for his analysis of the changes in charity numbers across the capital and to sector bodies, NCVO, Directory of Social Change, and New Philanthropy Capital, for their provision of key datasets, and wider guidance and support. We are also indebted to our interviewees drawn from across London's philanthropic landscape, including Paul Amadi, Mark Astarita, Geoff Burnand, Phil Caroe, Daniel Chapman, Karen Chilman, Andrea Coleman, Russell Delew, Katherine Duerden, Jake Ferguson, Cameron Fitzwilliam, David Floyd, Chris Gourlay, Dan Gregory, Patricia Hamzahee, Jamie Hartzell, David Kane, Ben Jupp, Charles Leadbeater, Sara Masters, Jenny North, Ian Parkes, Matthew Patten, Stephen Peel, Sir Stephen O'Brien, Francis Salway, Ed Tait, Javed Thomas, Cath Tillotson, Tracy Walsh, David Warner and Tim Wilson. Without their generous giving of knowledge, insight and time we wouldn't have a report.

Finally, thanks to Demos for lending Peter Harrison-Evans to co-research and write this report. The views expressed in it, however, are solely those of the authors, and any errors or omissions remain entirely our own.

Preface

Sir Harvey McGrath

This report began with a conversation between Ben Rogers and I about three years ago, when we both agreed that it would be helpful to step back a bit and take the measure of recent developments in London's philanthropic, volunteering and social enterprise sector.

Critics sometimes draw a contrast between the US, which is said to have a very strong culture of charitable giving, and the UK, where we are more inclined to look to the state to step in. But this report reminds us that London has a long and, in some respects, very impressive story to tell. As Centre for London points out, London's leading trusts, foundations and civil society infrastructure bodies work increasingly well together to address the pressures faced by London-focused charities and communities. As someone closely involved in efforts to promote philanthropy, social investment and social enterprise, I know first-hand that London is viewed around the world as a leading and highly innovative centre of "investing for good". As a trustee of several London charities, I am also aware how much London-based businesses and philanthropists do to support the city.

However, this report also highlights some of the challenges London faces – including a worrying decline in the giving of time and money by ordinary Londoners, stubbornly low levels of giving by the city's wealthiest residents, and a tendency among corporates to plough their own field rather than work together.

Nevertheless, there is no doubt in my mind that if London government, civic and business leaders set their sights high and work together in the ways suggested here, we can take investing for good in London to a new level.

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Summary

London's economy has boomed in recent decades. At the same time, need has in many ways deepened. Against this background, it is often argued that we need a step change in charitable giving. This report sets out to trace the recent history of the giving of time and money in London; take the measure of its current state; and identify what the city can do to *give more, give better* and *give together*. It encompasses giving to specifically London causes, and London's role as a centre for national and international philanthropy. It focuses on five forms of giving in particular:

- Giving by trusts and foundations
- Giving by the general public
- Giving by the wealthiest Londoners
- Corporate philanthropy
- Social investment

Contemporary London: Wealth, need and philanthropy

London has re-established itself as a leading international economic and cultural centre in recent decades, but it has also struggled to manage the downsides of its success. Wealth inequality has grown and the housing shortage has worsened. The face of poverty has changed, as in-work poverty has increased and poor households have moved from their traditional Inner London heartlands to private rented accommodation in outer areas. Nonetheless, poverty and exclusion remain stubbornly high. Growth has put intense pressure on London's environment, with traffic-related pollution a major public concern. Violent crime appears to be on the rise. And the capital's famed cultural creativity is being squeezed by high living and working costs.

This story of a booming world city struggling to manage the downsides that come with success is in many ways reflected in recent developments in giving.

London has long been an important global centre for philanthropy and remains so today.

- The number of charities based in London has risen by 7 per cent, even as the number of non-London charities has fallen by 1 per cent.

- Eleven of the country's 20 largest charities are based in the city, as are 38 per cent of all international charities and 47 per cent of charities that work both nationally and internationally.

- The capital accounts for 47 per cent of the income of all UK charities and holds 68 per cent of charitable assets.

- Over a quarter of the UK's social enterprises are based here.

London has also been at the forefront of recent philanthropic innovations, and has established itself as an important centre for social investment, "impact philanthropy", "technology for good", and various ground-breaking experiments in voluntary sector collaboration.

However, London's success as a centre of philanthropy has not necessarily translated into donations to London causes. New research commissioned for this report shows that London has considerably fewer locally focused charities per head of the population (1.4 per 1000 population) than the average for England as a whole (1.9). Moreover, while the number of charities in London has grown, the number of charities focused on London causes has not.

London-focused giving is also very unevenly spread and is heavily concentrated towards the centre of the city. While Camden, Hackney, Islington and Westminster all have more than two London-focused charities per 1000 population, Barking and Dagenham, Bexley, Brent, Hounslow and Newham have fewer than one per 1000 – well below the English average. Moreover, while two boroughs – Hackney and Tower Hamlets – have seen a big increase in locally focused charities, most other areas have seen a fall over the last five years. And even as poverty has moved outwards, the fall in London-focused charities has been most pronounced in Outer London.

Some of this decline in locally focused charities is likely due to cuts in public sector spending on voluntary and community organisations. London borough spending per head (excluding education and public health) has fallen by a fifth between 2010/11 and 2017/18, and spending on "discretionary" services – including support for the voluntary sector – has fallen much further. In 2013 (the most recent year for which there is data) just over half of London charities had seen their funding reduced from the previous year. 14 per cent held no free reserves and a quarter had closed services.

Giving by trusts and foundations

As with other forms of giving, London is the trust and foundation capital of the UK. 61 per cent of the country's largest 300 independent foundations are head-quartered in London – and 11 of the largest 20.

Though the majority of the funding is directed beyond London to national and international causes, most large national grant-makers make grants to London. There are also an array of independent foundations focusing exclusively on the capital. The 12 largest of these gave £40m in 2015/16. Many of these London-focused trusts have a long history. But there have also been significant developments in London-focused grant-making. These include ongoing investment in civil society "infrastructure" – such as organisations that develop evidence on need and impact in London, encourage joint working, and build voluntary sector capacity – as well as the coming together of various local community foundations into the London Community Foundation, and the creation of a number of new "place-based" giving schemes. One feature of recent grant work has been a rise in collaborative grant-making, which is at least partly a response to public sector funding cuts.

Connections between independent foundations and City Hall have arguably been limited, but this is changing with GLA involvement in a number of strategic initiatives – including Trust for London's partnership with the Mayor on the Citizenship and Integration Initiative, which aims to improve social integration in the capital. That said, many of the experts we consulted took the view that trusts and foundations could still be more joined up.

Giving by the general public

On average, Londoners donate more than non-Londoners to charitable causes, as might be expected from a wealthy city. Recent years have seen huge numbers of the capital's residents galvanised around giving time and money, both in times of celebration (e.g. London 2012) and crisis (e.g. the London Bombings and the Grenfell Tower fire). But London's giving infrastructure has been hit by public spending cuts – especially borough-based voluntary sector support. And the average amount given by Londoners has fallen since the banking crisis, with the subsequent squeeze on living standards.

Moreover, while the proportion of Londoners who give or volunteer regularly has long been lower than in the country as a whole, both have fallen over the last five years and the gap in regular monthly giving between London and the rest of the UK has widened.

With its young and highly skilled population, London has tended to adopt new technology early, so it is no surprise that digital giving has spread quickly through the capital – in the form of monetary giving through sites like Just Giving, crowdfunding sites like Spacehive, digitally enabled volunteering, and remote volunteering. Yet it is not clear that the digital revolution has made it easy to navigate around opportunities.

London has extraordinary housing wealth. Inner London's properties are worth over 30 per cent more than all of the housing in Wales and Scotland combined. But legacy giving, low across the whole nation, is slightly lower in London – only 5.3 per cent of Londoners who died in 2016 left a charitable bequest, compared to 6.2 per cent nationally.

Experts differ on how much the dial can be shifted on the giving of time and money by ordinary Londoners but we found a strong consensus that London's ask to residents could certainly be stronger, especially its ask on behalf of Londoners. London is a fast-paced and high-churn city with a large migrant population. Despite this, the sense of being a Londoner remains as strong now as it was forty years ago. Many migrants come from cultures where norms of giving are strong and give relatively generously themselves. There is a well of goodwill towards the city that London government and London civil society needs to do a better job of drawing on.

Giving by wealthy Londoners

The ranks of London's wealthy have swelled in recent decades. It is estimated that the number of ultra-high-net-worth Londoners (individuals with more than $30 million in assets) rose by 41 per cent between 2005 and 2015. We have also seen a concentration of wealth in London, with as many as half of the UK's richest living in the capital. As a result, more than 70 per cent of all £1m-plus donations come from London. This report estimates that London millionaires give in the region of £1bn to £1.5bn annually, with as much as half of these gifts going to universities.

It is sometimes suggested that we are living in a "new age of philanthropy". High-net-worth philanthropy has certainly become more professionalised, with the development of philanthropic expertise (including professional philanthropy advisers and peer-led initiatives) supporting more strategic and evidence-based approaches to high-net-worth giving. Yet it is not clear that we have seen a serious step change in donations from London's richest residents. Research suggests that, nationally, the average giving by those with investable wealth of more than £10m stands at £55,000 – perhaps 0.14 per cent of their total wealth. Estimates suggest that the median level of giving among those with £1m to 10m in investable assets is just £500 a year. Among the ultra-wealthy – those with more than £10m – it falls to £240. Some of our interviewees expressed dismay at what they saw as the disconnect between the wealth of many Londoners and their lack of engagement with philanthropy.

Corporate philanthropy

London is an important business centre. Around a quarter of national economic value is created in the capital, and a relatively high proportion of the population work for big employers. However, data on charitable contributions from London's businesses and employers is very limited. One survey estimates that corporate giving in London amounts to £327m – about 6 per cent of the total amount given across the capital. But this only assesses the value of giving from corporate donations, which represent just one aspect of corporate philanthropy. The latter also encompasses grant making from corporate foundations, employee giving and volunteering as part of a broader CSR agenda.

As of 2013 there were 140 corporate foundations in England and Wales (of which almost half were based in London), donating nearly £180m to charitable causes across London, the UK and the world. A recent study found that 39 per cent of all London employees volunteered. While employers support a wide range of charitable causes – and some change the causes they support very regularly – much giving goes to promoting education, skills and social mobility.

For all the contributions that corporate giving makes to the capital, there is room for improvement. Some charities that work with corporates complain that they are interested more in "what's in it for them" than in the charitable cause itself. Support can be episodic and tokenistic. And corporates are not always willing to share what they are doing or work collaboratively with others, even if doing so would hugely increase their impact.

Social investment

Social investment can come in many shapes and sizes. On the widest definition, it incorporates investment activity that, while seeking a return on capital, also aims to do social good – or at least not do social harm. It might forgo investment in activities that exploit workers, hurt consumers or damage the environment. This report employs a more precise definition: investment activity that is willing to accept a below-market return in exchange for positive social impact.

At its most basic, social investment works to direct repayable funding to initiatives that tackle social issues. But the arguments for it go beyond simple funding provision. Champions of social investment contend that it can encourage a more disciplined and business-like approach to voluntary activity, encouraging a focus on early intervention, efficiency, effectiveness and sustainability.

The UK has been a pioneer of social investment from the creation of the Social Investment Taskforce in 2000 through to the founding of Big Society Capital in 2012 and the promotion of social investment during its presidency of the G8 in 2013. As a result, the UK's social market has grown in recent years. The value of investments committed in 2016 stood at £595m, a near-trebling in the value of deals done in 2012. That said, while the total value of the social investment market seems large, it is still significantly below the level of mainstream lending by high street banks to charities and social enterprises. There have been some high-profile and innovative forms of investment, including Social Impact Bonds – essentially a contract with the public sector in which a commitment is made to pay for improved social outcomes that result in public sector savings – but many of these have been slow to develop.

As both a leading financial and philanthropic centre, London has been at the forefront of developments in social finance. Government and the City have actively sought to promote London as the world's leading centre for social investment and mission-based financial services. The London investment landscape is made up of a complex web of social investment intermediaries, fund managers, investment platforms, and advisory organisations, as well as other sources of capital such as institutional investors. London-based trusts and foundations have been particularly active social investors.

More recent innovation within the capital has included attempts to focus the power of social investment on addressing key London issues. Initiatives looking to tackle London's housing and homelessness crisis are particularly suitable for social investment, enabling secured lending backed by property. But we are also beginning to see interesting experiments in the use of social finance to help vulnerable families, including a Social Impact Bond – commissioned jointly by Sutton, Tower Hamlets, Bexley, Merton and Newham – that will support families with children at risk of going into care (the Positive Families Partnership).

London-specific data is hard to find, but perhaps a third of UK social investment goes to London-based organisations. That said, as the social investment market has grown, it has been eager to avoid too great a skew towards London in terms of investment location. While London is certainly a leading global and national centre for social investment, it is not clear that it has produced a particularly large or vibrant market to support London-focused initiatives. In particular, there is some evidence to suggest that the market for smaller, high-risk investments in social enterprises and charities is underdeveloped.

Giving more, giving better, giving together

London is in many ways a generous city. And, with its highly skilled and enterprising workforce, it has been at the forefront of creating more effective philanthropy and encouraging the giving of time and money. However, there are undoubtedly opportunities to increase the quantity and quality of giving across all the five sectors surveyed in this report – to both London-based causes and more national or international concerns.

Our recommendations are addressed mainly to London government, businesses and civic organisations rather than national ones – though we recognise the distinction is often a hazy one. We think the greatest opportunity for London-level action lies in encouraging a more strategic and joined-up approach to giving to London causes. Most of our recommendations are focused on this. However, we also believe that there are opportunities to grow London's role as a centre of national and international giving, and we additionally advance recommendations that will help achieve this.

Strengthening giving to London

We argue that encouraging Londoners to give better and give more requires a move to a "whole city" approach – one where leading public sector, business and civic organisations work together to encourage giving, identify priorities, ensure resources are directed at these, and confirm that they are being used effectively.

Achieving this will require collaborative work across London giving sectors. This may be a challenge. London has an unusually decentralised system of government, with power distributed across the 32 boroughs and in the City of London, in addition to the many organisations working within each of our giving sectors and London civil society more generally. Clearly, however, some organisations are well positioned to take a lead, and most of our recommendations are directed at them. These include the Mayor of London and the Greater London Authority, the City of London Corporation and its charitable funder, City Bridge Trust, London Funders, Trust for London, London Councils and "London Plus" - the merger of the London Voluntary Sector Council and new body that will support London's voluntary and community sector.

The Mayor has a particularly important role. As London's directly elected leader, the Mayor has a unique power to convene leading stakeholders, articulate and promote a vision, set expectations, and push change forward. The Mayoralty, only 18 years old, has not shown a great deal of strategic leadership on giving so far. That will need to change if we are going to see a step change in the quantity and quality of giving in the capital.

What then, is involved in a whole-city approach to giving more, giving better and giving together?

We start with giving better, on the grounds that people and organisations are more likely to give when they are confident their time and money will be well directed. The principle of giving together runs through all our recommendations.

Giving better

If London is to give better it will need to develop a stronger, shared understanding of its priorities – and of how to address them.

Understanding priorities

We distinguish two elements in developing an understanding of giving priorities.

First, London would benefit from a better and shared understanding of need. Over the last decade, Trust for London has published a regular Poverty Profile that sets out how a range of poverty measures – such as child poverty, old-age poverty, and poverty in working households – change over time and place. The London Poverty Profile is an excellent resource, but it could be usefully built on in various ways. It could go below the borough level and analyse developments within boroughs, identifying particular pockets of need; it could also go beyond poverty, covering issues important to Londoners such as crime, victimisation and environmental degradation. It could also introduce a richer range of metrics, including qualitative measures.

There are examples from other cities that point the way. Many US and Canadian cities are far ahead of London in using quantitative and qualitative work to build a shared understanding of need. One option would be for Trust for London to use need data and citizen-led research to enhance its London Poverty Profile and identify giving priorities for the city.

Recommendation 1: London's giving leaders should develop a richer understanding of need in the capital, perhaps through building on Trust for London's London Poverty Profile.

Second, we need to develop a better understanding of who is giving what, where donations of time and money are going, and how these can be more effectively directed.

Recommendation 2: London's giving leaders should encourage all major London funding organisations – foundations, local authorities and corporates – to provide greater transparency on grant data by publishing on 360Giving. London Funders should also publish a regular "state of giving" review that would show the direction of giving in London.

Acting on priorities

If the first element of giving better is the development of a shared understanding of patterns of need and giving, the second is ensuring coordinated and effective approaches in addressing needs.

London is already a relatively well-networked city with a degree of coordinated giving. Nonetheless, London's civic leaders need to continue to encourage joint working. The Mayor and other leaders should reiterate their support for strategic approaches at every turn. Moreover, there are a number of practical measures that could assist more coordinated approaches to giving.

Our research also suggests that too much corporate giving takes place in a private world of its own. The new London Plus offers an opportunity to connect corporates that support employee volunteering with each other, and to ensure that volunteering efforts are directed at priority causes.

Recommendation 3: Strengthen London Plus' capacity to encourage employee volunteering, ensuring volunteering efforts go where they are needed most.

For two decades, London Funders has been central to connecting and convening the capital's independent and statutory grant-makers. Its network groups have enabled knowledge-sharing around London issues, strengthened funder practice in areas like measurement and evaluation, and encouraged collaborative working. Nonetheless, London Funders' engagement of corporates and private philanthropists has been limited. With public spending cuts increasing the significance of these giving sectors to London's wider funding mix, there is a pressing need to get corporates and individual philanthropists around the table in order to increase cross-sector communication and foster collaborative working.

Recommendation 4: London Funders should make its work with corporates and private philanthropists a priority – encouraging more of them to join the organisation, promoting good practice, and advocating joint working among them. The Mayor of London and London's other giving leaders should support London Funders in this.

Donors could also work together to reduce the burdens they place on their beneficiaries. While the Grenfell tragedy posed huge challenges for London funders, it also catalysed innovation. London's voluntary sector led in bringing together funders to create a single online funding portal for charities working with Grenfell victims. London could build on this with, for example, a group of funders interested in addressing a particular social problem coming together to invite applications from relevant delivery organisations.

Recommendation 5: London Funders should lead in adapting the Funders Portal – which allows voluntary sector organisations to access multiple funding streams with a single application – into a systemic London resource.

London is well positioned to build on its role as a centre of national and international philanthropy and develop a leading role as a hub for social investing. Yet London-based social investors have at times struggled to find investible opportunities in the capital. Some of those involved in social investment in London have argued that the sector would benefit from a physical space where philanthropists, social investors and social entrepreneurs could meet.

Recommendation 6: London Funders should review the need for a physical space to act as a centre for philanthropy, social investment and enterprise in London.

Giving more

Londoners' generosity has been best expressed in recent years when galvanised around a particular event or cause. International examples and the City of London's own City Giving Day show us that citywide giving days can work to raise large sums for city charities.

Recommendation 7: The Mayor, working with the City of London, London Funders and other partners, should establish an annual London giving day.

Many Londoners have seen their wealth increase dramatically in recent decades as property values have ballooned. But only one in twenty Londoners leaves a charitable legacy. London's giving leaders should review how best to increase the proportion of Londoners leaving a legacy, with a particular focus on property owners.

Recommendation 8: London's giving leaders should review how best to increase the proportion of Londoners leaving a charitable legacy in their wills, with a particular focus on property owners. .

Public spending cuts have often hit smaller charities hardest. There is much that London's funders can do to relieve the burdens on them and make it easier for them to apply for grants – such as creating shared application processes. But smaller charities are going to have to look for funding from new sources, including major donors and corporates. In a number of our interviews we heard from fundraising and charity experts who argued that smaller organisations often lacked the fundraising capacity and expertise to navigate this new funding world, this can be a particular problem for charities operating in under-served Outer London locations. London civic leaders should therefore be looking for ways to help SME charities build up their fundraising capacity, such as through funded advice and training programmes.

Recommendation 9: London Funders should support fundraising capacity-building programmes among small and medium-sized charities.

Cross-cutting

In addition to measures that would help London give more, give better and give together, our research has also identified a number of cross-cutting actions that would achieve all three.

The current Mayor of London, Sadiq Khan, has shown a strong interest in supporting London's civil society and promoting giving. However, over the longer term, City Hall's engagement with non-statutory funders has been limited. The Mayor could learn from approaches taken by other cities such as New York, which has taken a more hands-on approach to convening philanthropic resources and directing them at identified city priorities. Among other priorities, the Mayor should explore ways of encouraging social investment approaches to tackling London's social problems.

Recommendation 10: The Mayor should establish a function within the GLA with the authority and resource to speak on philanthropy, harness the Mayor's convening power, and leverage philanthropic support to address important London issues.

We know from our interviews that awards can have a huge impact on grassroots community organisations. These organisations work tirelessly (and mostly without recognition) to stimulate giving and community engagement in their local area. Awards are also a great way to spotlight giving from communities who may be overlooked in traditional conversations around philanthropy in London. Various London organisations already give awards. But there is an absence of high-profile awards for London-focused monetary giving or London-focused corporate giving.

Recommendation 11: The Mayor, working with London Funders and the City of London Corporation, should review how best to recognise individuals and organisations that give most and give best in London.

Though London has developed as a leading global social investment hub, it's not clear that this has translated into a particularly large or vibrant market supporting London-focused initiatives. In particular, there is some evidence to suggest that the bottom end of the market – i.e. smaller, high-risk investments in social enterprises and charities – is underdeveloped. London's smaller social enterprises can find it hard to secure the social investment they need.

Recommendation 12: London Funders and other London giving leaders should promote funder collaboration to develop the bottom end (risk capital) area of the market in London.

Strengthening London's national and global role
Much of the emphasis in our recommendations is on promoting more and better giving to London causes. But the benefits of a more concerted, strategic and joined-up approach will not be limited to the city. Many of the recommendations set out above will have national benefits: moves to encourage legacy giving or boost social enterprise, for example, would increase giving in general –not just to London causes.

Nevertheless, we also argue that there are real opportunities for London to boost its position as a global giving capital, both by attracting new players and supporting the development of those already here. Moreover, there are opportunities for London to share resources and lessons with other cities and regions in the UK and beyond.

As already set out, London is a well-established centre of global civil society in general and giving in particular. Many international philanthropists choose to establish their trusts and foundations in the capital – not least because of its legal and financial expertise. Yet despite its economic significance and broader "soft power", London's giving sector rarely gets the same attention as other economic sectors. Developing London's position as a global capital of giving could make a significant contribution to London's economy and influence – as well as helping the growth of philanthropy globally.

We recommend that the Mayor, working with the City of London Corporation, The Philanthropy Collaborative and other partners, review London's current position as a global centre of giving and identify ways this could be further developed. Such a review should look at recent global trends in giving, as well as London's strengths and weaknesses as a global giving capital compared to other cities, and what it can do to strengthen its position. With the ranks of the wealthy and super-wealthy growing all the time, and emerging economies in Asia, Africa and South America producing a new generation of wealthy individuals, the greatest opportunity likely lies in attracting wealthy philanthropists and new philanthropic trusts or foundations to London. The review should particularly focus on how London can attract and retain these.

Recommendation 13: The Mayor, working with the City of London Corporation, The Philanthropy Collaborative and other partners, should establish a review of London's current position as a global centre of giving and identify ways in which this could be strengthened.

Although it is a slow process, the governance of England's cities is changing. Central government is promoting new and more accountable mayoral models of leadership in exchange for devolution of new powers. Devolution presents an opportunity to re-establish traditions of civic urban philanthropy that were once a very prominent feature of many UK cities, and which remain a feature of many US cities today. As London continues to develop a more strategic and joined-up approach to city giving, it should look for opportunities for sharing knowledge with other UK cities, as well as learning from them. One option would be for London, led by the Mayor, City of London Corporation and London Funders, to establish a network of UK cities focused on developing and promoting city giving.

Recommendation 14: London's giving leaders should work with other UK cities in developing and promoting city-focused giving.

1.
Introduction

London is often portrayed as a highly atomised or unfriendly place.[1] But it would be fairer to describe it as a city of contrasts – of angry commuters and dedicated community workers; global citizens and proud EastEnders; Silicon Roundabout and the Palace of Westminster; wealthy bankers and rough sleepers. This last comparison reflects a broader juxtaposition – that of wealth and poverty – which in many ways has come to define much of the capital's history. In particular, the close proximity of the two has shaped a great tradition of charitable giving in London, a tradition now baked into the physical landscape of the capital. London's history abounds with stories of individuals making their fortunes in the city before leaving their wealth for its betterment– often through building or supporting hospitals, orphanages and schools.

This report tries to get a measure on recent developments in charitable giving in London and suggests ways that this can be strengthened. Below, we review the history of philanthropy in the capital, before looking at how need in London has changed and assessing the current state of London's civil society. We then present a detailed assessment of charitable activity across five types of giving, derived from an analysis of secondary data sources and interviews with sector experts. We conclude by combining insights from across these philanthropic sectors and assessing how London and Londoners can be encouraged to give more, give better, and give together.

London's philanthropic history

The history of philanthropic giving and the history of London are heavily entwined. Many of London's great historical figures made at least part of their name as benefactors of the capital – from the late-medieval Lord Mayor of London Dick Whittington and Tudor philanthropists Thomas Gresham and Thomas Sutton, to Enlightenment and Victorian figures such as Octavia Hill and Angela Burdett-Coutts. The history of philanthropy is also firmly embedded in the fabric of contemporary London, through hospitals such as Guy's and St Thomas', housing estates like those of Peabody, and the many galleries and performance spaces supported by charitable giving – from small community theatres to huge institutions like Tate Modern.

While much of the history of philanthropy in the capital may conjure up bygone images of medieval guilds, Elizabethan merchants or Victorian slums, some of the fundamental ingredients that fuelled philanthropy in earlier times remain in place today. In their 2013 study of philanthropy in the City of London, Cheryl Chapman and Dr Cathy Ross argue that the City's "philanthropic DNA" is made up from the collision of four elements: wealth, poverty, (the virtue of) charity, and business.[2] The close proximity of the former two – wealth and poverty – clearly remains today, with London both the global billionaire capital and the site of some of the worst child poverty rates in the UK.[3]

A charitable outlook is also a feature of contemporary London society, albeit with Christian and Jewish traditions now complemented by Islamic, Hindu and Sikh cultures of giving, as well as a secular conception of "giving something back". And while 'social finance' may seem like a thoroughly modern concept, the entrepreneurialism and financial expertise which propelled early London's economic growth were also central to its development as a centre of philanthropy.

Other comparisons with previous philanthropic ages shed further light on the contemporary context. First, while many of London's philanthropists have directed their efforts towards improving the lives of Londoners, the capital has long been the centre for national and international philanthropic movements. As Britain's empire grew, so did London's role as a centre for philanthropic activity devoted to helping "native populations" and ending the worst abuses of imperialism, including slavery. This activity was the forerunner to London's role as a centre of international development charities today.[4]

Turning to London-focused activity, it is clear that while philanthropy has historically supported a diverse range of causes, three really stand out: health; young people; housing. Some of the earliest philanthropic endeavours focused on hospitals and health – including the five hospitals established by religious orders in the late medieval and early Tudor periods[5] – followed by Guy's Hospital in 1726 (funded by Thomas Guy) and the Westminster Infirmary in 1720 (maintained by charitable subscription). Youth has been a second focus, including the endowment of an independent charitable school by Sir John Cass in 1709, and Thomas Coram's Foundling Hospital (a children's home) founded in 1741. Finally, during the Victorian era, housing emerged as the most high-profile cause – with the likes of George Peabody and Angela Burdett-Coutts pioneering the development of tenements in Spitalfields, Clerkenwell and Bethnal Green.

Today, while state involvement has changed the dynamics of giving in each of these areas, they remain key sites of voluntary activity. Guy's & St Thomas' Charity and Barts and the London Charity are the two largest NHS charities, both fundraising and providing grants to support their hospitals and public health in the local area. Education remains a focus, thanks in part to the charitable legacies of figures like Sir John Cass and John Gresham (Gresham College), as well as longstanding relationships between livery companies and academic institutions – but also due to a huge range of new charities devoted to improving skills and helping disadvantaged young Londoners. While the state and then the private sector have come to dominate housing provision, the impact of austerity and the housing crisis have pushed this issue firmly back on the philanthropic agenda.

The kinds of philanthropy practiced in earlier periods – and the types of people who did so – also echo today. The role of bequests was central in establishing London's philanthropic reputation, with wealthy benefactors leaving money in trust with the Church, the Lord Mayor, or the liveries. In the Enlightenment and Victorian eras, fundraising (often termed "subscriptions") became more commonplace, while housing projects later in the period were often funded by "5 per cent philanthropy companies" that built social housing while also making a financial return. Likewise, a range of motivations have animated London's long history of philanthropy. While many London philanthropists have been socially conservative, others like Octavia Hill, or Samuel Barnet, the founder of Toynbee Hall, have been committed social reformers. The distinction between philanthropy and social activism has and still is often hard to maintain.

Contrasts

Nonetheless, giving in London is not a story of unbroken continuity. A number of contrasts stand out.

First, the scope of giving has changed. The promotion of religious education and virtue feature much less today than they once did – giving has undergone a process of secularisation – while support for environmental and cultural causes has grown. London is now home to many international charities focused on preserving the natural environment and combatting climate change, as well as efforts to improve the city's environment and public health. Likewise, while London's thriving cultural life is powered partly by commerce and partly by public subsidy, charitable giving is increasingly a factor.

Second, we have seen a substantial professionalisation of philanthropic activity – business, corporates and wealthy individuals can draw on an army of experts in charity management and impact, many of whom have spent their whole lives working in the third sector and some of whom have degrees in fundraising, running charities, evaluation and so forth.

Third, philanthropy now sits alongside a far more developed system of national and local state support, albeit with austerity once again blurring the boundaries between two. At the same time, the voluntary sector has come to understand itself in a new way. Though support for many aspects of the welfare state remains strong in Britain, we have become more aware of the limitations (as well as the strengths) of state-provided services than we were in the heyday of the postwar welfare state. The public sector has often struggled to innovate in addressing social problems or "wicked issues" that require sustained, joined-up or personalised care – from helping "problem families" and tackling homelessness to supporting people with chronic health conditions. Charities and social enterprises, by contrast, are often well positioned to experiment with new ways of solving the most stubborn social problems. Whereas voluntary activity was once seen as a supplement or alternative to the market, we are now more likely to conceive of it as addressing the limits of the market and the state.

Finally, we have become more alert than earlier generations to the unequal power relations that are inherent in much philanthropy. We are also more concerned to mitigate these unequal power relations by working with and empowering the recipients of charity – rather than simply "acting upon them".

Moving with the times

What does this short review of the history of giving in London teach us? It is a tale of both caution and hope. There have always been limits to what philanthropists can provide and the scale of social problems they can address alone. Ross and Chapman's work points out, for example, that Coram's famous Foundling Hospital used a ballot to allocate places, and the London Orphan Asylum used to hold an annual election wherein its supporters would hold a vote on which children to admit. It's naïve to think that London's voluntary sector can solve the city's problems alone. It is only by working in partnership with other institutions – particularly the state and communities – that systemic social problems can be effectively tackled. Much philanthropic giving in London has also long been characterised by problems of amateurism and particularism – by a failure to understand the dynamics of inequality, the nature of need, the opportunities for collaboration, and the effectiveness or otherwise of charitable activity. Octavia Hill famously said that there had been "terrible mistakes and failures" in some philanthropic activity of her era, and that "if money had been thrown into the sea, it would have been better".[6]

At the same time, charitable giving has left a profound mark on the city, enriching the lives of both benefactors and recipients – and showing a remarkable ability to move with the times.

2.

Contemporary London: Wealth, need and philanthropy

As well as giving an historical survey, any discussion of philanthropy has to recognise the particular context of London today. The city has changed remarkably over recent years. After the postwar decades, during which London's population and economy shrank, London re-established itself as perhaps the world's leading global capital – an economic, cultural and intellectual superpower that attracts migrants, visitors and investors from around the world. London's spectacular rebirth has brought many benefits. The capital now generates around a quarter of the UK's wealth and closer to a third of its tax receipts. Much of the UK's soft power – its influence around the world – is exercised through London. And its wealth, cosmopolitanism, youth and creative vitality can make it a very exciting place to live and visit.

Need in London

At the same time, the city has struggled to manage the pressures that come with growth. The rising cost of housing, transport, childcare and other necessities mean that, for all London's wealth, inequality has increased, and poverty and exclusion remain stubbornly high.[7] To take just a few examples:

- 50 per cent of London's wealth is owned by the richest 10 per cent of households, while the bottom 50 per cent own just five per cent.[8] After housing costs, 27 per cent of Londoners live in poverty, a figure six percentage points higher than the rest of England. In two east London wards – Bethnal Green and Poplar & Limehouse – more than half of children now live in poverty.[9]

- Seven in ten households in temporary accommodation in England are in London, a 48 per cent increase on the five years previous. In 2017, over 80 per cent of these households contained children, and 66 per cent were BME.[10]

- Rough sleeping has increased by around 50 per cent in the last decade, and is currently almost double the figure, relative to population, of the rest of England.[11]

- Though the capital has the best performing schools of any English region in terms of GCSE attainment, educational inequalities remain stark. By the age of 16, the most persistently disadvantaged children are twelve months behind non-disadvantaged children.[12] Attainment in Barking and Dagenham, the worst-performing borough, is 21 per cent behind the best performers – Redbridge, Kensington & Chelsea and Harrow.[13]

- London has the widest health inequalities in England. Children born in Kensington and Chelsea are half as likely to have a low birth weight as those born in Redbridge.[14] Just 13 per cent of children in Richmond are obese, whereas the figure rises to 29 per cent in Barking & Dagenham.[15]

- Though London's overall crime rate has fallen over the last two decades, violent crime is on the rise. The latest figures from the Crime Survey for England and Wales (CSEW, formerly the British Crime Survey) detail a 37 per cent increase in robbery in the last year. In the first three months of 2018, there were 45 murders across the capital, almost double the number in the first three months of 2017.[16]

London as a national and global capital of giving

The story told above – of a booming world city struggling to manage the downsides that come with success – is in many ways reflected in recent developments in giving.

Just as London is one of the world's leading financial, academic and creative hubs, so it is also a leading centre of philanthropy. Indeed, the characteristics that have ensured its success in the former fields have also ensured its success in the latter: a great infrastructure and built environment offer, a global language, a convenient time zone, a highly trusted legal system, openness to migrants from different backgrounds, and the sheer depth and range of its services and talent pool.

As a result, London is very much the national capital of giving. Though London accounts for only around 15 per cent of the UK's population, it is home to:

1— 18 per cent of English charities – around 24,200 in total.[17]

2— 11 of the UK's 20 largest charities (e.g. Cancer Research UK, Save the Children, The Salvation Army and the British Heart Foundation).[18]

3— 47 per cent of all English charitable income and 68 per cent of total charitable assets.

4— Around a quarter of the UK's social entrepreneurs.[19]

5— Up to one-third of all social investment activity.[20]

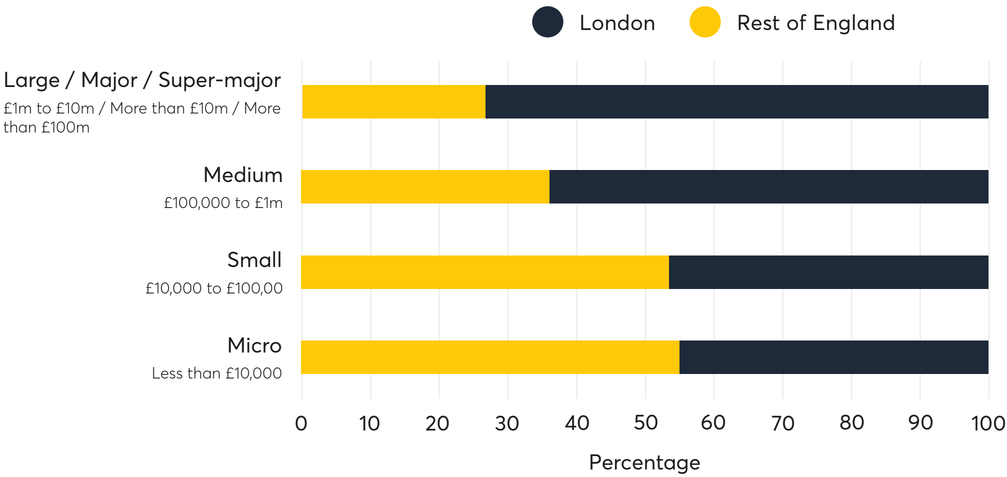
The 2015 *More to Give* report by City Philanthropy Trust estimated that annual cash giving from London citizens, foundations and businesses stood at £5.6bn.[21] This is equivalent to an impressive 40 per cent of the total non-governmental voluntary income[22] for all UK charities.[23] Nearly three-quarters (73 per cent) of all donations or grants over £1m made between 2008 and 2017 have come from London-based donors, totalling £9.8bn.[24]

Moreover, just as London's economy has grown relative to that of the UK, so has its charitable sector. To give just one example: according to our analysis of Charity Commission data, the number of charities based in London has risen by seven per cent over the five years to 2015, even as the number of charities outside London has fallen by one per cent (see Table 1).

London is not only a national capital of giving – it is also a global one. Many foreign philanthropists choose to give through London, whether by setting up their own family trusts or in other ways. London has been described as a "global centre of civil society", playing host to thousands of internationally focused charities. These encompass large organisations like the Red Cross and Amnesty International as well as small innovative startups. As Danny Skriskandarajah has noted, London has been at the forefront of recent creative global philanthropic organisations and movements such as Band Aid, Drop the Debt and Make Poverty History.[25] The international nature of London's voluntary sector is reflected in the makeup of its workforce. The proportion of Londoners employed in the charitable sector is a little higher than across England as a whole – 3.2 per cent compared to 2.7 per cent.[26] But 17.6 per cent of London's voluntary sector workforce are non-UK nationals, compared to 5.4 per cent across the rest of England. 5.4 per cent of London's voluntary sector workforce are EU nationals, compared to 3 per cent across England.[27]

Given London's role as both national and global voluntary sector capital, it's not surprising that London charities have a distinct profile in terms of size. Seven per cent of its voluntary organisations have an annual income of more than £1m, compared to 2-3 per cent for other regions. 68 per cent of charities with over £100m annual income are based in London, with none in the North East or Yorkshire and Humberside.[28]

Figure 1: Proportion of charities by size in London and the Rest of England, 2015/16[29]



London's local charities

While London is undoubtedly an important national and global centre of giving, it does not necessarily follow that this favours London causes. London is sometimes presented as a hotspot of charitable activity and contrasted to "cold spots" or "charity deserts" in other parts of the country.[30] But this picture fails to fully recognise the difference between where charities are based and where they operate: London is home to many large charities that don't confine their activity to the capital, with some (particularly international charities) operating entirely outside of it.

In an attempt to unpick these issues, Centre for London has partnered with the Third Sector Research Centre at the University of Birmingham to conduct an analysis of Charity Commission data based on charities' "Area of Benefit" (AOB). This analysis has enabled us to distinguish between those charities that work nationally or internationally, and those that confine their work to the local area – London as a whole or a part of it. Clearly, this doesn't entirely resolve the issue of where charities conduct their work: many national charities also give to London causes and deliver services in the capital. However, our analysis does allow us to say more than previous studies about the types of charity operating in London at an aggregate level, and how this compares to the rest of England (see Table 1).

Table 1: Comparison of charity numbers between England and London, by charity area of benefit[31]

Area of benefit	Number of charities		Charities per 1,000 population		% of all based in London
	England	London	England	London	
All charities	133,547	24,385	2.4	2.8	18
International	8,635	3,294	0.2	0.4	38
National & international	5,128	2,406	0.1	0.3	47
National	17,026	6,605	0.3	0.8	39
Local	102,758	12,080	1.9	1.4	12

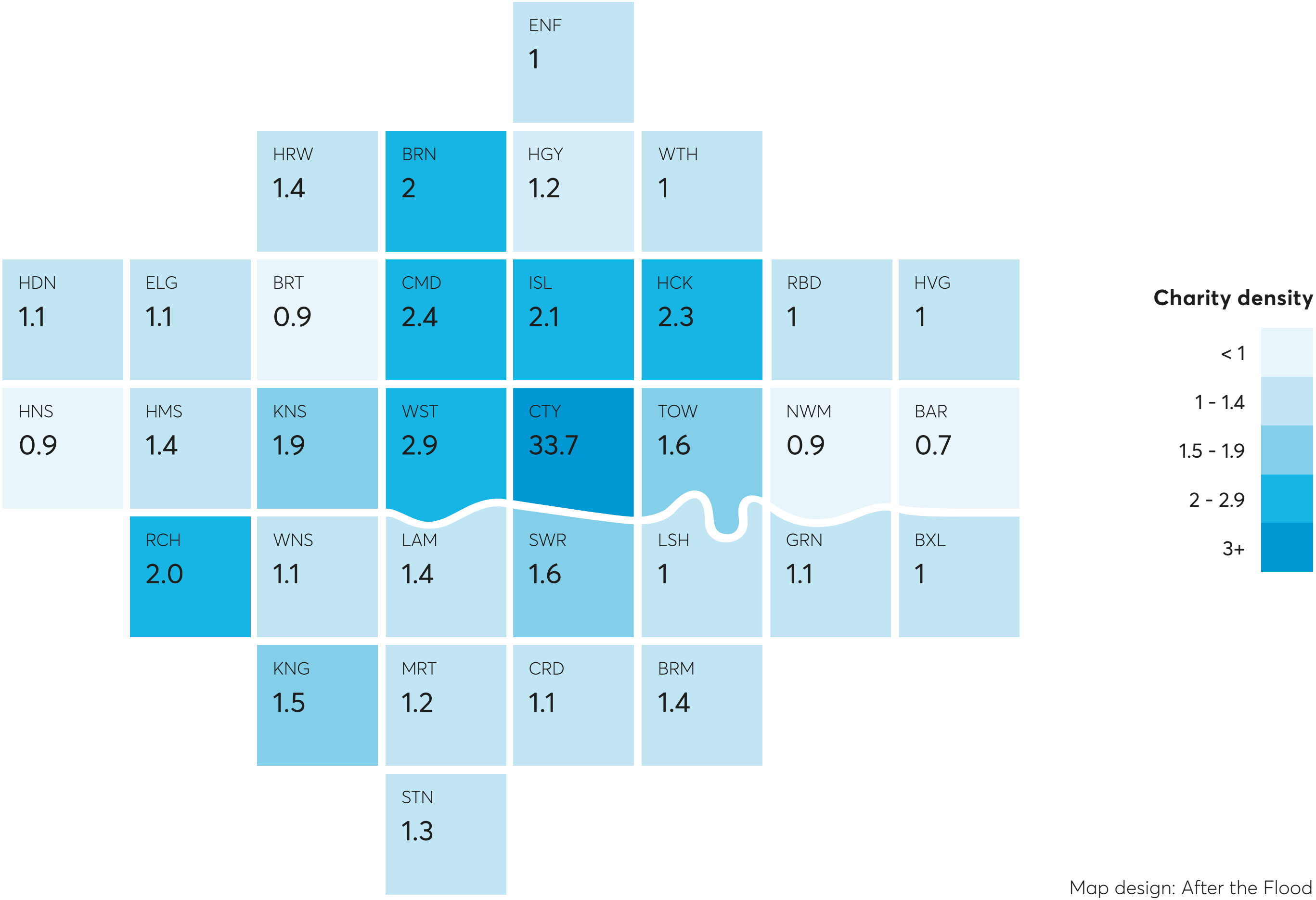
This analysis confirms that London dominates when it comes to charities working nationwide and internationally. In particular, nearly half of charities that work both nationally and internationally are based in the capital. This gives London a much higher per capita charity count than England as a whole – 2.8 per 1000 population in the capital, compared to 2.4 across England. The figure rises to an impressive 117.6 charities per 1000 resident population in the City of London – though these are of course largely the creation of the City's businesses rather than its residents. Yet London has considerably fewer locally focused charities per head of population than the average for England as a whole – 1.4 per 1000 people, compared to 1.9 nationally.

We need more research to understand exactly what is going on here. This finding does not necessarily mean that London's population is underserved. It could be, for example, that London-focused charities are larger or more effective than those that operate outside the capital.

But the finding does at least raise the concern that, for all its standing as a capital of charitable activity, parts of London are going underserved.

Our analysis also reveals a strikingly uneven distribution of charities across the capital. The pattern is most pronounced for national and international charities, which tend, like businesses, to concentrate towards the centre of the metropolis. But the same pattern can be seen in relation to London-focused charities. Perhaps surprisingly, the City of London is home not just to a disproportionate number of international and national charities, but to London-focused ones as well – 33.7 London-focused charities per 1,000 people (see Figure 2). Inner London as a whole also has more than its share of London focused charities, with Camden, Hackney, Islington, and Westminster all with densities above 2, while Barking and Dagenham, Bexley, Brent, Hounslow and Newham all have less than one local AOB charity per 1,000 residents – way below the national average.

Figure 2: Charity density (local AOB), by London borough



Map design: After the Flood

We also looked at changes in the number of London-focused charities over the five years to 2015 (see Figure 3). As already mentioned, we found the overall number of charities in London has grown by seven per cent, with every borough seeing some growth, even if that growth was unevenly spread. At one end of the spectrum, Tower Hamlets and Newham saw a 16 per cent increase; at the other, Havering saw only a one per cent increase.

However, the picture looks very different when we look exclusively at locally focused charities (see Figure 4). Indeed, while London might have experienced a growth in the number of charities overall, it saw a modest reduction of around 100 (1 per cent) in charities with a local area of benefit. Again, the pattern looks very different according to borough. Hackney and Tower Hamlets have seen a big increase in locally focused charities – no doubt reflecting their relative economic dynamism and thriving startup scenes. Most other areas have seen a fall. This includes Inner London boroughs like Westminster (-4 per cent) and Southwark (-4 per cent), but is particularly notable in Outer London boroughs, including Croydon (-7 per cent), Kingston (-5 per cent), Bromley, Waltham Forest, Hounslow and Hillingdon (all -4 per cent). The decline in local Outer London borough charities is particularly concerning given that London's economic geography is changing – with poverty spreading from its heartlands in "old London" to the outer boroughs.[32]

In summary, our analysis suggests that while London has continued to attract national and international charities, locally focused grassroots provision appears to have declined in many boroughs, especially Outer London ones, just as poverty rates have been rising in Outer London.

Figure 3: Net change in number of registered charities in London, by borough, 2009/10-2014/15

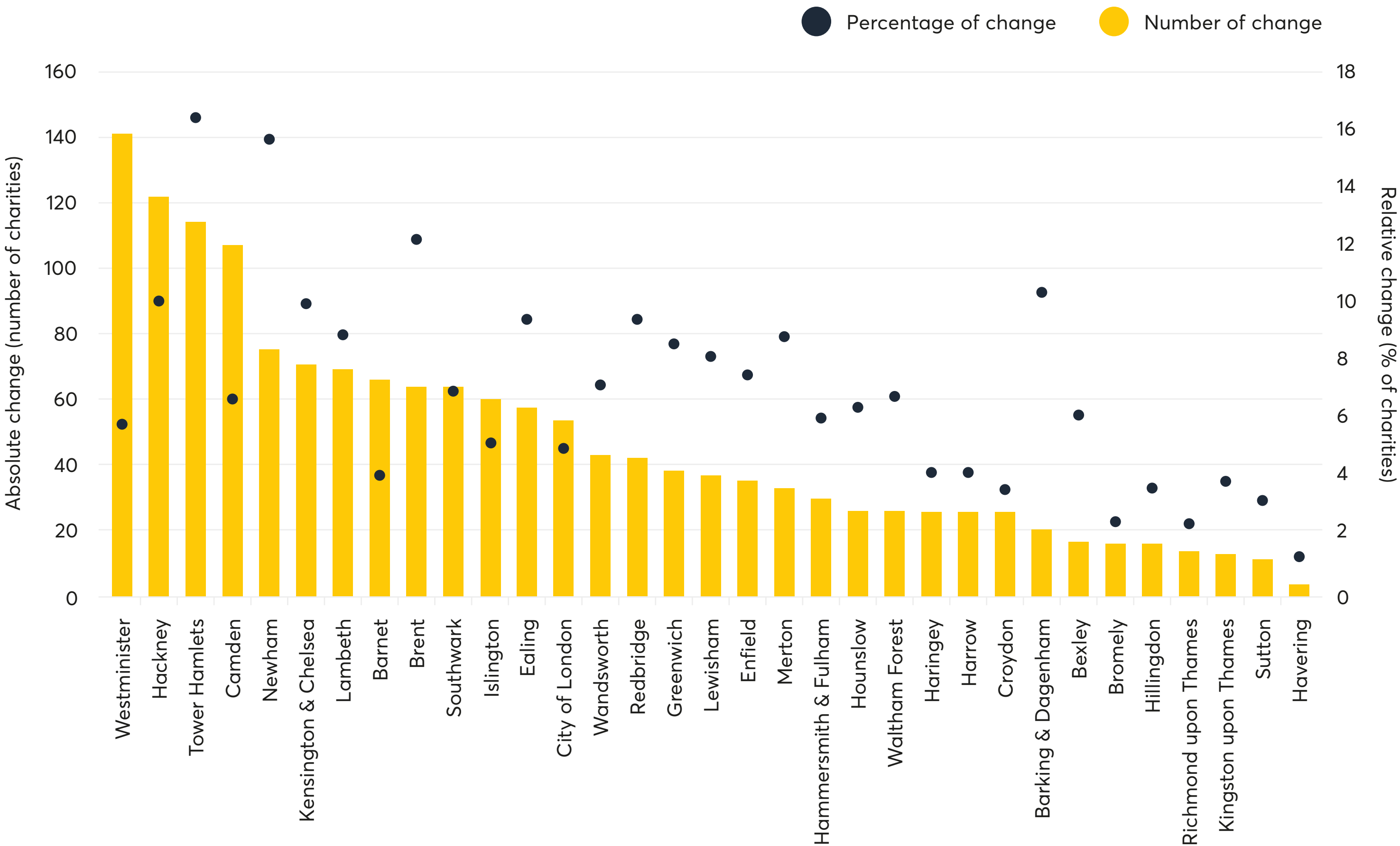
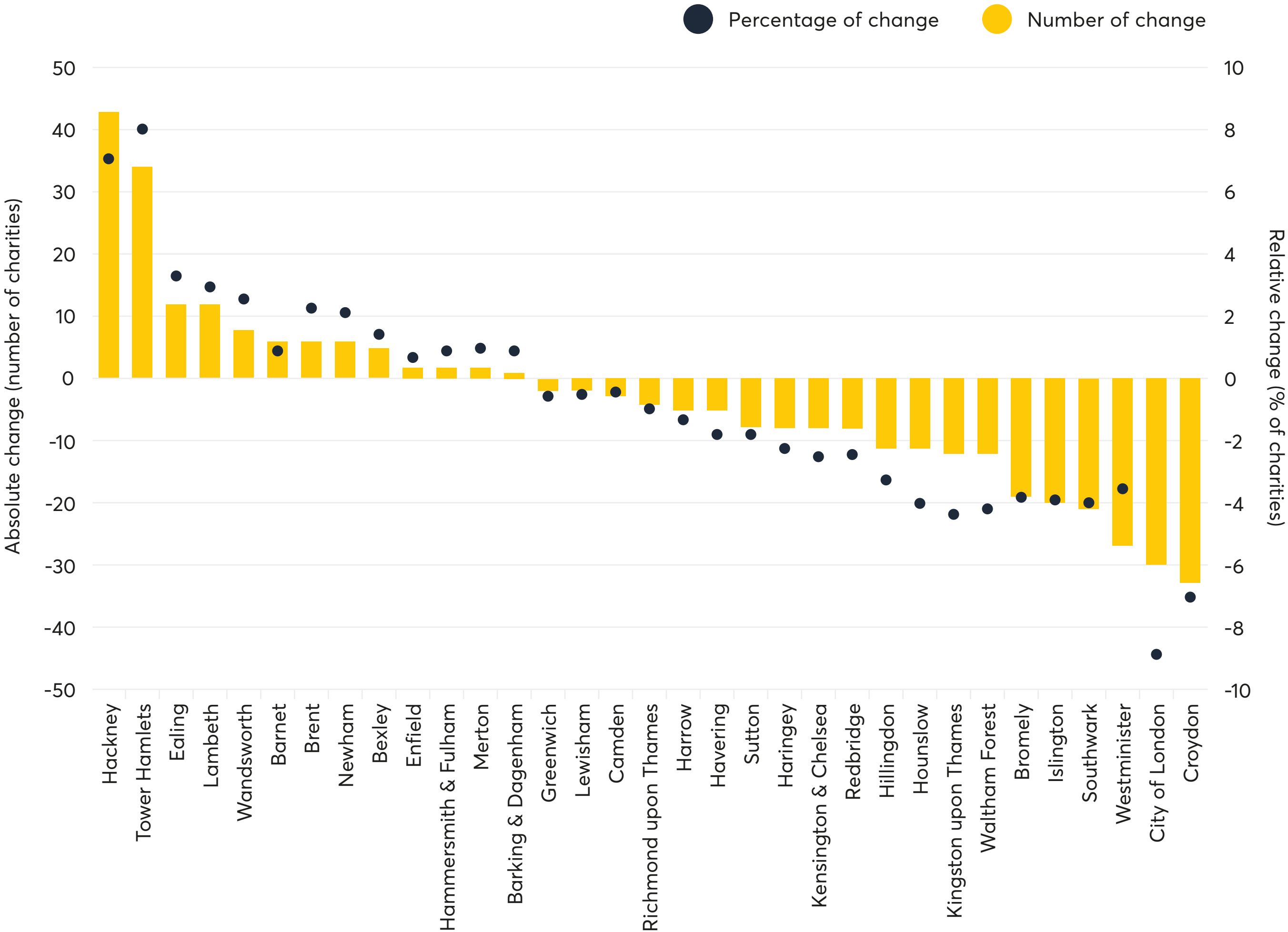


Figure 4: Net change in number of local AOB charities in London, by borough, 2009/10-2014/15



Statutory funding

This report focuses on giving by individuals, corporates, and trusts and foundations. But to fully understand patterns of giving in London, we also need to review developments in giving by the state.

The reliance of many charities on public sector income – nationally, one-third of all charity income comes from statutory sources – means that the sector has been hit hard by austerity, and particularly by the dramatic cuts to local authority budgets. Borough spending per head (excluding education and public health) fell by a fifth between 2010/11 and 2017/18; cuts to "discretionary" services, including support for the voluntary sector, has fallen much further.[33] Local government cuts are also likely to fall most heavily on locally focused charities, and seem likely to be an important factor in the decline of London-focused charities across most boroughs that we identified earlier.

According to a recent NCVO and Lloyds Bank Foundation report, London-based charities with incomes of under £1 million saw local government funding fall by 50 per cent between 2008/9 and 2012/13 – the second largest reduction of any region of the UK.[34] The London Voluntary Service Council's (LVSC) *Big Squeeze* report series, which ran between 2009 and 2013, provided an insight into the experience of many charities.[35] In the 2013 edition, just over half of organisations had seen their overall funding reduced from the previous year, 23 per cent were expecting to close services the following year, and 14 per cent held no free reserves. The final report pointed to the double impact of government austerity, simultaneously increasing levels of need and reducing income for charities working in the capital:

> "The cumulative impacts on Londoners and VCS organisations mean that there is little flexibility to rise to new challenges and it is difficult to see how this problem of growing needs and decreased income will be resolved."
> **The LVSC, The Big Squeeze, 2013**

There is no doubt that for many smaller London-focused charities, fundraising has become increasingly difficult.

> "All sorts of projects now find themselves having to raise money from multiple different sources, when they'd previously relied on public sector grants […] and what that's thrown into the mix is a lot of people who don't really know how to go about it."
> **Individual philanthropist**

> "80 per cent of my time is now spent on fundraising and finances, I have no time for my team […] it's unbelievable."
> **Director, volunteering charity**

Civil society and London's governance

London's recent history has been characterised by important changes in the city's civic life and governance. On the one hand, 2020 will mark 20 years since the creation of a new pan-London level of government, centred on a directly elected Mayor. This has proved a strikingly popular innovation: while the Mayor's role brings relatively little hard power, all three Mayors to date have quickly established themselves as important national as well as London figures – the voice of the city in UK and international affairs.[36] On the other hand, London's boroughs have, as we have seen, experienced dramatic cuts in their funding – thereby weakening what is already, by international standards, an underpowered system of city government.[37]

The impacts of austerity on London's communities and voluntary sector have challenged traditional boundaries between statutory service provision and programmes funded by grant-makers or other private sources. This has in some ways opened up new space for dialogue and collaboration between the public sector and independent funders, but significant barriers still remain. A recent report by local authority think tank New Local Government Network (NLGN), for example, found that a lack of shared understanding of respective responsibilities and success criteria, together with continued concerns around organisational independence, had the effect of limiting collaborative work between councils and independent funders.[38]

At a pan-London level, the Greater London Authority's (GLA) interaction with the voluntary sector has often been relatively narrowly focused and reactive. On the positive side, London's first two Mayors both supported charitable fundraising efforts in various ways: Boris Johnson in particular saw the promotion of philanthropy as an important part of the Mayor's job, and took a lead in setting up the Mayor's Fund (a charity located in City Hall developed to focus on improving life chances for young Londoners from less advantaged backgrounds) and the Foundation for Future London (which supports the transformation of the Olympic Park into a cultural and education hub). But neither Mayor showed much interest in strategic support for London civil society or London giving in particular. The main interface between the GLA and civil society in recent years has been Team London, the organisation set up within the GLA to further the volunteering legacy of the 2012 Olympics.

Recent years have, however, seen a number of indications that London's government institutions, independent funders and voluntary sector organisations are developing a more strategic relationship. The catalyst for some of this work has been the *Review of the Future of Civil Society Support in London*, commissioned by infrastructure bodies London Funders, London Voluntary Service Council (LVSC) and Greater London Volunteering (GLV) in 2015, and funded by City Bridge Trust -the Charitable arm of the City of London Corporation. The final report of the commission was published in 2016 as *The Way Ahead*, and calls for a new era of cross-sector collaboration:

> "The GLA, elected representatives, London Councils and independent funders should bring civil society into strategic planning and decision making about the future of London."
> **The Way Ahead**[39]

Mayor Sadiq Khan and the GLA have commissioned research and launched consultations to inform a new Civil Society Strategy, together with a separate review of the GLA's role in supporting philanthropy. The City of London Corporation and City Bridge Trust were already more active, and had launched various strategic initiatives to cultivate greater philanthropic giving within and beyond the Square Mile, promote London as a centre of 'investing for good', support local placed based giving schemes and other initiatives to strengthen giving in London. But following a review of its own strategic funding activities in 2016, the Corporation has hired a new Head of Philanthropy to "effect more collaborative working and reduce the propensity to operate in silos".[40] At the time of writing, the Corporation has also embarked on a programme of research around giving by financial and professional services firms.

This report

Through an evidence-based approach to the analysis of giving in the capital, this report aims to influence and cultivate the new landscape of emerging (but still nascent) strategic and cross-sectoral collaboration.

To achieve this, we present a detailed analysis of five "giving sectors":

- Individual donating and volunteering
- High Net Worth philanthropy
- Trust and foundation grant-making

- Corporate philanthropy

- Social investment

Following this sector-by-sector analysis, we present a comparative assessment of the state of philanthropy in London today. Addressing both particular sectors and the philanthropic landscape as a whole, we also make recommendations to increase the quantity and quality of giving in London.

3.
Sector analysis

In this chapter, we review existing evidence and draw on our primary qualitative research with sector experts. This enables us to give a snapshot of giving patterns and trends across our five “giving sectors”:

a) **Trusts and foundations:** grant-making by independent foundations and family/community trusts; wider “funder plus” activity such as campaigning and influencing; and voluntary sector capacity building.

b) **General Public:** charitable donations and volunteering from individuals.

c) **High Net Worth (HNW) individuals:** donating and in-kind support from wealthy individuals (predominantly those with over £1m in investable wealth).

d) **Corporates:** corporate fundraising, corporate social responsibility (CSR) activity, and employee giving and volunteering.

e) **Social investors:** social and impact investing from individuals, foundations, corporates, and social investment intermediaries.

For each of our sectors, we provide an overview, bringing together available data on the level and distribution of giving as well as relevant trends. We identify important actors, describe the institutional makeup of each sector, and provide case studies on innovative practice in the capital and internationally. We start with trusts and foundations, as they play an outsized role – not so much in the amount they give, but in their support for London’s giving infrastructure and other vital strategic initiatives.

How does London compare to other global cities?

Definitional and methodological differences make it difficult to draw robust like-for-like comparisons with research into giving in other major cities, but available studies do provide broad benchmarks for levels of giving in London. Data is, however, extremely patchy, and this project was unable to find comprehensive statistics across all five "giving sectors" for any other major global city. The best evidence comes from a number of studies and publicly available datasets reviewing levels of giving by individuals, trusts and foundations, and/or corporates in New York, Chicago, and Toronto.

Table 2: Giving in London, New York, Chicago, and Toronto

	London[41]	New York[42]	Chicago[43]	Toronto
Individuals	£2.0bn (2015)	-	£4.3bn ($7.1bn, 2013)	£0.6bn ($1.3bn, 2015)[44]
Foundations	£2.0bn (2015)	£6.2bn ($9.1bn, 2015)	£1.4bn ($2.4bn 2013)	£0.1bn ($0.2bn, 2015)[45]
Corporations	£0.3bn (2016)	-	£0.3bn ($0.5bn, 2013)	-

Exchange rates: US$, 31st Dec 2013 ($1=£0.6038); US$ 31st Dec 2015 ($1=£0.6783); Can$ 31st Dec 2015 ($1=£0.4882)

Perhaps unsurprisingly, these figures suggest that London is outperformed by some of the major US cities (New York on grant-making, and Chicago on individual giving). The differentials are, however, possibly less than we would expect based on national-level statistics showing that in 2015 Americans gave $258.5bn to charity (1.4 per cent of GDP), compared to $17.4bn in the UK (0.5 per cent of GDP).[46]

With its strong giving culture, the US is often a source of inspiration for those interested in growing philanthropy in the UK. But while there is much to learn from the US, we are not going to boost giving in London without understanding what is distinctive about its particular strengths and weaknesses. Charities Aid Foundation's (CAF) Rhodri Davies argues that:

> "It seems neither feasible nor desirable to try and replicate exactly the US system and culture of giving here in the UK [and while] we can [...] use the top line figures as a benchmark for where we would

like levels of giving in the UK to be, our ambition should be to achieve this goal through developing a uniquely British giving culture".[47]

a. Trusts and foundations

Sector overview
London is the national capital for independent grant-making trusts, with 11 out of the country's 20 biggest trusts and foundations based in the city.[48] In total, 61 per cent of the UK's largest 300 independent foundations are headquartered in London.[49] Analysis commissioned for this project, conducted by the Directory of Social Change (DSC), finds a total grant spend by all London-based grant-makers of £2.04bn in 2016, equivalent to 31 per cent of all grant spending in the UK.[50] Much of this funding flows outside of the capital to other parts of the UK and internationally, with the DSC analysis estimating that £600 million (or 29 per cent) was retained within the capital in 2016. National-level funders are supported by a range of advisory and infrastructure organisations also located in the capital, including membership bodies – such as the Association of Charitable Foundations (ACF) and National Council for Voluntary Organisations (NCVO) – and research and advisory organisations such as New Philanthropy Capital (NPC) and the Institute for Voluntary Action Research (IVAR).

London's trust and foundation ecosystem is complex and multi-layered, with huge national and international foundations like the Wellcome Trust (which alone accounts for over 10 per cent of all UK grant spending)[51] sitting alongside more locally focused funders. London's reputation as a "centre of global civil society" is at least in part a result of its concentration of international development foundations.[52] All 10 of the UK's largest internationally focused foundations are based in the capital, with the most recent estimates putting annual grants from these organisations at £171m per year.[53] These organisations are again supported by a strong London-based infrastructure, including Bond, the national membership body for international development charities. They also benefit from proximity to the Department for International Development (DFID), which oversees the 0.7 per cent of UK gross national income spent on foreign aid.[54]

London-focused funders

While most large national funders make grants to London, there are also a large number of independent foundations focusing exclusively on addressing need within the capital. These can be segmented in a number of ways, including by their geographical area of benefit – dividing into large pan-London funders such as City Bridge Trust, Trust for London and the London Community Foundation (established in its present form only in 2012, from the merging of various local foundations), multi-borough funders like John Lyon's Charity, and single-borough funders such as the Cripplegate Foundation. In the latter category, while most boroughs will have some kind of localised community fund (often administered by the London Community Foundation), the distribution of larger single-borough funders is highly uneven, with only four boroughs – Islington, Lambeth, Kensington, and Richmond – having dedicated funders making annual grants of over £1m (see Table 5).

London's philanthropic history can be traced in many of the names of its national (e.g. Henry Smith) and London-level funders (e.g. John Lyon and Edmund Walcot), as well as the charitable activities of the City's 110 livery companies.[55] While funding activity from many of the liveries is small or directed solely at one institution, a number – particularly the Clothworkers, Mercers, and Goldsmiths – operate sizeable open grant programmes and function much like other independent grant-makers. These grant programmes, while often weighted towards London, also have national reach. While most London-focused funders make grants from their own endowments, London's two community foundations – London Community Foundation and East End

Table 3:List of independent foundations with annual grant spend of over £1m focused exclusively on London[56]

Foundation	Area of benefit	Issue	£m (2015/16)
The City Bridge Trust	Pan-London	Multi-issue	18.3
Trust for London	Pan-London	Multi-issue	11.3
John Lyon's Charity	Multi-borough	Children & young people	9.6
Jack Petchey Foundation	Pan-London	Children & young people	6.7
London Community Foundation	Pan-London	Multi-issue	5.2
Sir John Cass's Foundation	Multi-borough	Education	3.2
London Marathon Charitable Trust	Pan-London	Sport	3.2
Cripplegate Foundation	Islington	Multi-issue	2.2
The Walcot Foundation	Lambeth	Education & employment	1.8
The Campden Charities	Kensington	Grants to individuals	1.5
The Metropolitan Masonic Charity	Pan-London	Multi-issue	1.5
Richmond Parish Lands Charity	Richmond	Multi-issue	1.2

Community Foundation – manage other endowments and also develop new grant programmes through active fundraising from business and individuals.

As well as support from national-level infrastructure, London's funder ecosystem is connected by a number of London-specific networks. At a pan-London level, London Funders convenes over 100 public and private funders based in the capital – predominantly foundations and local authority grant-makers, but also corporate funders and advisory organisations. Funders have an opportunity to meet throughout the year through a number of thematic (e.g. Children and Young People) and practise-based (e.g. Measurement and Evaluation) network groups. There are also networks emerging at a more local level, such as Lambeth Funders Forum, which brings together local funders like the Walcot Foundation, Battersea Power Station Foundation, and Guy's and St Thomas' Charity.

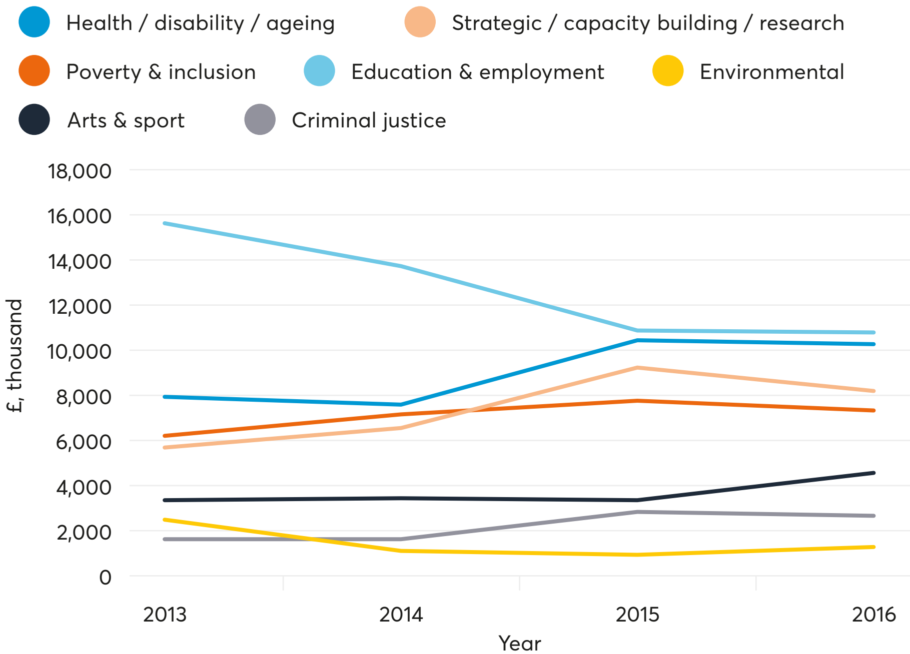
Key trends in giving by trusts and foundations

The distribution of grant funding in London

No comprehensive aggregate statistics currently exist on the causes funded by independent foundations in the capital (although progress on this is being made through the 360Giving initiative). Taking a sample of the top five London-focused funders by grant spend, we can see that education/employment and health-related causes are the most commonly funded causes – accounting for 24 and 23 per cent of funding respectively in 2016 (see Figure 5). Over the last four years, funding from our sample has risen for health whilst falling for education and employment. This is in part due to additional funds made available by the City of London Corporation to City Bridge Trust to tackle unemployment in the wake of the "Great Recession" coming to an end, together with a growth in mental health funding from City Bridge and a new partnership between The London Community Foundation and a borough Clinical Commissioning Group (CCG).

We have also seen a rise in "strategic" funding – not necessarily tied to a specific cause, but instead focused on what is sometimes called "funder plus" activity, including direct capacity-building support with grantees and wider campaigning and influencing work. This includes Trust for London's longstanding funding of the London Poverty Profile – which since 2009 has provided a detailed borough-by-borough analysis of trends linked to poverty and disadvantage – and City Bridge Trust's strategic initiative to "embed a culture of philanthropy" across the City and the wider capital.[57]

Figure 5: Grant spend by issue area, top 5 London-focused funders[58]



Funder collaboration: an intensification of joint working in response to austerity

Another important trend has been a move towards greater coordination and collaboration among trusts and foundations.

> "Whereas 10 years ago maybe you could still plough your own furrow and just go down one grant stream or one commissioning stream […] now you have to collaborate if you're going to achieve impact."
> **Director, infrastructure organisation**

Austerity has undoubtedly been a significant factor in catalysing the collaborative ethos among trusts and foundations. One expert interviewee spoke about "austerity in effect forc[ing] collaboration onto us", with independent funders seeing collaboration as a route to addressing emerging funding gaps. Collaboration has also been "forced on" funders as a result of a need to gather together all available resources in responding to moments of crisis, particularly around recent terror attacks and the Grenfell Tower tragedy (see Case Study 1). That said, there is also a growing recognition across the sector that entrenched social problems can only be effectively tackled through collaboration:

> "[There's a growing] recognition that complex problems require complex systemic solutions, and no one institution, or one category of institution, has all that is required to change the system."
> **Independent consultant**

Collaborative initiatives include Moving On Up, a £1m project to increase the employment rates for young black men in London, funded jointly since 2014 by the two largest pan-London foundations (City Bridge Trust and Trust for London). There have also been joint funding programmes between pan-London and borough-level funders, including City Bridge Trust and Cripplegate Foundation's funding of the Islington Giving initiative from 2010; and a partnership between Trust for London and the Walcot Foundation, supporting in-work progression for low-income groups in Lambeth from 2015.

While there has traditionally been some reluctance around joint working between the local public sector and private funders, this is also changing, aided in part by the cross-sector networks cultivated by the likes of London Funders. Collaboration in this context is driven by the necessities of much-reduced local authority budgets, but also by a shift to more place-based approaches from foundations. As NLGN points out, a renewed focus on place by independent funders means that they can often "find councils to be strong partners who can help them to rethink their investment programmes in line with place-based priorities, with rich data on local need".[59] Concrete collaborative projects are beginning to emerge, including joint funding between John Lyon's Charity and local authorities in Camden, Westminster, and Hammersmith and Fulham around youth service provision (see Case Study 2).

Case Study 1: The funder response to the Grenfell Tower fire

The tragedy of the Grenfell Tower fire in June 2017 triggered a huge giving response from Londoners and people across the country. It also mobilised large parts of London's civil society, including community groups, faith groups, large national charities, and local, national, and international funders. Developing a coordinated response was a huge challenge, for funders, given the scale and the immediacy of need, the level of donations from the general public, and the intense media scrutiny that accompanied the fundraising effort.

The funder response to Grenfell falls into two broad areas. First, there were funders who, with other NGOs, helped coordinate the distribution of funds raised by the general public to the victims and their families. Second, there was also funder collaboration around the provision of grant funding to local community organisations.

In the first category, three major fundraising campaigns were set up in the immediate wake of the incident:

- *Evening Standard* and London Community Foundation Dispossessed Fund, which had raised £6.8m by 25th January 2018.[60]

- British Red Cross and London Emergencies Trust fund, which has raised £7.2m.

- Kensington and Chelsea Foundation, which has raised £6.8m.

In the second category, London Funders helped to convene relevant foundations and public funders by setting up a number of specific funds targeting support to local community organisations. John Lyon's Charity led two of these funds – dedicated to providing grants to organisations supporting young people in the area – while other funding programmes were set up to fund the core costs of community groups, and for organisations providing legal and financial advice to survivors.

All of the funds were developed through matched funding by a range of different public and private funders, and enabled by an online portal set up by London Funders. The portal allowed one single application point for all community groups in need of funding. It also provided a forum to bring together grant managers from each of the supporting funders, who would make collective decisions about which grant-makers would be best placed to fund individual applicants. In the case of the John Lyon's-led funds, this received matched funding from Big Lottery Fund, the Tudor Trust, City Bridge Trust, and the Department for Education, among others. In total, £2.3m was distributed to local community organisations.[61]

Both sets of funders faced significant challenges. Those supporting local community organisations had to rapidly come together to establish a single application form – something that had been discussed for many years in London but never developed. For those distributing fundraised income, there were initial problems identifying victims, and there has been criticism around the duplication of campaigns and the speed at which money reached victims and families.[62] However, in incredibly difficult circumstances, each of these campaigns had allocated over 80 per cent of fundraised income to distributing organisations by January 2018. London Emergencies Trust has now made payments of between £3,500 and £30,000 to those hospitalised, as well as £100,000 to bereaved next of kin.[63]

Case Study 2: Young People's Foundations

John Lyon's Charity (JLC), which makes grants to charities working with young people across eight London boroughs and the City, has over the past three years established a new collaborative funding model in response to large cuts in local authority funding for youth services.

Beginning in Brent in 2014, where the council had announced a 75 per cent cut in funding for youth services, JLC worked to convene local youth organisations to pool expertise, build resilience, and develop a more sustainable collective funding model. Young Brent Foundation was established in 2015, along with the Young Barnet Foundation and Young Harrow Foundation, with core funding provided by JLC and City Bridge Trust. Since then, four more Young People Foundations (YPFs) have been established, three of which (Westminster, Camden, and Hammersmith & Fulham) have been co-funded by the local authority.

The YPFs operate as membership organisations which provide five core functions:

1— **Acting as a prime contractor at a local level.** This involves building consortia among the membership, and applying for grants or contract incomes as a single entity.

2— **Running local network groups.** This includes issue- and locality-based groups to enable the sharing of expertise, and the delivery of capacity-building support.

3—**Operating a small grants scheme.** This local funding pot is aimed particularly at smaller organisations such as youth clubs that may not be able to engage in consortia bidding.

4—**Creating an online "venue bank".** This will enable members to share space, and match need for venue space with spare capacity.

5—Acting as a single point of contact to pull in other philanthropic support. This will establish a brand and single access point, particularly for corporates looking to provide financial and in-kind support to youth organisations in the borough.

Following the initial set-up phase, the YPFs have begun to bring in new funding streams. Young Barnet Foundation was, for example, successful in securing funding as part of the National Citizenship Service Pathfinder programme. Young Westminster Foundation has secured funding from a number of corporate partners – and other foundations have been given venue space by businesses through the new venue bank system.

Strategic projects and "funder plus": innovation to transform the funding landscape
As public spending cuts transform the funding landscape, trusts and foundations are increasingly recognising their influence and responsibilities in creating a supportive funding environment. This is in part about changing grant-making practices in response to the needs of grantees around core funding and capacity building, but it has also required broader thinking about what they can do to manage the market in more open, transparent, and supportive ways.

> "By the competitive nature of fundraising that we've created as funders, we made voluntary sector organisations just run around after money, and the government does the same: therefore we have to do something to make it easier, because the way it works now isn't working."
> **Grant Manager, independent foundation**

A number of London-focused funders have been at the forefront of efforts to transform the capital's funding environment, with the particular aim of promoting more giving. The City of London Corporation has been particularly active here, seeding initiatives such as City Philanthropy and Heart of the City that are aimed at strengthening philanthropy within the Square Mile. They have also provided funding to London Funders' *London's Giving* programme to expand the number of place-based giving schemes across the capital and embed a culture of giving at a local level (see *General Public* section).

London's trusts and foundations are also investing more on capacity building in order to increase the resilience of civil society organisations to the challenges of the current funding environment. At a borough level, the Walcot Foundation has, for example, partnered with Battersea Power Station Foundation to provide grant support in order to help strengthen the voluntary sector in Lambeth and Wandsworth. And at a pan-London level, City Bridge Trust has set up The Cornerstone Fund: this will provide funding for infrastructure organisations across the capital, who in turn can direct capacity-building support to local organisations. A number of funders have gone a step further and are actively trying to shift the balance of power in the funding environment, introducing more participatory approaches to grant-making and philanthropy.[64] John Lyon's Charity in particular has seeded local membership organisations known as Young People's Foundations across seven of the boroughs in which it works. These aim to bid collectively for funding, and distribute money and capacity-building support on the basis of open dialogue with members (see Case Study 2). Trust for London have taken a slightly different tack with funding aimed at giving disadvantaged Londoners voice.[65]

For many of those working within the grant-making sector, London-level work represents a leading edge of funder practice within the wider UK context.

"There are funders who are doing brilliant things, things like the Young People's Foundations, the Poverty Profile, the Way Ahead. They're doing provocative things, and it's gone far beyond 'here's £10,000, go and do your project, send a monitoring report, and that's it.' "
Grant Manager, livery company

International Case Study 1: Vital Signs – Toronto

In 2001, Toronto-based community foundation Toronto Foundation launched its first Vital Signs report, a study of pressing social issues within its area of benefit. This has since become an annual initiative, providing a consolidated overview of the trends and issues affecting the quality of life for local citizens.[66] The report is intended to help direct the work of the Foundation, leverage additional philanthropic funding from individuals, corporates and government, and guide activity around identified social issues.

The Vital Signs model employs a range of annually updated indicators to track trends in need and quality of life in Toronto across 10 thematic areas including income & wealth, housing, public safety, arts & culture, and the environment. The authors collate findings from over 200 surveys and datasets into the compilation of the report, incorporating both qualitative and quantitative research. As well as updating standing metrics, each year the report identifies specific themes for a more detailed cross-issue analysis. The 2017/18 report applied an equality lens to its analysis, detailing the extent to which race, geography, income and gender effect the quality of life of Torontonians.[67]

Vital Signs also helps raise the profile of organisations working to address issues raised within the report. Through the Community Knowledge Centre – a searchable resource hosted by the Toronto Foundation – readers of Toronto's Vital Signs are able to search an online database of over 260 community organisations. This provides information on organisations' mission statements, how they are responding to problems highlighted in Vital Signs, and ways to give. Readers of Vital Signs are also asked to engage in a "Vital Conversation" with peers, in which discussants are encouraged to share opinions of the report as well as their own ideas on how pressing local issues can be addressed.

An increasing number of community foundations in the UK and internationally (including East End Community Foundation) are adopting the approach pioneered in Toronto. In the UK, studies modelled on Vital Signs often include a survey of local residents to ensure that identified issues are grounded in community experience and opinion.

b. General public

Overview and trends

As we have seen, London is an important national and global centre of giving. But how does this translate into the giving of time and money by ordinary Londoners, both generally and to London causes in particular?

There are good reasons to think that ordinary Londoners might give generously.[68] To begin with, London is a wealthy city. Greater wealth should feed through to a higher value of charitable donations. It also has a relatively large ethnic minority population with high levels of religiosity and research suggests that many migrant communities, especially religious ones, give generously. Research by the University of Manchester found that giving as a proportion of income was highest among Britons of Pakistani or Bangladeshi ethnicity, who gave 5.3 per cent of their monthly income compared to 1.7 per cent among white Britons.[69] National polling by the BBC and ComRes in 2014 found that giving was higher among religious people, with 78 per cent donating money to charity in the previous months compared to 67 per cent of atheists.[70]

Finally, while London is often thought of as a transient, atomised city, the capital is in fact characterised by a relatively strong sense of belonging. Recent research by Centre for London has highlighted that identification with London is as strong now as it was 40 years ago, despite the share of Londoners born outside the capital having doubled.[71] Again, we might expect this to result in high levels of giving to London causes.

In some respects, the actual picture is a positive one. Londoners give an estimated £2bn a year to charity, equivalent to 20 per cent of the total value of UK donations.[72] The most recent edition of CAF's annual giving report found that Londoners gave the highest mean monthly donation to charity at £58 (UK = £40), and the joint-highest[73] median donation at £20 (UK = £18).[74]

Moreover, recent years have seen Londoners mobilised in huge numbers around specific fundraising and wider giving campaigns. This has been seen most vividly in response to the series of tragic events occurring over the spring and summer of 2017 in the capital – namely the four terrorist attacks in Westminster, London Bridge, Finsbury Park and Parsons Green; and the horrific fire at Grenfell Tower.

Clearly, these campaigns reached far beyond the capital, and this makes it difficult to untangle the contribution of Londoners from the generosity shown by people from across the UK. In the case of the terrorist attacks, the British Red Cross (in partnership with London Emergencies Trust) launched a national appeal – the UK Solidarity Fund – which also raised money for those affected by the attack in Manchester.[75] The approach in these cases, and for Grenfell, were themselves modelled on the London Bombings Relief Fund, set up in response to the 7/7 bombings in the capital, which was successful in raising and distributing £12m to support victims and their families.[76]

For Grenfell, a number of different campaigns were established (see Case Study 1), raising £26.5 million in total by the end of January 2018.[77] Again, many of these campaigns (including the British Red Cross and the National Zakat Foundation) were national in scope; however, some firmly targeted Londoners. In particular, fundraising by the *Evening Standard* (London's only mass-circulation daily paper) through its Dispossessed Fund (managed by London Community Foundation) – and by the locally based Kensington and Chelsea Foundation – collectively raised £13.6 million. (The *Evening Standard* Grenfell Campaign was one of a series of high-profile fundraising campaigns run by the paper.). While the money raised was substantial, this fails to fully capture the outpouring of support from the local community and from across the capital, with large numbers of individuals, community organisations, and faith groups coming to donate goods or volunteer time. The donation of goods reached such intensity that it quickly became a major logistical challenge for charities on the ground. The British Red Cross, for example, had to sort and distribute 211 tonnes of donations, although this ultimately helped raise a further £200,000 for the appeal.[78]

As well as responding to moments of crisis and adversity, Londoners have shown a readiness to respond in large numbers to calls for volunteering support around major public events. In 2017, the World Athletics Championships came to the capital, with Team London recruiting and deploying some 4,000 volunteers to support athletes and spectators.[79] This had echoes of London's watershed moment for volunteering – the London 2012 Olympic Games – in which 240,000 people applied to become one of 70,000 "Games Maker" volunteers.[80] While debates continue as to the long-term impact of the Games on volunteering (see Case Study 3), there is a broad consensus that it helped raise the visibility and profile of volunteering in the capital.[81]

> "The Olympics put the fun back into volunteering. And people valuing the volunteers and what they did was really good. If nothing else it was good publicity for volunteering."
> **Volunteer Manager, infrastructure organisation**

Case Study 3: The volunteering legacy of London 2012

A key question hanging over Londoners' impressive mobilisation around major giving and volunteering events is whether that level of engagement is ever sustained. This has been an especially vexed question in relation to London 2012. While the Games engaged substantial numbers of people, seeded volunteering organisations like Team London and helped raise the profile of volunteering, many feel that it failed in its promise to "Inspire a Generation" by creating a sustained volunteering legacy.

In the immediate wake of the Games, two 2013 reports from the House of Commons and House of Lords voiced concern over prospects for a volunteering legacy, with the Commons report stating: "We are not convinced that as much as possible is being done to build a lasting volunteering legacy".[82,83] More recent research has suggested that these fears were correct, finding very limited and short-term increases in volunteering engagement following the Games.[84] Many of the volunteering experts we spoke to as part of this research echoed these findings, voicing pessimism about any lasting legacy from the Games.

"I think Londoners thought that 2012 would come along, and suddenly we'd engage lots and lots of new people, which we did in 2012 [...] I just don't think that translated into anything after that."
Chair, infrastructure organisation

Reasons given for the failure to achieve a lasting volunteering legacy include:

- Lack of clear objective-setting around the funding or delivery of a volunteering legacy.[85]

- An overestimation of the number of first-time volunteers engaged by the Games.[86]

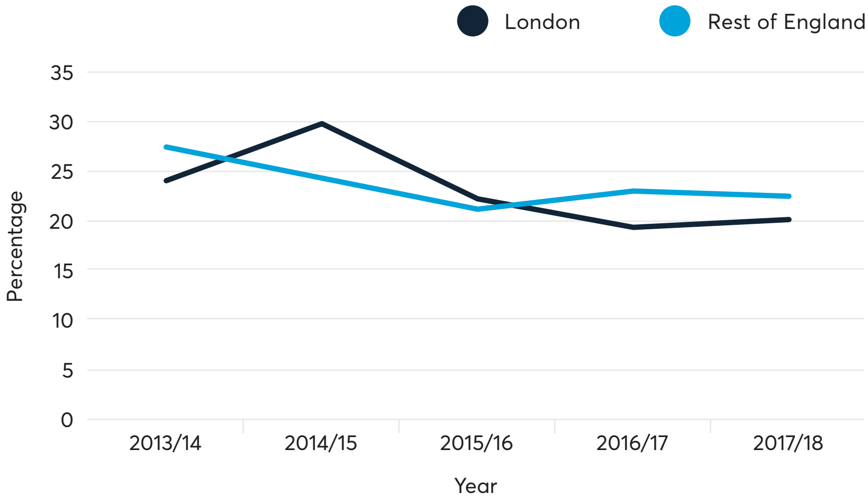
- A failure to engage existing infrastructure organisations in planning and delivering the volunteering legacy.[87, 88]

As a consequence of these failings, comparative analysis with the Sydney Olympics concluded that in Sydney the Olympics "broadened the scope of volunteering in people's minds, encouraging them to participate in episodic and event volunteering", while in London, by contrast, "there was limited evidence of an increase in post-Games volunteering".[89]

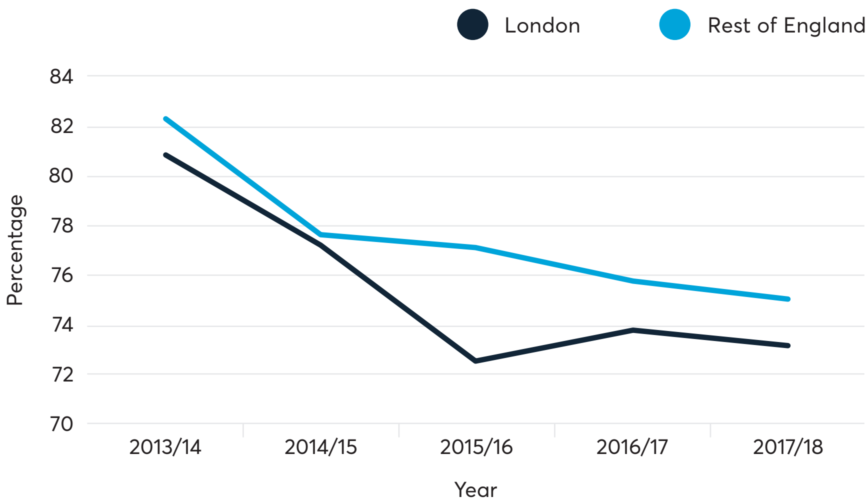
A Decline in Giving?
While individual Londoners are often generous, the big picture is by no means all positive. Surveys of giving habits have long shown that it is less common for Londoners than non Londoners to donate and volunteer regularly. But the same surveys also show falls in both regular donating and formal volunteering (defined as "providing unpaid help through groups, clubs or organisations") by Londoners since 2013, when current data series begins. And while monetary giving and volunteering have fallen across the rest of England as well, the gap between monetary giving in London and the rest of England has widened - in 2013/14, 81 per cent of Londoners gave once a month but in 2017/18, only 73 per cent did (see Figure 6).

Figure 6:[90]

Proportion of individuals engaged in formal volunteering at least once a month by region (percentage)

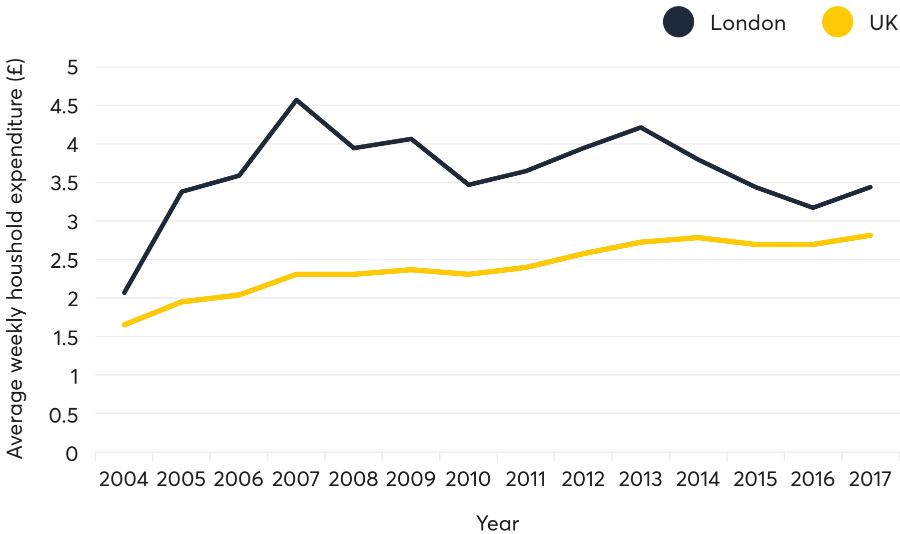


Proportion of individuals who gave to charity in the last month by region (percentage)



Moreover, though Londoners have long given more money on average to charity than non-Londoners (and still do), the gap has narrowed. A decade ago the average Londoner was giving twice as much to charity per week as the average UK person (London = £4.57 per week; UK = £2.30 per week). But this differential is now just 23 per cent (London = £3.43, UK = £2.80; see Figure 7).

Figure 7: Weekly household expenditure on charitable donations, three-year rolling average[91]

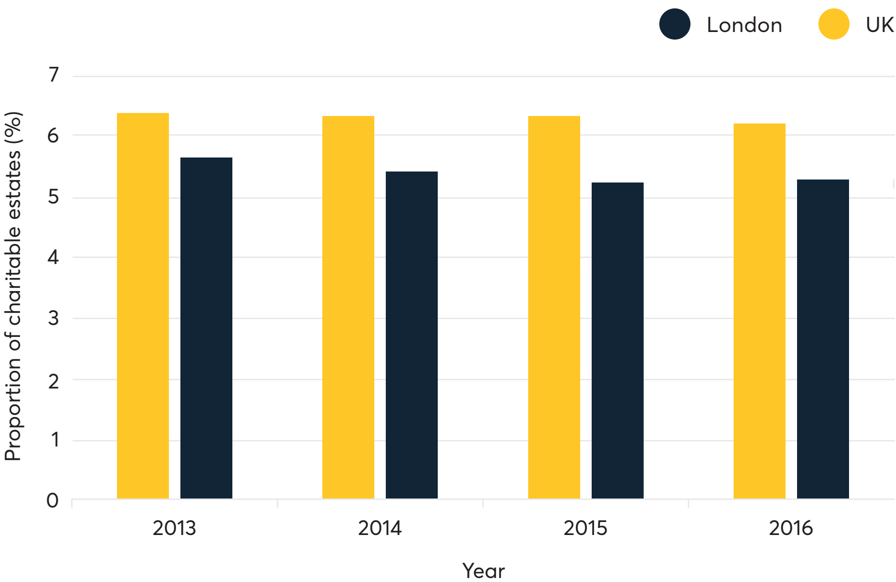


Legacy giving

London also scores poorly when it comes to legacy giving. Across the UK as a whole, legacy giving remains stubbornly low, with just 7 per cent of people leaving a charitable bequest – a huge gulf when compared to the proportion of people who say they give to charity in their lifetime.[92] But while participation in legacy giving is low across the country as a whole, it is lower still in London (see Figure 8). Only 5.3 per cent of Londoners who died in 2016 left a charitable bequest, 0.9 percentage points below the average for Britain.[93] What's more, the potential for fundraising in London seems particularly high given the level of asset wealth locked up in housing.

Since 2009 house prices in the capital have risen by over 60 per cent, outstripping all other major towns and cities other than Cambridge.[94] Homes in Inner London are worth over 30 per cent more than all of the housing in Wales and Scotland put together, and Westminster and Kensington & Chelsea alone contain housing valued at £260bn.[95] If just a fraction of that asset wealth could be channelled towards legacies, the impact on the voluntary sector could be enormous.

Figure 8: Proportion of charitable estates by annual number of deaths, 2013-2016[96]



London's giving infrastructure

Volunteering

The landscape of advisory and infrastructure support for individual giving in London is complex, fragmented, and fast-changing. Infrastructure support for volunteering is arguably the most firmly established, with borough-level and pan-London organisations dedicated to encouraging the giving of time and matching volunteers to civil society needs.

Most boroughs will have some kind of volunteering support organisation tasked with helping local people find volunteering opportunities and supporting local charities to meet demand. The form and function of volunteer centres varies, however: 16 boroughs have an integrated volunteer centre and CVS, while 11 have an independent volunteering organisation.[97] There is also significant variability in the offer from different volunteer centres – some running their own volunteering programmes, others solely providing brokerage services, and still others only providing these services online. Research by Rocket Science reveals substantial variability in the resources available to local volunteer infrastructure organisations, with Newham's volunteer centre receiving an income equivalent to one-eleventh that of its counterpart in Sutton (£54,000pa vs £600,000pa).[98]

At a pan-London level, the GLA has been active in promoting and facilitating volunteering through Team London. Team London provides brokerage services through its website and runs its own volunteering programmes – including provision of volunteer teams for major sporting events, training charity trustees, and programmes for certain beneficiary groups (e.g. Forces for London, focusing on employability outcomes for military veterans). A number of interviewees working at a borough level, however, spoke about a degree of wariness of Team London among some locally-based volunteering organisations, with Team London seen as "exclusive" and too focused on pursuing its own agenda – a wariness no doubt exacerbated by the funding squeeze on local organisations.

> "It became more about Team London than it did about the groups on the ground. It felt like it was promoting Team London, promoting the GLA, but not promoting the groups on the ground."
> **Director, volunteering organisation**

However, the GLA seems alert to these issues and moves are now afoot to better coordinate and integrate Team London's work with other London initiatives (see below).

There are also a variety of other organisations and networks supporting volunteering at different geographical scales and with different thematic priorities. Employee volunteering, in particular, is an area with a range of different organisations focused on supporting businesses (e.g. East London Business Alliance) and/or individual employees (e.g. BeyondMe) to access volunteering opportunities. (See the *Corporates* section for more detail). National and international volunteering organisations also operate across London, including Groundwork, which has an emphasis on green volunteering, and Hands On London, part of an international network of volunteering organisations providing opportunities for small community projects. Finally, there are a small number of active time banks in London, including Rushey Green and West Euston Time Banks, which provide opportunities for members to volunteer support.

London is always going to have a broad range of organisations promoting and supporting volunteering. But the large number we have identified raises the question of whether there is some opportunity for rationalisation. Our own research accords with those of the recent *Way Ahead* report: "[while] there are multiple routes to formal volunteering, [there is] no accessible route map for those searching for volunteering opportunities".[99]

Monetary giving

Monetary giving is most commonly driven by individual charities. There is limited organisation-level coordination between charities with respect to fundraising in London – although the Institute of Fundraising does connect individual fundraisers through its London and South East network group, and there are emerging examples of collaborative work between homelessness fundraisers (see Case Study 4).

Case Study 4: London Homeless Charities Group

With rough sleeping in London doubling since 2010, fundraisers at leading homeless charities developed an informal working group over 2016 and 2017 to share expertise and facilitate collaboration between charity fundraising teams. This forum ultimately grew to become the London Homeless Charities Group (LHCG), a coalition of 18 charities including St Mungo's, Crisis, Shelter, Centrepoint, and Depaul – uniting behind a single campaign to raise funds for tackling rough sleeping in the capital.[100]

In December 2017, LHCG partnered with the Mayor of London to launch the No One Needs to Sleep Rough in London campaign.[101] This joint initiative aimed to raise money for charities working with people sleeping rough, and develop awareness among the public about what they could do to help. It also aimed to raise awareness of new Mayoral policies designed to tackle the problem. As part of the campaign, a single donation point was set up for anyone looking to give towards rough sleeping prevention, with money raised being equally divided among the partner charities. In a traditionally competitive fundraising environment, this represents the first time that fundraising teams from homeless charities have joined forces to back a single campaign.

Despite limited time to develop the campaign, the first few weeks saw £85,000 raised from individual donations. While there is clearly scope to expand the reach and profile of the campaign and partnership, LHCG believes that it has established an approach that, with further development, has the potential to become a new model for fundraising in the homelessness sector. The group's partnership with the GLA looks set to continue, and it is currently working to expand its fundraising activity to corporates, with the Mayor convening corporate partners to address rough sleeping in the capital.

It seems, unfortunately, that a number of giving campaigns within the capital have failed to "shift the dial" on individual giving. Most notably, the Penny for London initiative, which was launched in October 2014 by former Mayor Boris Johnson, hoped to raise £25 million through encouraging Londoners to donate a penny every time they used their Oyster Cards. The scheme failed to engage a critical mass of Londoners (only 4,000 people signed up), and closed in August 2016 having raised just over £3,000.[102] Again, and despite some examples of coordination, there is probably opportunity to develop a much more strategic and collaborative approach to the promotion of monetary giving – especially where it concerns London causes.

International Case Study 2: Giving days – Washington, DC

Washington, DC has developed city-wide giving days as a way of driving citizen engagement in charitable giving and addressing need within the Washington, DC city region.[103] This began in 2011 with a one-off campaign, Give to the Max, and has run from 2013 onwards with the annual Do More 24 initiative, now in its fifth year. The current campaign is led by United Way NCA (part of the global United Way network of charities) and hosted online by a third party platform, which acts as a focal point for donations and as a directory of participating organisations.

Regional, national and local organisations with a presence in the Washington, DC area qualify to participate in the giving campaign. As well as an opportunity to raise cash and in-kind donations, the 24-hour giving event is recognised by its participants as an opportunity to increase awareness of social issues, raise their organisational profile, and grow their supporter base. While the Do More 24 initiative principally harnesses individual donations from members of the public, it also channels support from sponsorship and engages community and media partners. Deloitte, Goldman Sachs and Reed Smith are among the campaign's lead sponsors.

During the giving day, participants can select the amount of money they would like to donate, and the organisation to which they would like the money to go. The event organisers have also created a prize system to spur both campaigning and giving. The prize structure awards additional monetary contributions to participating charities based on their success in raising their profile and donations. Prizes are awarded across a number of categories including size of organisation and impact on social media.

In its first year, the campaign raised over $1.3m in cash and in-kind donations for 500 participating organisations. In 2017, $1.67m was raised for 406 organisations, representing an absolute giving increase of 24 per cent in four years.[104]

Giving infrastructure in flux: risks and opportunities for a step-change in giving by ordinary Londoners

The challenges of austerity and fragmentation have catalysed a significant response from within the sector – much of which has been driven by collaboration between GLV, the London Voluntary Service Council (LVSC), London Funders and City Bridge Trust around the *Way Ahead* Report. Following the publication of the report in 2016, a number of initiatives have been established that seek to rejuvenate local infrastructure. This includes City Bridge Trust's Cornerstone Fund, which will provide £3m in additional funding to infrastructure organisations. Work is also currently underway to set up another key recommendation of the *Way Ahead* report – the London Plus. This will connect and strengthen local infrastructure across London (see Case Study 5). Both of these initiatives also have promise in bridging the divides between volunteering support organisations in the capital, with involvement from important stakeholders including the GLA/Team London and London Councils.

Alongside efforts to revitalise existing volunteering and wider civil society support organisations, a new infrastructure is emerging to encourage greater individual and corporate giving at a local level. This network of place-based giving schemes (PBGSs) has been inspired by the Islington Giving initiative, which was established by Cripplegate Foundation alongside other local and London-wide funders in 2010. Islington Giving aims to address inequality in the borough through a needs- and community-led approach, a core part of which involves growing the culture of giving in the local area.[105] So far Islington Giving has raised £6 million and engaged almost 5,000 volunteers: and the model is being replicated across the capital thanks to a programme of work by London Funders and City Bridge Trust.[106] Between 2014 and 2016 five new PBGSs were set up, collectively raising £4.3m.[107] At the time of writing, there are currently 11 active PBGSs in the capital.

While there are core principles underlying all PBGSs – including a commitment to collaborative working, a deliberative approach to establishing funding priorities, and a focus on promoting giving from local business and the community – the diversity of London's boroughs means that PBGSs take quite different forms in each one. Southwark Giving, for example, has a strong focus on engaging the substantial number of corporates based in the borough, while Lewisham Local instead looks to encourage local community engagement from residents (including corporate employees who live in the borough).

"You mustn't be jealous because the context is different. And the whole thing about place giving is actually it's not about what you haven't got, it's about what you've got, and

> capitalising on what you have got. Don't try and emulate because otherwise you'll fall flat on your face."
> **Director, local giving scheme**

The differences between boroughs are also reflected in the makeup of partner organisations. In some boroughs PBGSs are "anchored" by a local grant-making trust (e.g. Cripplegate in Islington and East End Community Foundation in Newham). However, in many other areas giving schemes don't have grant-maker support, and this has made sustaining core costs a key challenge for many. While the PBGS model clearly has promise in stimulating a local giving culture, the issue of long-term sustainability represents the major obstacle to ensuring they become embedded features of local social infrastructure.

> "The vision to have a giving model in each borough is a really good start. There's potential there because people feel more passionate about what's happening on their doorstep [...] [but] a key question is how are they sustainable, because they just become a constant fundraising burden unless they're endowed in some way. From a fundraising perspective it's easy for fatigue to set in."
> **Director, independent foundation**

Case Study 5: London Plus

London Plus was a key outcome of the 2016 Way Ahead report, which recommended the creation of a pan-London infrastructure body to replace Greater London Volunteering (GLV) and the London Voluntary Service Council (LVSC). The Way Ahead set out a number of core functions for London Plus, including:

- A triage & connect role: diagnosing needs/issues of frontline volunteers and groups, and connecting these groups with support from civil society and business around knowledge, skills and resources.

- Sharing data and gathering real-time intelligence: supporting the collation of pan-London data on need and civil society, as well as gathering and standardising need data from locally embedded organisations.

- Campaigning for and catalysing change: providing a forum for a collective voice from infrastructure organisations, while also holding a mirror up to the sector and addressing poor practice.

Over 2017 and early 2018, GLV has led on developing London Plus, including setting up its steering group and terms of reference. The steering group has been established with a cross-sector membership, including representatives from London Councils and the GLA/Team London as well as private funders such as the Big Lottery and City Bridge Trust.

The development of London Plus is now focused around three core strands: data, networks, and voice & community. While still in its early stages, the ambition of London Plus is to act as a shared platform of support, enhancing intra- and inter-sectoral connections and maximising the assets of civil society – including the giving of time and skills by individual Londoners to support their communities.

c. Wealthy Londoners

Private wealth in London

There is currently no commonly agreed metric for establishing, with any precision, the number, or national share, of "high net worth" individuals (HNWs) living in the capital.[108] But on any metric it is clear that London has a disproportionate share of the UK's wealthiest. To take just one example, almost half the richest 1000 people in the UK (according the *Sunday Times Rich List)* live in the capital (see Table 4).

Comparative studies show that the capital also dominates on a global stage, with London having more billionaire residents than any other major city.[109] While this reflects a greater concentration of national wealth in the capital than many other Western nations, it also underlines the internationalism of London's wealthy elite. Knight Frank's 2016 wealth report found, for example, that seasonal flows of the wealthy in and out of the capital mean that London's multi-millionaire population (resident in permanent or second homes in London) more than trebles over the course of a year, from a low of 10,000 in January to a peak of 35,000 in July.[110]

Research also suggests that the concentration of the very wealthy has grown in London, at least relative to the rest of the UK and almost certainly to the globe. According to the most recent *Sunday Times Rich List*, the number of billionaires in the UK has nearly doubled from 81 in 2008 to 145 in 2018, with the collective wealth of this group rising from £200bn in 2008 to £480bn over the same period. The capital is home to over 60 per cent (93) of all recorded billionaires in the UK, who hold over 70 per cent (£350bn) of the total wealth of UK billionaires.[116]

Table 4: The number of HNWs in the UK and London

Source	Cohort	UK total	London	% in London
ONS 2016[111]	Total population	65,648,054	8,769,659	13.4
Barclays 2017[112]	Total net worth > £1m	625,000	165,000	26.4
Knight Frank 2017[113]	Net worth, excluding main residence > $1m	802,800	357,200	44.5
	Net worth, excluding main residence > $10m	25,370	12,070	47.6
	Net worth, excluding main residence > $30m	9,470	4,750	50.2
Sunday Times Rich List 2017[114]	UK's richest 1,000	1,000	436	43.6
	Total net worth > £1bn	134	86	64.1
Scorpio Partnership[115]	Investable wealth, excluding main residence > £1m	340,000	-	-
	Investable wealth, excluding main residence > £10m	16,320	-	-

At a London-wide level, Knight Frank finds that the number of ultra-high-net-worth individuals (>$30m in assets) rose by 41 per cent between 2005 and 2015, and predicts a continued increase of 30 per cent over the next decade.[117] And at the lower end of the HNW distribution, Barclays' most recent *UK Prosperity* report finds that the number of London millionaires (though it does not define what it counts as a "millionaire") rose by 6.5 per cent between 2016 and 2017.[118]

Giving by London's wealthiest

In many ways this concentration of wealth represents a major boon for giving in London. Over the ten years since Coutts have been running their annual *Million Pound Donor Report* (2008-2017), 72 per cent of all donations[119] over £1m have come from the capital, totalling £9.77bn.[120] This broadly tallies with City Philanthropy's estimate[121] for the value of major gifts from Londoners of £856m a year, equivalent to 15 per cent of cash giving in London.[122]

While we have relatively strong data on major gifts from committed HNW philanthropists, little data is available on regular giving from the capital's wealthiest residents. The Coutts figures, for example, while substantial in total value, relate to a relatively small number of individual donations. In the most recent annual figures (2017), Coutts recorded just 43 donations from individuals at a national level. General surveys of giving (e.g. CAF's annual giving survey or ONS' Living Costs and Food Survey) also fail to pick up the contribution of the very wealthy, who are too thinly distributed across the population to be included in survey samples.

Figures on regular giving are available at a national level, however, with wealth consultancy and research agency Scorpio Partnership estimating that average giving from individuals with an investable net worth of over £1m currently stands at £3,916 per year.[123] If we use the Barclays' figures for the number of millionaires living in the capital (165,000), this gives an estimate for regular giving by HNW Londoners of £645 million per year. This estimate will include significant double counting with figures on major gifts. However, it is reasonable to assume that regular and major gift giving by HNWs in London lies somewhere in the region of £1bn to 1.5bn[124] annually.

Unengaged HNWs: average levels of giving remain low among the wealthy

For at least the last decade, research and commentary around HNW giving has regularly heralded a “new age of philanthropy” or a “boom time” for major giving.[125] This has been accompanied by the emergence of new terminology – such as “philanthrocapitalism” and “philanthropreneurship” – signalling a modernisation and professionalisation of approaches to philanthropic giving. In particular, this involves applying business principles to the funding of social good.[126] The impact of austerity in London, and on the UK as a whole, has meant that giving from wealthy individuals has become an increasingly important part of the wider funding mix, with major donor fundraising one of the fastest-growing areas of UK charity fundraising practice.[127]

Research into major gifts suggests that growing wealth has to some extent resulted in an increased number of large donations. The best evidence of this comes from Coutts’ national monitoring of donations over £1m, the number of which rose from 189 in 2006/7 to 310 in 2016.[128] This was driven by a rise in both unique and repeat donors (56 per cent and 71 per cent respectively) over this period – which suggests growing engagement with, and regularity of, major giving.

However, it is less clear whether growth in major gift giving has been reflected in shifts in the giving practices of most HNWs. Again, the best available data on this comes from national-level analysis. Research by Scorpio Partnership estimates that average giving by those with investable wealth of between £1m and £10m stands at £1,347 a year, while those with over £10m give £55,411 on average.[129] Scorpio Partnership estimates that this is equivalent to just 0.06 per cent of the total wealth of the £1-10m group, while those with over £10m fare little better at giving just 0.14 per cent of their total wealth.[130]

The Philanthropy Collaborative (see Case Study 6) has calculated that the median level of giving among those with £1-10m in investable assets is just £500 a year. Among the ultra-wealthy – those with more than £10m – it is just £240.[131]

Research on how the wealthy give also casts a somewhat negative light on HNW giving. Polling by NPC, for example, shows that high-income donors are more likely to give on an *ad hoc* basis (e.g. through one-off cash or credit card donations) than ordinary donors.[132]

As already mentioned, these are national figures: it is possible that London's wealthiest residents give somewhat more generously at a local level, encouraged, for instance, by the greater concentration of giving networks in the capital. However – anecdotally at least – many of our interviewees expressed dismay at what they saw as the disconnect between the wealth of many Londoners and their lack of engagement with philanthropy.

> "London is one of the top five richest cities in the world, and, in that light, it is spectacularly unphilanthropic if I'm being brutal about it."
> **CEO, charity**

> "It's often very self-serving, and there's lots more that individuals who are well off, particularly given the scale and size of bonuses […] could do, and it's surprising that it doesn't happen."
> **Individual philanthropist**

Which causes do London's wealthy support?

Our knowledge of where giving by London's wealthiest goes is also limited. At a national level, Coutts finds that the most common £1m+ donation between 2008 and 2017 was actually to other foundations. Once these gifts are removed from the overall total, we find that the most popular causes were higher education – with nearly half the value of all large donations (49 per cent) – followed by overseas organisations (14 per cent) and the arts (11 per cent).[133] Given that the vast majority of these gifts came from London-based donors, we can be reasonably confident that this distribution reflects giving in the capital.

Research by New Philanthropy Capital into the wider cohort of HNW individuals (defined in by the NPC study as individuals with annual incomes over £150,000) finds little contrast with the rest of the population, with both groups most likely to give to medical research (59 per cent high-income donors vs 49 per cent mainstream donors), hospitals and hospices (44 vs 45 per cent), and children and young people (46 vs 40 per cent).[134] High-income donors were, however, twice as likely to give to education and universities (24 vs 13 per cent) and the arts (14 vs 7 per cent) than mainstream donors.

HNW giving vehicles and advice in London

The concentration of wealth in London, combined with heightened visibility around philanthropy, has supported a growing constellation of organisations, networks, and platforms designed to encourage and facilitate giving by HNWs. For individuals and their families there are a broad range of organisations based in the capital that provide bespoke vehicles for giving, as well as wider philanthropy advice or education services. National organisations such as CAF and London's community foundations (London Community Foundation and East End Community Foundation) facilitate giving from HNWs through a range of tailored structures and vehicles, including assistance with setting up and managing personal charitable trusts – often referred to as named or donor-advised funds (DAFs). These vehicles enable donors to endow a fund with cash, shares or other assets in much the same way as setting up an independent foundation, but with fewer legal and administrative requirements (e.g. there is no requirement for a board of trustees). At a national level, there are currently £1bn worth of charitable assets managed through DAFs, which made grants of £280m in 2015/16.[135]

Individual philanthropists can also seek support from a wider range of advisory and consultancy organisations based in the capital. This includes consultancies, such as New Philanthropy Capital and Ten Years' Time, which provide bespoke guidance across the entirety of an individual's "giving journey" – from establishing a causal focus to deepening subject knowledge and sector expertise, identifying promising ideas and delivery organisations, and understanding the impact of their giving on an ongoing basis.

There are also a growing number of organisations which aim to provide broader philanthropy education programmes to HNWs, including the London branch of The Philanthropy Workshop – an international network of philanthropists providing peer-based training around strategic approaches to giving. These organisations also include dedicated philanthropy centres at leading London universities (namely the Centre for Charitable Giving and Philanthropy at Cass Business School, and the newly established Marshall Institute at the LSE). As well as philanthropy specialists, professional service firms (e.g. financial advisors, accountants, wealth managers) can also play a key role in guiding and facilitating giving by HNWs – though research has shown that nationally just 1 in 5 wealth managers offer advice on philanthropy.[136]

As well as support for individuals, London is home to a broad range of networks and groups that enable collective approaches to giving (see Table 5). These include giving campaigns that encourage wealthy individuals to pledge a certain amount of their income or assets; smaller giving circles, where members pool funds to support specific charities; and events that give charities and projects a platform to pitch for funding from attendees. There is significant variability in the level of wealth targeted by these initiatives, and hence their potential reach: the international Giving Pledge, for example, is focused on billionaires, while other initiatives aim to engage City graduates early in their careers. For this reason, some initiatives have significant blurring of edges with employee giving schemes (see the *Corporates* section).

Table 5: Giving networks in London

Giving network	Description	Example initiatives
Giving pledges	Donors commit to giving a proportion of income or lifetime assets towards philanthropic causes	**Giving Pledge*** – founded by Bill Gates and Warren Buffett in 2010 to encourage UHNWs to give away at least half of their net worth during their lifetime or upon their death
		Founders Pledge** – targeting commitments from tech entrepreneurs above 2 per cent of proceeds from sales of companies
		Giving What You Can* - commitment to give 10 per cent of income to most well-evidenced charities (linked to Effective Altruism movement)
Giving circles	Groups that pool funds and expertise among a small number of people to support particular causes or charities. Often includes mentoring around effective giving, and brokerage with charities.	**BeMore** – groups of 10 pool funds (average £10,000 per group), and are supported by a BeMore mentor to define an issue area, develop philanthropic expertise, and select relevant charities
		BeyondMe - facilitates giving by young professionals, setting up teams of 8 that work on a project to support a partner charity through both the giving of money and time
Event-based networks	Groups that gather through regular events to learn about and give to presenting charities	**City Funding Network** – 3 charities selected by members to pitch to attendees, followed by a 'live crowdfunding' session, where those in attendance pledge donations to their favourite projects
		Contact Collective young philanthropy network – a regular series of fundraising events (eg, dinners, talks, networking events) for 20 to 40 year olds with funds raised going to the charity Contact a Family

*International campaign; **International campaign, founded in London

Ideas and initiatives to support more and better HNW giving are also emerging from within philanthropic peer networks. Peer-led initiatives include the Philanthropy Collaborative, established in 2017, which aims to bring leading philanthropists and support organisations together to "normalise philanthropy among the wealthiest in Britain" and "generate an additional £2 billion per year of philanthropic giving" (see Case Study 6).[137] There has also been growing debate within the sector, encouraged in part by City Philanthropy, about whether to promote the idea of a City Bonus Pledge to increase giving among HNW Square Mile employees. This idea may well be gaining traction – with Rocket Science's review of the City of London Corporation's ongoing work to stimulate philanthropy in the Square Mile recommending a "market test [of] the viability of a bonus giving pledge from within the City's financial/ professional services sector".[138]

Case Study 6: The Philanthropy Collaborative

The Philanthropy Collaborative was formed in 2017 by the Hazelhurst Trust. This followed a 2016 report by New Philanthropy Capital, commissioned by the Trust, into how to increase the amount and effectiveness of giving from the philanthropy sector.[139] The Philanthropy Collaborative aims to take a philanthropist-led approach, bringing together committed HNW philanthropists to achieve the following goals:[140]

- Normalise philanthropy and social/impact investment among the wealthiest in Britain.
- Generate an additional £2bn per year of philanthropic giving.
- Generate additional private social and impact investment to make civil society more sustainable.
- Develop a functioning, self-sustaining, cooperating ecosystem of philanthropy organisations.
- Develop a stronger civil society coexisting with a vibrant economy that will be an exemplar for other countries.

To enable its collaborative approach the initiative will be run by a "philanthropists council", supported by an administrative function, which will partner with other organisations to drive systemic change in five thematic areas: peer influence, public awareness, professional services, research and measurement, and political engagement.

Within each area, the council will commission a working group, bringing together expertise from across social and business sectors to address identified challenges. For example, within the peer influence area, this will include work to develop and expand co-funding networks and increase philanthropy education. For professional services, the Philanthropy Collaborative aims to increase philanthropy expertise among financial advisers and develop a directory of philanthropy advice.

Engaged HNWs: continued issues around transparency and collaboration

While questions remain about the aggregate contribution of HNWs in the capital, London undoubtedly has strong and growing networks of committed philanthropists. Those within the sector spoke about an increased willingness of individuals to take more strategic and evidence-based approaches in the capital, and to support a far larger range of causes than was the case 10 or 20 years ago.

> "The scope of things that are supported has really expanded [...] Back in the 80s it was all about art sponsorship and support [...] but that effort now has really spread and expanded to include so many more dimensions of society, so you are seeing amazing philanthropists really supporting the broadest range of work you can imagine."
> **Individual philanthropist**

A key challenge remains, however: the lack of visibility and transparency around this kind of philanthropic giving. This in part reflects the challenges of monitoring individual donor practice, but it also results from a longstanding "culture of privacy and reticence about giving in the UK", which is often contrasted with the far more public (self-) promotion of HNW giving in the US.[141] While some may caution the emulation of US approaches, a lack of openness in the UK can act as a barrier to charities and social enterprises accessing funding.

There is also substantial evidence that peer networks remain central to how many HNWs identify causes and organise their giving. The *Richer Lives* study, for example, found that the proportion of philanthropists who, when surveyed, said they had been influenced to give by someone they know (69 per cent) was more than double those who had been influenced by a professional fundraiser (31 per cent).[142] One downside is that organisations lacking contacts with often opaque personal philanthropic networks can find themselves shut out from an potentially vital source of funding.

> "There doesn't seem to be much of an escape from who knows who, and that's a difficult gulf to bridge for small charities and their fundraisers."
> **Individual philanthropist**

The lack of transparency in giving and the importance of personal networks also have other potentially deleterious consequences. First, these factors can limit the levels of interaction and collaboration between individuals who sit within separate peer networks. For some, this has prevented the acknowledgement and wider engagement of certain groups of philanthropists, particularly those from ethnic minority backgrounds (see Case Study 7). This presents a major problem for individual HNW giving in London, and risks suppressing the high propensity to give within the capital's BME communities.

> "There needs to be greater celebration and recognition of [BME] people who are making these important contributions, and there are many, but you need to acknowledge that these are people who have been doing it for a while and it's not brand new. It's that

acknowledgement that, it's not because they haven't done great things, it's because they've been overlooked by the system."
Individual philanthropist

Second, a lack of transparency and engagement beyond immediate networks may hinder the extent to which individual philanthropists collaborate with other actors in London's wider funding ecosystem. In our interviews with practitioners from other sectors, we heard about a lack of engagement with HNW donors, and a sense that they operated within fundamentally different spheres. Again, there is a real risk of missed opportunities here, with cross-sector collaboration having the potential to combine the strengths of different actors. For example, the agility of individual actors can work powerfully with the evidence and resource base of grant-makers.

"The next key challenge is how you link some of the high-net-worth donors into those local groups as well. There needs to be a way of facilitating philanthropists to meet across the three main silos of trusts & foundations, corporates, and high value donors, and somehow getting those all talking."
Grant Manager, independent foundation

Case Study 7: The Beacon Awards

The Beacon Awards are a biannual awards ceremony run by UK Community Foundations. Held in London but open to philanthropists from across the country, the awards aim to celebrate "pioneering approaches to giving". The event aims to raise the profile of philanthropy and inspire others to become engaged in philanthropy or improve their giving practice.[143] The awards recognise good practice across a number of categories, including awards for City philanthropy (for philanthropists based in the Square Mile, Mayfair, or Canary Wharf), philanthropic innovation, impact investment, and partnership between a philanthropist and a charity.

For the 2017 edition, the Beacon Awards introduced a series of measures to ensure better representation of the diversity within the philanthropy sector (both demographic and disciplinary) than had been the case in previous years. To do this, organisers made a number of changes to key stages of the nominations and judging process, which included:

- **Nominations:** The Beacon Awards partnered with other organisations to increase the diversity of its "nominees advisory panel" to access new networks and expand the pool of nominees. This included The Ubele Initiative – a social enterprise working with the African diaspora in the UK – who joined the nominees panel and provided additional advice.

- **Dissemination:** Organisers also partnered with other organisations to promote the awards, in order to extend their profile and reach in soliciting nominations. This included partnering with the British Asian Trust to help promote the awards among philanthropists from the British Asian community.

- **Judging:** New mechanisms were added to the judging process to ensure that the panel considered diversity throughout. Once provisional award winners had been decided, judging panel chairs met in order to review whether the awards were sufficiently representative.

- **Awards:** New awards were added for the 2017 event. These included the Trailblazer Award to recognise emerging philanthropists, designed to spotlight younger philanthropists who had often been displaced in previous years by individuals with long-standing involvement in philanthropy.

d. Corporates

Sector overview

The latest statistics show that London is home to 1.1 million businesses, accounting for 19 per cent of all enterprises in the UK. The capital has a far greater business density than other regions of the UK, with 1,519 businesses per 10,000 people compared to a UK average of 1,069, and just 657 in the North East.[144] London also has a greater share of large employers, with 57 per cent of all employees in the capital working for firms with over 250 staff, compared to 47 per cent of employees across the UK as a whole.[145] London is, of course, at the centre of the UK's financial sector, accounting for 51 per cent of the total UK financial and insurance sector output

(GVA).[146] The sector makes up 16 per cent of London's total GVA, far larger than is the case in any other UK region (the second-highest is Scotland at 6.5 per cent).

While data on businesses in London is plentiful, there is a lack of clarity on how the makeup of London's economy feeds through into levels of corporate giving. This is in part due to the difficulty of geographically isolating the giving activity of businesses with national or international reach. However, transparency around corporate giving has also been hampered by the scrapping, in 2013, of legal requirements (set out in the 2006 Companies Act) for businesses to report all donations above £2,000.[147] Currently, the best aggregate data on corporate giving comes from CAF's biannual *Corporate Giving by the FTSE 100* report, which finds that donations by these firms at a national level stood at £1.9bn (or 2.3 per cent of pre-tax profits) in 2016.[148] CAF analysis shows that giving by these largest companies has actually fallen in recent years, by £655m (or 26 per cent) since 2013.

There is no publicly available data, however, on the contribution of London-based corporates to these national figures. Given what we know about the sectoral makeup of London's economy we can, however, make some inferences. For example, three-quarters of the FTSE 100 financial service companies are based in the capital, and across this sector as a whole, the level of corporate donations has fallen by 19 per cent since 2009 (despite just a 3 per cent fall in revenue over this period). In contrast, over two-thirds of the UK's consumer goods companies are based in London, and this sector has seen a corresponding increase in giving of 40 per cent (compared to a 13 per cent rise in revenue). Taking this sector-by-sector approach, we estimate that giving by London-based FTSE 100 companies stood at £850m in 2016.[149]

This estimate should, however, be read with some caution. First, it only assesses giving from a narrow cohort of the largest businesses in the UK; and second, it may overestimate the London share of giving from these firms, most of which will raise money across regional offices as well as their London HQs. Separate analysis by City Philanthropy estimates corporate giving in London to be worth far less at £327m[150] (or 6 per cent of the total amount given across the capital) – although these figures themselves are based on a sample of just 159 businesses in the capital.[151]

The landscape of corporate giving in London: Approaches and causes

Another issue with the above estimates is that they only assess the value of giving from corporate donations. These represent just one aspect of corporate philanthropy, which also encompasses grant-making from corporate foundations, corporate CSR programmes, and employee giving and volunteering.[152]

Corporate foundations are, for example, a growing feature of London's giving landscape, with more large corporates channelling their philanthropic activity through dedicated foundations.[153] Due to their legal separation, the engagement of parent businesses in the day-to-day running of their foundations can vary significantly. Some corporate foundations (such as Lloyds Bank Foundation) operate in very similar ways to independently endowed trusts, while others have much closer ties to business priorities. As of 2013, there were 140 corporate foundations in England and Wales, of which almost half were based in London.[154] According to their most up-to-date accounts, the foundations based in the capital donated nearly £180m in total to charitable causes across London, the UK and the world, which equated to two-thirds of the total given by the top 50 corporate trusts and foundations.[155]

Many companies also act as a vehicle to support monetary giving and volunteering by individual employees. This includes supporting employees to give on a regular basis through payroll giving. Using HMRC's national data, our calculations suggest an estimated 156,000 London employees gave a combined total of £24m through payroll giving in 2016/17.[156] The giving of time and skills is another crucial element of corporate giving. A recent study by City Philanthropy found that

39 per cent of all London employees volunteered (either on an ad hoc or regular basis), while those engaged in formal giving networks donated over 10,000 *pro bono* hours of work per year.[157] While there are a range of intermediary and brokerage organisations that support the giving of time by employees, many firms also run their own corporate CSR programmes, which draw on firms' financial and fixed capital resources as well as their employee skills base to deliver social impact in local communities. It is worth noting that public sector employers also support employee volunteering: for example, the government allows all its staff three days of paid volunteering leave a year. Understanding the contribution of these interventions is difficult, and is exacerbated by wildly different levels of reporting among firms – which make comparisons and aggregate assessments all but impossible.

Limited publicly available data also makes it difficult to accurately characterise the causes supported by corporate giving activities. The giving priorities of major firms can change quite quickly, with many operating single- or multi-year corporate-charity partnerships, and causes or specific charities selected by senior managers or the wider workforce. We do know, however, that there has been a strong presence of corporate giving in the areas of education, skills, employability and social mobility in the capital. A 2013 study into corporate philanthropy in Canary Wharf by academics from Queen Mary University, for example, found that "the main thrust of the [CSR] work has been with younger people with a specific focus on education and training and access to employment".[158] The focus on education and social mobility has in part been driven by a desire to better utilise existing employee competencies through skills-based volunteering, as well as longer-term business planning to support a pipeline of talent into specific industries or organisations.

Case Study 8: UBS and Hackney Bridge Academy

UBS is an international financial services firm based in the City of London, which has supported education in nearby Hackney for over 15 years. In 2007, it helped set up the Bridge Academy, a secondary school in one of the most deprived parts of London. The partnership aims to reduce educational disadvantage for poorer schoolchildren, in terms of results and personal development as well as higher education access.

Between 2007 and 2014, 3,600 employees provided 37,500 hours of support, while UBS employees, clients and suppliers donated a further £1m.[159] Examples of support from UBS employees included maths lessons for GCSE students, careers assemblies, work experience placements, and university interview practice.[160]

Infrastructure and advisory support

There are a broad range of London-based and London-focused advisory organisations which support businesses to do good, including London-focused organisations like Heart of the City, as well as national (e.g. Business in the Community) and internationally operating organisations (e.g. London Benchmarking Group).

A number of other intermediaries support whole-business approaches to financial and non-financial giving based on either place or cause. London's community foundations (London Community Foundation and East End Community Foundation) play an important role here, advising companies on giving and wider CSR strategy based on expertise of local social need and knowledge of effective grassroots charitable organisations. Other place-based intermediaries include the East London Business Alliance (ELBA), which aims to "channel the wide-reaching resources and influence of the private sector to address key areas of need" in Tower Hamlets, Newham, Hackney, and Waltham Forest.[161] The emergence of place-based giving schemes, beginning with the launch of Islington Giving in 2010 (see earlier sections), has also provided a new and growing infrastructure to support corporate giving at a local level.[162] There is also an established infrastructure of brokerage support around certain cause areas, most notably education and skills. This includes local Business Education Partnerships (BEPs) which bring together schools and employers to support employability development of students via work-related learning, enterprise education and work experience. Although there are BEPs in most boroughs, the scope of support and level of resources varies significantly, with the largest based in Tower Hamlets, Newham, and across a number of north Inner London boroughs.

Another major area of intermediary support is provided by employee volunteering networks and/or brokerage organisations. Many of these support organisations operate at a pan-London level (e.g. the London Employer-Supported Volunteering Network and BeyondMe), often with a particular focus on employee volunteering in City firms. However, there is also support given at a local level through borough-based Volunteer Centres. As already set out, these local brokerage organisations have been badly hit by cuts to local authority budgets, and the level of provision for prospective businesses can vary quite dramatically from borough to borough. For individual employees, there are also a number of peer-led networks where like-minded professionals come together to use their work skills and time to help charities. There are an estimated 80 of these networks across the UK, with at least 10 in the capital.[163]

Case Study 9: BeyondMe (formerly Young Philanthropy)

Focusing on the millennial generation, BeyondMe was founded in 2011 to develop a meaningful way for professionals to give to causes they care about. BeyondMe facilitates the creation of teams of employees (seven professionals and one senior leader) who want to donate time, skills and money, as well as the building of a portfolio of charity projects that require external support. The teams are then matched to a needy charity through an online voting system, and give to this charity for a period of a year.[164] Over the 12 months, charities expect to receive about £2,500 of donations and 150 hours of skilled volunteer time.[165]

In its first five years BeyondMe's 143 teams (comprising 1,500 individuals) helped over 80 charities and social enterprises. This included £262,417 worth of skilled volunteering hours alongside around £300,000 given in cash. 92 per cent of partner charities said they would try to continue working with their team of professionals for a second year.[166]

London's government institutions have also been instrumental in helping to cultivate giving among the capital's businesses. The City of London Corporation, in particular, has been very active in seeding and providing ongoing support to organisations working with business around giving. This has included the creation of City Philanthropy, an initiative designed to promote corporate philanthropy and embed giving into the everyday practice of businesses and employees based in the Square Mile and Canary Wharf. The Corporation has provided funding for many of the other organisations and initiatives discussed including Heart of the City, BeyondMe, Islington Giving and the East End Community Foundation.[167]

The Lord Mayor's Appeal has been a longer-running initiative aimed at fostering giving from City businesses. Since 2014 it has organised an annual City Giving Day, which acts as a major focal point for corporate giving activity in London (see Case Study 10). City Hall's Team London has taken a more narrow focus on employee volunteering. Among other activities, Team London hosts the London Enterprise Adviser Network (part of the national network set up by the Careers & Enterprise Company), which allocates employee volunteers to individual schools and encourages employers to open up their workplaces to schoolchildren.

Key trends

There has been an undoubted increase in the commitment to social purpose and impact among many corporates. Greater engagement at senior management levels and an increase in the level of resource and expertise directed towards corporate responsibility has deepened their capacity. For some voluntary sector organisations, corporate support has provided a lifeline in the context of diminished statutory funding.

However, despite the genuine increase in engagement from businesses, many perennial challenges remain, and other actors within the wider philanthropic landscape can often be critical of the approach taken by some corporates. Many charities and volunteering brokerage organisations continue to complain about unhelpful or unrealistic volunteering demands placed on them by large corporates which – as they often come with fundraising support – many feel obliged to accommodate. Other funders and infrastructure organisations also note the corporate tendency to want ownership over individual programmes and outcomes, which can limit collaborative working and lead to duplication of activity.

While lack of data is an issue across all of our giving sectors, it's particular issue when it comes to corporate giving. We don't know nearly enough about what corporates are doing in terms of giving, whom they are giving to and what sort of impact they are having. This is particularly striking given that the very business of many leading corporate donors is built around data, research, and analysis. While there are bright spots of effective and transparent corporate impact reports, as well as substantial data collection going on behind paywalls (e.g. by the LBG), much more needs to be done by support organisations and individual businesses to make corporate giving and CSR activity more transparent.

Prioritising social purpose: a growing agenda for large corporates and an emerging opportunity for SMEs

Recent years have seen a significant maturing of corporate philanthropy, with social purpose becoming integral to many firms' business strategies. Concepts such as shared value – which focuses on the connections between societal and economic progress and how social harms can generate internal costs for firms[168] – have become more prominent, and there has been an adoption (particularly in large companies) of a more serious and integrated approach to social responsibility.

> "Businesses are definitely thinking harder about their moral purpose as well as their financial purpose."
> **Chief Executive, charity**

> "There is a greater recognition that businesses need to reflect internally on their external goals… there is less room to hide for companies."
> **Department Head, advisory company**

Part of this increase in engagement relates to a recognition among many firms of the growing business case for corporate social responsibility,[169] in terms of consumer brand and employee recruitment, retention and engagement. Strikingly, a recent study of UK employees found that half felt disengaged with their work, with a main factor in this being the disconnect they experience between their own values and that of their workplace.[170] In London, polling by City Philanthropy points to the "millennial effect" on City businesses, with under-35s much more likely to want to work for a company that is socially and environmentally responsible, and keener to involve themselves with charitable work alongside their day job.[171]

A shift in the level of engagement of business has meant that it has been central to driving innovation in certain aspects of giving. This has arguably been most visible around employee volunteering, where there has been a significant shift towards skills-based volunteering in recent years. This shift has happened gradually and has been driven, at least in part, by companies and employees wanting to have a more meaningful impact through harnessing the valuable transferable skills of London's corporate workers. Some of our interviewees even felt that the pendulum might have swung too far, as many charities need more generalist volunteering support alongside expertise.

Case Study 10: City Giving Day

Launched by The Lord Mayor's Appeal (TLMA) in 2014, City Giving Day is an annual celebration of corporate philanthropy within the City of London. The day functions, in part, to raise money for TLMA-backed charities: however, it also has a wider remit acting as a focal point for corporate and employee engagement in giving and volunteering. Businesses based within the Square Mile often use City Giving Day to promote CSR activities among staff and wider stakeholders, fundraise for their own partner charities, and launch new campaigns or charity partnerships. In 2016 some 211 companies took part, recruiting 4,000 new volunteers and raising over £300,000 for TLMA charities and around 200 other voluntary sector organisations.

In 2017, TLMA announced a new three-year strategy in which new campaigns and partner charities would be launched on an annual basis. The new strategy contains initiatives structured across four areas, supporting a City that is inclusive, healthy, skilled, and fair. It will support three partner charities – Place2Be, Onside Youth, and Samaritans – for the duration. City Giving Day falls within the "Fair City" strand of work, emphasising the need for City businesses and employees to give back to the capital.

The success of City Giving Day in engaging corporates and employees has led to interest from other city regions in the UK. In particular, TLMA has been in discussions with a number of the new Metro Mayors about the prospects of launching similar days in their regions. Talks have progressed furthest with the Mayor of the West Midlands, Andy Street, who is looking to hold a similar event in 2018. TLMA's wider ambition is for a network of simultaneously occurring events, catalysing corporate philanthropic activity from across the country.

While there are clear examples of deepening engagement and innovative practice from large corporates in London, less is known about the giving practices of small and medium-sized enterprises (SMEs). London does, however, have a vast and varied array of SMEs, and many of the sector experts we spoke to felt that this was the "next frontier" in terms of company giving. There are, however, clear and significant barriers to SME involvement in philanthropic activities, with time and resource capacity a major hurdle for many.[172] Many also lack the necessary advisory support around giving, which is often geared towards larger organisations.

"SMEs don't create [CSR] strategies, or set out their aims; no one has told them, given them guidance, or shared best practice"
Corporate giving expert

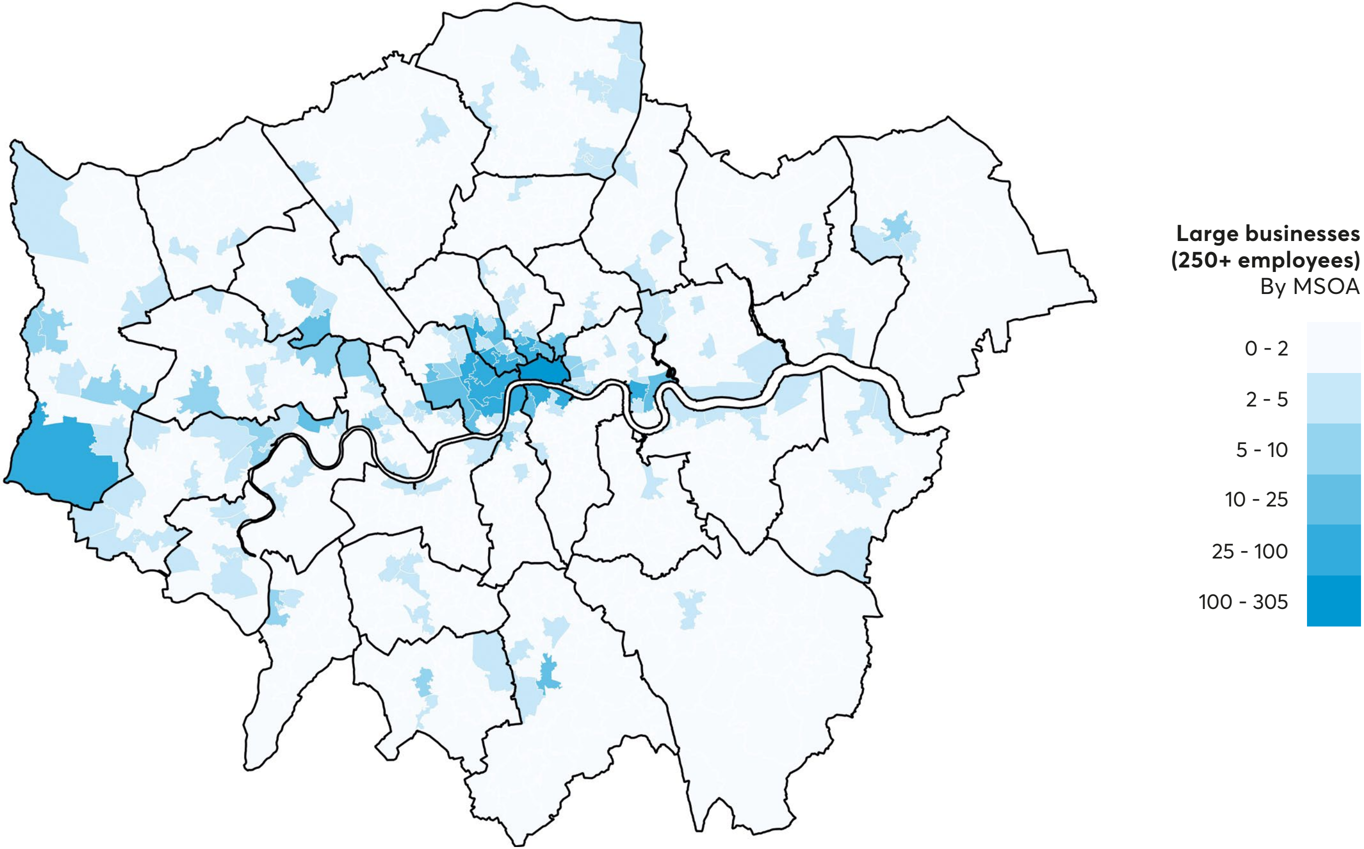
That said, many smaller businesses are in fact engaging in philanthropic and socially beneficial activities – though often in a casual or undeliberate way (e.g. recruiting from the local area, providing work experience, and supporting local charities with event space). A number of initiatives now exist to encourage these types of firms to give more, including the work of the BIG Alliance (see Case Study 11) in convening SMEs in Islington around giving, and John Lyon's work with Young People's Foundations in providing an online platform for local businesses to contribute venue space (see Case Study 2). There are clearly untapped opportunities to increase and better coordinate giving activity from smaller businesses.

An uneven landscape: the distribution of CSR assets and activity

Although data is limited on the distribution of corporate funding and CSR activity, there is little doubt that it tends to be overly concentrated around particular causes and particular localities. A mapping exercise by researchers at Queen Mary University on the CSR activities of Canary Wharf-based corporates found, for instance, that "the spatial scope of corporate beneficence in east London is relatively localised, centring on the borough of Tower Hamlets and the 'inner' or 'old' East End, [while] beyond the River Lea and further afield in Greater London evidence of engagement appears to be patchier".[173] As the 2013 company giving report from the Directory of Social Change makes clear: "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".[174] Few would argue that corporates shouldn't be looking to support their local communities, particularly when they are, like the City and Canary Wharf, surrounded by areas of deep and longstanding deprivation.

However, while the current situation may be a natural upshot of business location and expertise, it does constitute a significant problem for London. Business activity is highly unevenly spread across the capital (see Figure 9), with the City having 320 businesses that employ over 250 people, while Barking and Dagenham has just 15.[175] Looking at the very largest firms (those employing more than 1,000 staff), five boroughs – the City, Westminster, Tower Hamlets, Islington, and Camden – account for over half of these employers, while seven boroughs have no employers of this size at all. This can make it extremely difficult for charities

Figure 9: Distribution of large business (250+ employees) in London[176]



and grassroots organisations based in Outer London boroughs to attract corporate support.

> "We're lucky because we have quite a lot of big corporates here, and smaller ones as well, but if you look at my colleague in Bromley they have very few [...] that they can engage, so it depends on where you are and it can be very difficult."
> **Volunteering Manager, local infrastructure organisation**

In this context, intermediary organisations have a major role to play in steering corporate giving activity to where it is most needed. Some progress is being made here, with both ELBA and the East End Community Foundation helping to direct activity beyond traditional hotspots in Tower Hamlets to other parts of east London. Place-based giving schemes are also helping to attract forms of corporate giving that may not have traditionally been present within their localities. In Lewisham, a borough with just 20 large (250+) employers, the Lewisham Local PBGS is focusing on attracting volunteers who work in the City but live in the borough.[177]

Working together: emerging bright spots of corporate collaboration

While corporate engagement with social issues has in many ways deepened in recent years, attention to brand image is still a key factor in shaping philanthropic decision-making. In many respects this shouldn't be discouraged, and voluntary sector organisations should be aiming to tap into corporates' "enlightened self-interest".[178] However, a focus on profile often fosters a tendency by businesses to expect individual ownership over social programmes. This can have a number of problematic consequences. It can limit the scope for collaboration with other businesses, or other types of funder. And it can increase the likelihood of programme duplication and churn.

"From a company point of view, they often want their logo over everything, they want ownership of it. [Therefore there's a need to show businesses that] they can get greater social impacts through working collaboratively than they would if they were investing the same level of funding on their own."
Chief Executive, independent foundation

"Corporates get bored quite quickly. Three to four years is about the maximum attention span for any one project, often it's 18 months, and they're onto the next new thing. Their attention is constantly caught by the latest new organisation coming along."
Chief Executive, local infrastructure organisation

This said, recent years have seen the development of a number of promising cases of collaborative practice between corporates, as well as cross-sector partnerships between businesses and other funders. Examples include Impetus-PEF – a "venture philanthropy" foundation focused on improving school and work outcomes among young people, set up by a number of private equity leaders and companies in order to pool charitable efforts – and LandAid, a property sector charity focused on youth homelessness. Place-based initiatives include the BIG Alliance's work to bring together corporates to address need in Islington (see Case Study 11). The East End Community Foundation has also seeded a number of collaborative initiatives, including a project with businesses based in the new 20 Fenchurch Street building (the "Walkie Talkie"). By working together around a key social issue – in this case local unemployment – new tenants have raised £100,000 and provided in-kind support around CV and skills training, which has so far moved over 160 people into sustainable employment.[179]

Case Study 11: BIG Alliance

Businesses in Islington (BIG) Alliance was founded in 2012 when Islington Giving (an independent group of funders, businesses, residents, and voluntary organisations focused on tackling poverty and inequality in the borough) asked ELBA to help set up a new business-supported employee volunteer programme to strengthen links between businesses and community organisations.[180] Its focus is on community, education and employment. There are currently 13 active business members, who are mostly larger corporates based in the south of the borough, but they are beginning to develop an offer for smaller companies.

In six years, almost 1,000 employees have volunteered in a wide range of roles (one-off and ongoing opportunities) providing business support in areas such as HR, marketing, legal and business planning. This has been delivered to 124 community, voluntary and not-for-profit organisations across the borough. Further, through the education programme, 399 pupils from eight institutions have benefited from mentoring relationships. Through its piloted employment initiative, it has also helped 148 people into work.

There are also emerging examples of place-based business-led collaboration around corporate giving. This includes the work of Business Improvement Districts (BIDs) in bringing local businesses together to cultivate a culture of giving among members. A recent report noted the increasing role they are playing across London in brokering engagements between members and local voluntary and community-based organisations.[181] Examples include:

- **Better Bankside:** as one of the oldest BIDs, Better Bankside pioneered the role of social responsibility as a focus, and currently invests 10 per cent of its income (from business levies) into CSR activities including connecting community partners, offering volunteering opportunities, and holding promotional events.[182]

- **Employ SE1 initiative:** this involves collaboration by four different BIDs and aims to help local people into jobs. By the beginning of 2016 the initiative had identified 2,487 local jobs and helped 197 people into work.[183]

- **We are Waterloo BID:** this works to publicise the contribution businesses make in the area, helping to promote links between local community groups, charities and businesses through projects and events such as OurWaterloo and Charity Matters.[184]

- **Team London Bridge:** as part of the London Bridge BID, this initiative operates the BID's responsible business strategy, which includes grant funding, promotional support for local voluntary sector organisations, and the sharing of best practice through a Responsible Business Alliance.

International Case Study 3: Office for Strategic Partnerships – New York

A number of major US cities including New York, Los Angeles and Denver have established agencies within city government which aim to leverage and direct philanthropy from foundations, corporates, and individuals in order to address city-wide issues.[185]

In New York City, the Office for Strategic Partnerships (OSP) was established by Mayor de Blasio in 2014, and is situated within the Office of the Mayor.[186] As well as mobilising philanthropic activity behind new initiatives, the OSP also provides institutional oversight of not-for-profit mayoral funds established to support city programmes, namely the Mayor's Fund, the Fund for Public Health and Fund for Public Schools.

e. Social investors

Sector overview

Social investment can come in many shapes and sizes. On the widest definition, it incorporates investment activity that, while seeking a return on capital, also aims to do social good, or at least not do social harm (see Figure 10). This report focuses on a narrower definition: investment activity that is willing to accept a below-market return in exchange for positive social impact.

At its most basic, social investment works to direct repayable funding to initiatives tackling social issues. But arguments for it go beyond that. Champions of social investment contend that it can encourage a more

Figure 10: The spectrum of capital[187]

<table>
<tr><th>Financial-only</th><th>Responsible</th><th>Sustainable</th><th colspan="3">Impact</th><th>Impact only</th></tr>
<tr><td colspan="5">Delivering competitive financial returns</td><td></td><td></td></tr>
<tr><td></td><td colspan="6">Mitigating Environmental, Social and Governance risks</td></tr>
<tr><td></td><td></td><td colspan="5">Pursuing Environmental, Social and Governance opportunities</td></tr>
<tr><td></td><td></td><td></td><td colspan="4">Focusing on measurable, high impact solutions</td></tr>
<tr><td></td><td></td><td></td><td colspan="2">Competitive financial returns</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td colspan="2">Below market returns</td><td></td></tr>
<tr><td>Limited or no regard for environmental, social or governance practices</td><td>Mitigate risky environmental, social and governance practices in order to protect value</td><td>Adopt progressive environmental, social and governance practices that may enhance value</td><td>Address societal challenges that generate competitive financial returns for investors</td><td>Address societal challenge(s) which may generate a below market financial return for investors</td><td>Address societal challenges that require a below market financial return for investors</td><td>Address societal challenge(s) that cannot generate a financial return for investors</td></tr>
</table>

disciplined, businesslike approach to voluntary activity, fostering a focus on early intervention, efficiency, effectiveness and sustainability. Where public services can find it hard to work beyond silos and innovate around a problem, social investment approaches can support new and integrated ways of doing things.

The UK has been a pioneer of social investment from the creation of the Social Investment Taskforce in 2000, through the founding of Big Society Capital in 2012, to the promotion of social investment during its presidency of the G8 in 2013. As a result, the UK's social market has grown in recent years.

Big Society Capital (BSC) estimates that at the end of 2016 the UK's social investment market was worth £1.95bn, in terms of outstanding loans and equity investments.[188] The value of investments committed in 2016 stood at £595m, a near-trebling in the value of deals done in 2012 (around £213m).[189] Just over half of the value of all investments in 2016 (51 per cent) consisted in social bank lending or investment in charities, social enterprises, or "profit-with-purpose" businesses. A further 22 per cent were investments in social property. Loans to charities and social enterprises from non-bank sources accounted for 11 per cent of all investments in 2016, with comparable figures of 9 per cent and 5 per cent for charity bonds and community shares respectively. But some of the most high-profile forms of social investment – including social impact bonds, Social Investment Tax Relief (SITR) and quasi-equity investments – collectively made up just 2 per cent of deals in 2016. While the total value of the social investment market seems large, it is still significantly below the level of mainstream lending from high street banks to charities and social enterprises, which is estimated to be worth £3.1bn.[190]

Social Investment glossary

– **Social investment:** defined by Big Society Capital (BSC) as "the use of repayable finance to achieve a social as well as a financial return".[191]

The term is increasingly used to describe investments in charities and social enterprises where the primary motivation is supporting these organisations to deliver social impact, often at the expense of market-level returns.

- **Social impact investment:** defined by the G8 Social Impact Investment Taskforce as "investment financing that intentionally targets specific social objectives along with financial returns and measures the achievement of both".[192] This term is used more broadly to describe investments in social sector organisations or businesses that create some kind of positive social impact, and may or may not generate market-level returns.

- **Debt finance:** defined by BSC as "investment with the expectation of repayment [which] usually takes the form of loans, both secured and unsecured, as well as overdrafts and standby facilities [and] requires a borrower to repay the amount borrowed along with some form of interest".

- **Equity investment:** defined by BSC as "investment in exchange for a stake in an organisation, usually in the form of shares".

- **Quasi-equity investment:** defined by New Philanthropy Capital (NPC) as "an equity-style investment for organisations, such as charities, that do not have shares. Investors receive success-based rewards for their investment."[193]

- **Community shares**: defined by the Community Shares Unit as "a form of [withdrawable] share capital unique to co-operatives and community benefit societies".[194] These are shares issued by community businesses (e.g. community energy and transport schemes, local retailers, pubs or sports facilities) with shareholders having the right to withdraw their shares, though not to sell or transfer them.

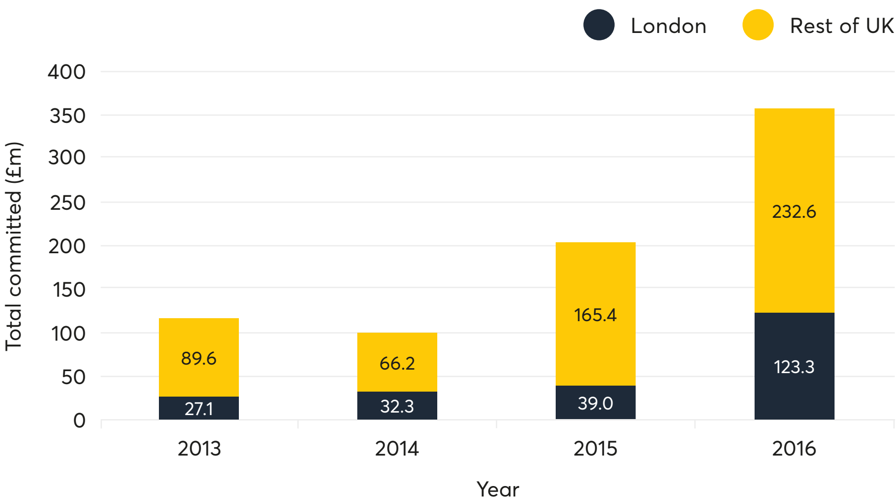
- **Social Investment Tax Relief:** defined by NPC as a "tax break [introduced in 2014] which helps social enterprises and charities raise finance from individual investors by offering those investors 30 per cent income tax relief on loans or equity investment into their organisations".[195]

– **Social impact bonds:** defined by BSC as "a form of outcomes-based contract in which public sector commissioners commit to pay [investors] for significant improvement in social outcomes […] which deliver a saving to the public purse". Investors, therefore, provide the capital for an intervention upfront and are paid with a return if outcome targets are met or exceeded.

London's share of the social investment market

Data on London's contribution to these national figures – either in terms of investment to or from London – is hard to come by. The best existing research providing a geographical analysis of the social investment market dates back to a 2013 report published by the City of London Corporation.[196] This found that 19 per cent of investments in 2011/12 (from a sample of 18 social investment intermediaries) were made to London-based organisations, which represented the highest share of any UK region. BSC also provides more up-to-date data on a sample of deals (from its own portfolio and those of external investors), which in 2016 comprised 56 per cent of the value of all UK investments, and 31 per cent of

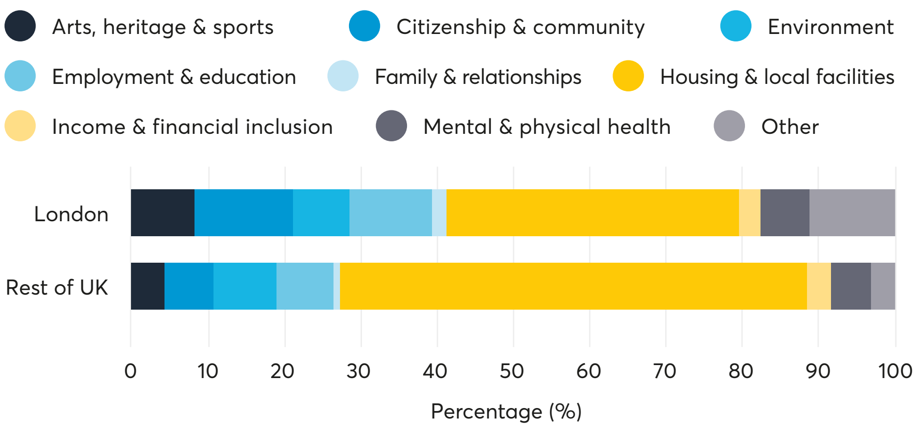
Figure 11: Value of social investment commitments, 2013-2016[198]



the total number of deals.[197] From this data, we find that the proportion of investments going to London-based organisations has oscillated between a fifth and a third of the total value of all investments in the UK between 2013 and 2016 (see Figure 11). In 2016, new investments in London were worth £123m, equivalent to 35 per cent of all UK deals within the BSC deal-level sample.

The BSC deal-level data also provides information on the types of investment being made. Between 2013 and 2016, 47 per cent of investments to London-based organisations came in the form of debt finance, while 41 per cent were equity or quasi-equity investments (the remaining 12 per cent were a blend of debt and equity). This represents a more even distribution than across the rest of the UK, where the vast majority (84 per cent) of investments over this period were in the form of debt. This is, however, at least in part due to the impact of one very large equity investment in a housing scheme in 2016. Despite the size of this one single investment, we find that investments in London are also less concentrated within housing or property than in the rest of the UK, although this still accounts for nearly 40 per cent of all investments between 2013 and 2016 (see Figure 12).

Figure 12: Investment by cause area, as proportion of total value of investment, 2013-2016[199]



London's social investor ecosystem

When describing the institutional landscape of social investment in London, or the UK for that matter, a good place to start is Big Society Capital. The London-based social investment wholesaler – set up in 2012 under the coalition government with £400m from dormant bank accounts and £200m from the UK's four largest banks[200] – is charged with growing the social investment market through investments in intermediary funds and organisations, rather than directly investing in charities or social enterprises. By the end of 2016, BSC's own portfolio of investments stood at £220m, and it had been successful in catalysing a further £540m through co-investment.[201]

Beyond BSC, the London investment landscape is made up of a complex web of social investment intermediaries, fund managers, investment platforms, and advisory organisations, as well as other sources of capital such as institutional investors. Some 57 per cent of fund managers covered by BSC's deal-level data are based in London, managing 53 per cent of the total value of investments. There is no commonly established approach to categorising or typologising this institutional landscape. One approach is to segment by product type, with London-based organisations including specialists in unsecured lending (e.g. Big Issue Invest), quasi-equity investments (e.g. Bethnal Green Ventures, Impact Ventures UK and ClearlySo), bond finance (e.g. Threadneedle Social Bond Fund and Rathbone Investment Management), social impact bonds (e.g. Social Finance and Bridges Ventures) and social property (e.g. Cheyne Capital and Commonweal Housing). It is also worth noting that there are other specialists based outside of London that have been integral to developing innovative schemes within the capital. These include Cornwall-based Resonance, which has pioneered social property schemes to address London's homelessness crisis (see Case Study 12), and Cambridge-based Allia, the creator of Retail Charity Bonds (which are traded on the London Stock Exchange and have been used to finance major London projects such as Golden Lane Housing).

Another method, more closely aligned to our five sectors approach, is to categorise by the source of capital. Research published by the Corporation in 2014 found that trusts and foundations had up to that point contributed over £100m to the social investment market, corporates a further £50-70m, and pension funds £300m.[202] More recent research by BSC has found that trusts and foundations continue to be one of the main sources of co-investment support, with a growing number choosing to use part of their endowment to make so-called "mission-related investments".[203] From a London perspective, the capital is home to some of the most active trusts and foundations in this space – including national foundations such as Esmee Fairbairn and Barrow Cadbury Trust, as well as the two largest London-focused funders, City Bridge Trust and Trust for London. Foundation social investment programmes often include a blend of investment and grant funding to support capacity building and investment readiness, some of which is funded by Access – a foundation set up in 2015 by the Big Lottery, BSC, and the Cabinet Office to grow investment among smaller social enterprises and charities.

The contribution of corporates is less clear, although research by Oliver Wyman has found that many have set up sizeable social investment funds at a global level.[204] There is limited information on corporate involvement at a London level, although some have been important cornerstone investors in a number of funds; and certain fund managers, such as Bridges Ventures, have been successful in attracting corporate investment into their growth funds.[205] As well as investment, corporates have also provided financial and in-kind support to capacity-building and investment readiness programmes. Some of this is done through their own CSR programmes (e.g. Deloitte's Super Pioneers programme), but a number of businesses have also partnered with other organisations: most notably there has been a partnership between City

Bridge Trust and UBS to deliver its Stepping Stones investment readiness programme.

In terms of individual investors, evidence is again limited. Hopes that Social Investment Tax Relief (SITR) would draw in significant involvement from HNW investors has so far not been realised, contributing just 0.5 per cent of national investments in 2016.[206] Donor-advised funds (DAFs) are seen as another potential route to growing HNW engagement, and London-based funds and fund managers, including Big Issue Invest, have been successful in raising investment from DAFs.[207] Across the income profile, the total value of direct positive investments (in products like community shares or charity bonds) remains relatively low (at £330m in 2015). However, a far larger amount is held in "social" bank accounts (£980m in 2015).[208] While none of the major social banks (e.g. Triodos and Charity Bank) are headquartered in the capital, survey evidence suggests that interest in positive savings is highest in London, with 69 per cent of Londoners expressing interest compared to 57 per cent across the UK as a whole.[209]

Key trends

A Hub of Innovation: London as a social investment pioneer

London now has a well-established track record as a pioneer of social and impact investment, with the creation of Big Society Capital and the development of Social Impact Bonds (SIBs) by Social Finance in 2010 being the most visible innovations. SIBs have been something of an emblem for UK leadership in social finance, and have been exported nationally and internationally with some promising results. Examples include the DWP's Innovation Fund with Tomorrow's People, which supported 91 per cent of participants into employment, education or training (with investors paid in full with a return); and the Utah Preschool Programme, which prevented all but one of 110 "at-risk" children being identified as requiring special educational services (at a cost saving of $2,607 per child).[210] At the time of writing, 108 SIBs have been launched across the globe, collectively raising $392m.[211]

More recent innovation within the capital has included attempts to focus the power of social investment on addressing key London issues. Initiatives addressing London's housing and homelessness crisis are particularly suitable for social investment, enabling secured lending backed by property. Recent initiatives include Resonance's partnership with St Mungo's and the Mayor (see Case Study 12) to make 330 properties available for Londoners at risk of homelessness; and Cheyne Capital's £52m investment in social housing in Croydon. These two initiatives have demonstrated the ability of social investment to bring capital from both public (Resonance – from local authorities) and private (Cheyne – from hedge fund investors) sources to bear on tackling social problems.

> "One of the advantages of property-related schemes is that they have something that investors want, something that is asset-backed."
> **Investment Director, independent foundation**

London is also home to a number of promising social investment initiatives aimed at improving support for vulnerable young people and adults. Examples include:

- **The West London Zone:** WLZ describes itself as "a place-based collective impact project, a partnership of organisations which together deliver support to children and young people living in three square miles of inner west London". The project was inspired by the Harlem Children's Zone (HCZ), a charitable enterprise supporting 12,000 0-25 year-olds "from cradle to college" in New York. It brings together funding from philanthropists, national organisations including the Big Lottery, and local authorities and schools – with service providers paid partly upfront and partly on outcomes.

- **Positive Families Partnership:** PFP, also known as Pan-London Children on the Edge of Care, is a Social Investment Bond jointly commissioned by Sutton, Tower Hamlets, Bexley, Merton and Newham, with support from the Mayor of London. It aims to work with young people at risk of ending up in social care. Initial funding was provided by Bridges Fund Management and the Better Outcomes Fund, a partnership between the Big Lottery and the Cabinet Office.

Case Study 12: Real Lettings Property Fund 2

In February 2018 the Mayor of London, Sadiq Khan, announced an investment of £15m (alongside £45m from the London boroughs of Croydon, Lambeth and Westminster) into a fund designed to house Londoners currently experiencing or at risk of homelessness.[212] The "Real Lettings Property Fund 2" (RLPF2) – a partnership between fund manager Resonance and homeless charity St Mungo's – aims to purchase 330 properties, letting them out at affordable rents to individuals and families referred to the scheme by local authority partners. St Mungo's Real Lettings division (a social enterprise based within the charity) will act as a guarantor of rents, with rental income used to pay investors. Tenants will also be signposted to other services provided by St Mungo's and external partners, with a particular focus on supporting transitions into employment and increasing resilience against homelessness. The RLPF2 model aims to enable tenants to move on from their properties and into stable accommodation after three years in the scheme.

The current fund is the third of its kind managed by Resonance and St Mungo's, which have collectively housed 1,300 tenants. To date, 100 per cent of tenants have sustained their tenancy for more than six months, and 44 per cent are now in employment. At its close in mid-2016, Real Lettings Property Fund 1 (RLPF1) had successfully deployed £57m in investment commitments into a portfolio of 259 one- and two-bedroom properties in Greater London. RLPF1 was successful at raising capital from a cross-sector cohort of private, corporate, foundation, and statutory investors. These included a private HNW investor, property developer L&Q, Croydon Council, City of London Corporation, Esmee Fairbairn, Trust for London, Panahpur, and Big Society Capital.[213]

Falling Behind: supply- and demand-side barriers to small-scale investment

As we have seen, London-centrism is certainly a feature of the UK's social investment landscape, with a disproportionate share of social investment activity emanating from the capital. Indeed, both national government and the City of London Corporation views establishing London as the pre-eminent global centre for social impact investment as a route to cementing the UK's position as the leader in impact investing and social business – an opportunity to put London's financial centre at the heart of a rapidly growing movement.

However, the picture looks rather different when we look at where social investment goes – in part due to concerted efforts by Big Society Capital, Access and other foundations and intermediaries to direct investment and develop the market across the country. This has meant that in some areas London has arguably fallen behind, with the lower end of the capital's market underdeveloped in particular in terms of both demand and supply. Although it is difficult to untangle the relationship between the two, our interviews revealed challenges on both the demand and the supply side. In terms of demand, a number of London-based investors spoke about the lack of investable opportunities in the capital, which had caused them to look to other parts of the country.

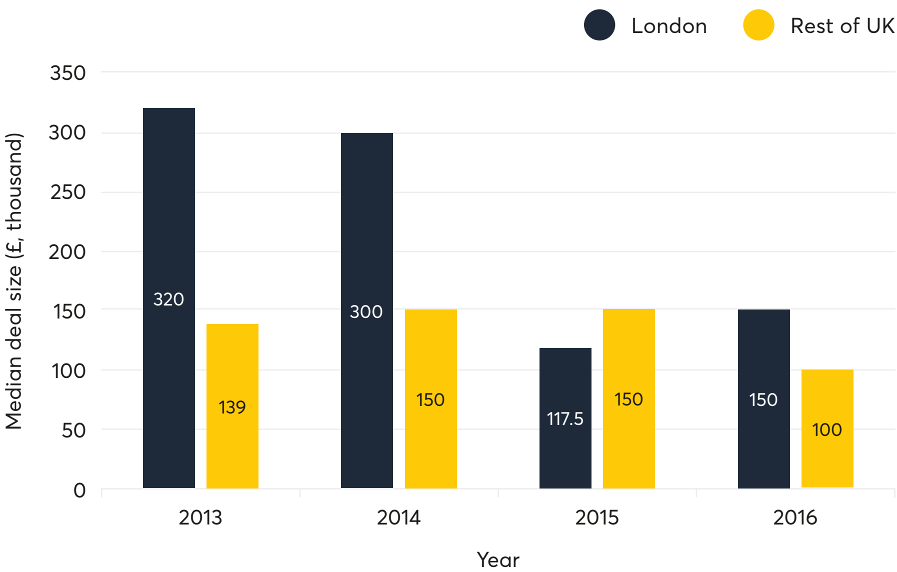
> "We have struggled to find London-focused opportunities. I think there's still work to be done to have geographically focused opportunities as inclusive as the grant-making process is, for organisations of all sizes. I don't think there is a huge number of deals that are credible at the moment."
> **Investment Director, independent foundation**

On the supply side, other UK regions have been more effective in providing appropriate finance to smaller organisations. Sheffield-based Key Fund has, in particular, specialised at supporting this end of the market in the Midlands and North of England, predominantly through unsecured lending (or a mix of debt and grants) of between £5,000 and £150,000. In

2013/14 it agreed 168 investments with an average size of just £20,161.[214]

Evidence from BSC's deal-level data suggests that investors in London have not been able to offer comparable forms of finance to smaller organisations (see Figure 13). In 2013 and 2014, the median investment size in London was double that of other parts of the UK, standing at around £300,000 – significantly out of reach for most small charities and social enterprises. The data does, however, show a fall in median investment size over 2015 and 2016. This may reflect an influx of subsidised capital following the launch of Access in 2015, but could also be a result of growth in the number of small-scale investments from other investors, particularly Big Issue Invest and CAF Venturesome.

Figure 13: Median investment size, 2013 - 2016[215]



It is not clear why this end of the market has been slower to grow in the capital, particularly given London's high density of social ventures and businesses.[216] A number of interviewees speculated that a focus from investors in getting money "out of the door" and growing the total size of the social investment market could have crowded out smaller, more time-consuming or riskier investments. Some of our interviewees warned London's governance institutions, particularly the GLA and City of London Corporation, not to repeat mistakes of the past – i.e. the mismatch between the supply of investors offering large equity investments and the demand of investees seeking out unsecured small-scale lending – and instead concentrate on ways to support smaller organisations in taking on investment and scale.

> "There's a real danger that the Mayor, and the people around the Mayor, are getting seduced by the opportunity to cut the ribbon on a massive investment fund, rather than thinking what is the gap that we can most usefully fill [...] What the Mayor of London or other public sector agencies could usefully do is to make interventions to make it more likely for organisations to find their way into the pipeline."
> **Director, social enterprise**

London as a global centre for social investing

At the other end of the spectrum of capital, London's position as a global financial centre and a centre of "global civil society" means it is well placed to both influence and capitalise on an emerging market for international impact investment.[217] Once a fringe idea within mainstream finance, the last few years have seen a raft of announcements by major transnational financial institutions related to impact investing.[218] In 2015, for example, Goldman Sachs purchased impact-investment firm Imprint Capital; this was followed in 2016 by the launch of a new "impact" division at the world's largest asset manager, Blackrock. In 2017 private equity firm TPG raised $2bn for its new impact fund named "The Rise Fund" – the largest pool of this kind ever created.[219] Debate still rages within the UK social sector about the actual impact potential of these moves, and interviewees for this project were split on whether it simply constituted a labelling exercise or had the potential to transform the global economic system.

> "Ideally social investment wouldn't necessarily continue to exist as a niche product; you would have consideration of the social impact of any investment and some investments will be likely to generate considerably more social impact than others."
> **Investment Director, independent foundation**

A 2015 report by PwC into London's prospects of becoming a global hub for social impact investment found that it while it was a "strong national financial centre for SII", it was not yet an emerging global centre.[220] The report noted a number of key strengths, including the maturity of London's financial markets, the favourability of the policy and regulatory environment, and the strength of the capital's international connections. However, it also argued that there were a number of areas where further development was required, including common reporting standards and the supply of capital, particularly from retail investors.

In some of these areas we have seen progress since 2015. In 2016 Bridges Ventures launched its Impact Management Programme, which aims to develop a set of commonly agreed norms around impact investing and involves deliberative work with over 700 organisations, including asset owners, fund managers, and social enterprises.[221] We have also seen progress on the supply of capital, with the recent report by the National Advisory Board on Impact Investing catalysing 18 of the UK's largest fund managers (including Allianz GI, Barclays and Legal & General) to commit to "goals aimed at expanding the market and making it more accessible for investors".[222]

On the downside, however, the recent government-commissioned Corley Report (entitled *Growing a culture of social impact investing*) argued that the UK was "not keeping pace with innovations elsewhere", pointing to a gap between public interest in positive investing and actual uptake – an interest which we have seen is particularly high in London.[223] The report highlights the influence of French solidarity savings funds in moving the impact agenda further in France. In the French system, all businesses with over 50 employees have to offer a savings fund with 90 per cent of the value invested in responsible assets and the remaining 10 per cent in high-impact social enterprises. This has created far larger public engagement[224] with impact investing in France compared to the UK.

There are also some continued unknowns that may influence London's short- and long-term prospects. Most notably, the impact of Brexit on London's potential leadership of impact investment has not been explored. While there are major concerns that the undermining of London's position as a pre-eminent global financial centre may choke its emergence as a leader in impact investing, some optimists interviewed for this research argued that specialisation in impact investing could help give London a helpful USP in the face of Brexit.

There is also a huge gap in some of the debates on impact investing around the demand side.[225] We have seen the challenges of stimulating demand and finding investible opportunities when it comes to the smaller sums associated with social investment, so it is unclear where the far larger funds being set up are going to invest. There seems a real mismatch between the attempts to move institutional and retail capital into the supply side, while on the demand side the discussion focuses on the investment readiness of (often) small social enterprises and charities.

One option to help stimulate greater innovation and bring supply- and demand-side organisations together – mooted in some of our interviews with social investors – is to set up a physical space to act as a focal point for the development of London's social and impact investment markets. While there are numerous hubs and accelerators for social enterprises across the capital, a central space for social investment would bring together philanthropists, investors, investees, and support organisations. This idea takes inspiration, in part, from international examples such as the MaRS district in Toronto (see International Case Study 4) or Civic Hall in New York.[226] There is, therefore, a need for exploratory research to understand its suitability in a London context.

> "What does it mean for London to be a centre of social investment? Does it mean having an actual centre or doing other work and activities that help to build that cluster effect? […] I think there needs to be good evidence that that's what key institutions want and that there's actual interest."
> **Investment Director, independent foundation**

International Case Study 4: MaRS Centre for Impact Investing – Toronto

Founded in 2011, MaRS Centre for Impact Investing aims to catalyse the development of social investment in Canada by providing guidance and advice and facilitating cross-sector collaboration from government, business, and social sectors.[227] The Centre aims to support better commissioning around social investment, and has taken a particular lead in developing social impact bonds across Canada.

The Centre sits within the wider MaRS Discovery District – a dense innovation area in Toronto spanning over 1.5 million square feet across multiple buildings that facilitates face-to-face interaction between investors and social startups seeking finance. The district brings together entrepreneurs working across four broad sectors: social innovation, life sciences and health care, information technology and communications, and science, engineering and "cleantech".

While MaRS supports a broad range of business and social sector startups, it has played a key role in stimulating social innovation in Canada – particularly through its partnership with the Canadian McConnell Foundation. This included the Social Innovation Generation (SiG) programme – a 10-year scheme that ran from 2007 to 2017 and was housed within the MaRS District. Over this period SiG helped develop the evidence base around social innovation in Canada, increased the engagement of policymakers in social entrepreneurship, and convened the Canadian Task Force on Social Finance (the precursor to the MaRS Centre for Impact Investing).[228]

MaRS has at times run into financial difficulties, controversially being "bailed out" by the Ontario government with a $308m rescue package in 2014.[229] However, it has since experienced a major upturn in growth, repaying its government loan three years early.[230] Between 2010 and 2018 companies supported by MaRS collectively raised $3.5bn, generating $1.8bn in revenue and creating 7,000 jobs.[231]

4.
Conclusions and recommendations

As we have seen, London is in many ways a generous city. With its highly skilled and enterprising workforce, it has been at the forefront of developments aimed at encouraging giving and creating more effective philanthropy. However, there are undoubtedly opportunities to increase the quantity and quality of giving to London-level, national and international causes, across all five sectors surveyed in this report.

Our recommendations are addressed mainly to London government, businesses and civic organisations, rather than national ones – though we recognise the distinction is often a hazy one. This is not to say that there is nothing that national government and national organisations could and should be doing to strengthen giving in the capital. We support calls, for instance, to strengthen the Charity Commission's regulatory role, obliging charities to provide more evidence of their impact and explore the case for mergers.[232] But we also think there are opportunities for London to promote giving, independently of much-needed national action.

We think the greatest opportunity for London-level action lies in encouraging a more strategic and joined-up approach to giving to London causes. Most of our recommendations are focused on this. However, we also believe there are opportunities to develop London's role as a centre of national and international giving, and we advance recommendations to achieve this as well.

We argue that getting Londoners to give more, give better and give together requires a move to a "whole city" approach – one where leading public sector, business and civic organisations collaborate to encourage giving, identify priorities, and ensure giving addresses them in the most effective manner.

We recognise that there are clear limits on the extent to which donating and volunteering can be (or should be) planned and directed. By its very nature, giving is a voluntary activity, free of the demands of the state or the market. There are a vast number of worthy causes to which people might donate, and it is impossible to measure the value of all of these on a single metric. Who can say giving to a top-rank cancer research charity has more impact than giving to an outstanding offender-rehabilitation social enterprise? We need a giving culture that supports experimentation and innovation rather than discouraging them simply because they don't conform to some London "giving plan".

Nevertheless, giving can be better or worse. And donors are more likely to give when the request is a clear and powerful one, and they are assured that giving will be well directed and effective. As we set out in our introduction, for all its reputation as a fast-moving and individualist city, many Londoners old and new feel a strong sense of belonging to the capital and are willing and eager to invest some time and/or money in "giving something back". All this points to the need for London to develop a more rigorous and strategic giving regime as well as a stronger philanthropic ask.

> "Carrying on doing more of the same is not going to increase the level of philanthropic support [...] a positive campaign around philanthropy – 'Look at the difference we can make together' – would be a great thing to do."
> **Chief Executive, charity**

Achieving collaborative working across London giving sectors can be a challenge. London has an unusually decentralised system of government, with power distributed across the 33 boroughs, in addition to the many organisations working within each of our giving sectors and London civil society more generally. Clearly, though, some organisations are well positioned to take a lead; and most of our recommendations are directed at them. These include the Mayor of London, the City of London Corporation, London Funders, Trust for London, London Councils, London's two community foundations, and the new London Plus. We refer to these leading London-focused organisations as "London's giving leaders".

> "It [philanthropy in London] is very poorly led politically; I don't see enough or hear enough unified calls for philanthropy by London's leaders. And the Lord Mayor and the Mayor are good examples of that for me. They could and should be doing much more, in a much more joined-up way."
> **Chief Executive, charity**

The Mayor has a particularly important role. As London's directly elected leader, he or she has a unique power to convene leading stakeholders, articulate and promote a vision, set expectations and push change forward. At the same time, the Mayor will need to maintain a light touch – to lead rather than control. There are risks, for instance, in the Mayor associating himself too closely with individual London charitable organisations or causes. As many of the experts we heard from argued, mayors are inevitably somewhat controversial, "Marmite" characters. Their close association with an organisation or a cause won't always help it. The Mayor needs to be a champion of giving in general, articulating a vision and setting standards, supporting collaborative and strategic working, celebrating philanthropists and volunteers, and promoting giving across the capital – especially to London-focused charities and causes.

> "…it's about the Mayor enabling things to happen. We all know that the Mayor has incredible convening power, but that doesn't mean the Mayor or the GLA has to deliver the outcomes of that convening […] The Mayor can be a powerful champion for throwing down the gauntlet for collaboration."
> **Independent Consultant**

What, then, is involved in a whole-city approach to giving more, giving better and giving together? We start with giving better, on the grounds that people and organisations are more likely to give when they are confident that their time and money will be well directed. The principle of giving together runs through all our recommendations.

Giving Better

If London is to give better, it will need to develop a stronger and shared understanding of priorities and how to address these.

> "The London landscape is really complicated [...] and a bit like the Wild West. It's often very difficult to know what's effective, what's not effective, who's bidding for what, it's just a mess. Therefore, a lot of philanthropic decisions are often very personal and assumptive."
> **Chief Executive, charity**

Understanding priorities

We distinguish two elements needed to develop an understanding of giving priorities.

First, London would benefit from a better and shared understanding of need. "Philanthropic particularism" is still a real and perennial issue in the capital, with charitable activity often directed at particular causes or localities that don't always correspond with where need is greatest. Several of the charities and intermediary organisations we interviewed spoke about corporate giving failing to adapt to some of the changing dynamics of need in the capital, with much CSR activity continuing to accumulate in close proximity to offices in the City and Canary Wharf.

It is true that London has made some progress in developing a shared understanding of need. The London Poverty profile, established by Trust for London in 2009, is particularly important here. The Profile has quickly established itself as an accessible, authoritative and influential source of information. It has been instrumental in catalysing policy and practice change, including providing the evidence base for the campaign for the London Living Wage.[233] Nevertheless, several of our interviewees suggested that London needed to go further and build a rounder, more detailed picture of changing need in the capital – by going below the borough level and identifying particular pockets of local need, as well as covering issues such as victimisation or environmental degradation that are important to Londoners as a whole. There are examples from other cities that point the way. As we have seen, many US and Canadian cities are far ahead of London in adopting a "Vital Signs" approach and using quantitative and qualitative work to build a shared understanding of need (see International Case Study 1). A potential option would be for Trust for London to enhance the London Poverty Profile, using need data and citizen-led research in order to identify giving priorities for London.

Recommendation 1: London's giving leaders should develop a richer understanding of need in the capital, perhaps through building on Trust for London's London Poverty Profile.

Second, we need, as a city, to develop a better understanding of who is giving what, where donations of time and money are going, and how these can be more effectively directed. Currently, much of our information on aggregate foundation and corporate giving comes from national-level data, giving us a highly opaque picture of developments in London. At the same time, it has become much easier to share and analyse data using digital technology. The 360Giving initiative in particular provides a platform for funders to submit grant data, which, through the 360Giving open data Standard, takes advantage of common reporting fields – including the level of funding, funder and recipient information, and beneficiary location. This information can be easily analysed through the GrantNav online tool or downloaded as a CSV file. The tool has seen a good uptake in London: 42 out of 71 funders[234] currently submitting data are based in the capital. Nevertheless, this represents a small proportion of organisations working in London and is certainly insufficient to enable a robust assessment of aggregate funding flows across London.

Recommendation 2: London's giving leaders should encourage all major London funding organisations – foundations, local authorities and corporates – to provide greater transparency on grant data by publishing on 360Giving. London Funders should also publish a regular "state of giving" review that would track the development of giving in London.

Acting on priorities

If the first element of giving better is the development of a shared understanding of patterns of need and giving, the second element is to ensure coordinated and impactful approaches to addressing needs.

London is already a relatively highly networked city, with a degree of coordinated giving. We have pointed to some facets of this in the course of this report. London Funders brings together many of the key giving organisations in the capital. The City of London is becoming increasingly strategic. Some of London's business sectors have come together to pool their charitable efforts. London Plus has replaced two existing pan-London organisations and promises to help improve data, raise standards and connect different sectors together. The Mayor is taking more of a leadership role. At the local level we are also seeing promising developments, with trusts, foundations, corporates and local government working together (and in some cases pooling funds) to tackle social problems.

Nonetheless, London's civic leaders need to continue to encourage joint working. The Mayor and other leaders should reiterate their support for strategic approaches at every turn. Moreover, there are a number of practical measures that could drive more coordinated approaches to giving.

Our research suggests that too much corporate giving takes place in a private world of its own. London Plus offers an opportunity to connect corporates who support employee volunteering with each other and to ensure volunteering efforts are directed at priority causes. London Plus could help support London's many smaller charities by connecting them with expert volunteers – as we have seen, London's smaller charities have been badly hit by public spending cuts.

Recommendation 3: Strengthen London Plus' capacity to encourage employee volunteering, ensuring volunteering efforts go where they are needed most.

For two decades, London Funders has been central to connecting and convening the capital's independent and statutory grant-makers. Its network groups have enabled knowledge-sharing around key London issues, strengthened funder practice in areas such as measurement and evaluation, and encouraged collaborative working. The development of these networks has, in recent years, enabled London Funders to play a leading role in driving improvements to London funding practice through reports such as The Way Ahead as well as its place-based giving programme. However, London Funders' engagement of corporates and private philanthropists has been limited. With public spending cuts increasing the significance of these giving sectors to London's wider funding mix, there is a pressing need to get corporates and individual philanthropists around the table, increase cross-sector communication, and foster collaborative working.

Recommendation 4: London Funders should make its work with corporates and private philanthropists a priority – encouraging more of them to join the organisation, promoting good practice, and advocating joint working among them. The Mayor of London and London's other giving leaders should support London Funders in this.

Donors could also work together to reduce the burdens they place on their beneficiaries. While the Grenfell fire posed huge challenges for London voluntary sector, it also catalysed innovation, with London Funders leading in bringing together donors to create a single online funding portal for the charities working with Grenfell victims. London could build on this with, for example, a group of funders interested in addressing a particular social problem coming together to invite applications for funding through a shared portal.

Recommendation 5: London Funders should lead in adapting the Funders Portal – which allows voluntary sector organisations to access multiple funding streams with a single application – into a systemic London resource.

London has developed a reputation as a leading centre of national and international social investing over the last decade or so. Yet London-based social investors have at times struggled to find investible opportunities in the capital, and PWC's 2015 report into London's prospects as a "global financial centre for social investment" concluded that it was only at "stage 1" of its development: a strong national centre, but not a global one.[235]

Several of our interviewees suggested that London's social investment sector would benefit from a physical space where philanthropists, social investors and social entrepreneurs could meet. While there are numerous hubs and accelerators for social enterprises across the capital, none work to bring together the full range of players in London's social investment ecosystem. There are international precedents from which London might learn, such as the MaRS district in Toronto (see International Case Study 4) or Civic Hall in New York.[236]

Recommendation 6: London Funders should review the need for a physical space to act as a centre for philanthropy, social investment and enterprise in London.

Giving more

Londoners' generosity has been best expressed in recent years when galvanised around a particular event or cause. International examples (e.g. Do More 24 in Washington, DC; see International Case Study 2) show that city giving days can work, bringing in huge sums for local charities and addressing key social issues. City Giving Day has proved successful in the corporate sphere and some of the new Metro Mayors having been exploring the possibility of setting up their own Giving Days. But this poses the question: why can't all Londoners, not just City workers, engage in an annual celebration of charitable giving and volunteering?

There are clear risks to this approach, and it would need to be carefully thought through and designed. We have seen other generic national or London giving campaigns fail to make much of an impact, in part due to the lack of an ask targeted at a particular cause. There is also a real danger of initiative fatigue – we already have City Giving Day and Giving Tuesday, as well as new emerging local schemes like Love Kingston Day.

To ensure impact and long-term sustainability, any annual giving day should involve the following components:

- A cause focus that identifies a key issue each year for Londoners to support, but that also provides space for a broader celebration of monetary giving and volunteering.

- High-profile support from the Mayor of London, in conjunction with local political leaders and other private, public and voluntary sector leaders from across the capital.

- A targeted ask towards wealthy Londoners around giving back to the capital.

- An inclusive approach that ensures that Londoners of all backgrounds are engaged, harnessing giving traditions among ethnic minority and religious communities.

- Engagement of key fundraising and volunteering infrastructure organisations, including the *Evening Standard*, BBC London, London Community Foundation, East End Community Foundation, and local place-based giving schemes.

- Collaboration and alignment, where possible, with other giving campaigns – particularly City Giving Day, Giving Tuesday, and local place-based campaigns.

- An in-built system of monitoring and impact measurement to give robust figures on the amounts raised, number of people engaged, and ultimately the impact of the day on the issue area identified.

Recommendation 7: The Mayor, working with the City of London, London Funders and other partners, should establish an annual London giving day.

Many Londoners have seen their wealth increase dramatically in recent decades as property values have ballooned. And much of London's physical infrastructure, including some of its iconic bridges and historic institutions, was funded by charitable legacies. But as we have seen, only one in twenty Londoners leave a bequest when they die – slightly below the national average. Against this background, London should aim not just to meet national averages, but to raise the bar on legacy giving. This will require a campaign that works with London media, financial advisors and employers, reaching Londoners across the city. The Mayor and the Corporation are well positioned to do more to promote legacy giving in the capital – working with other organisations (including Remember a Charity), or through a new annual giving day for the capital (see Recommendation 7).

Finally, organisations like London Community Foundation and East End Community Foundation also need to be part of any joint initiative on legacy giving, as they have the expertise to manage legacy gifts – particularly for Londoners who may not have an attachment to a particular charity but want to leave money or assets to support their local community or London as a whole.

Recommendation 8: London's giving leaders should review how best to increase the proportion of Londoners leaving a charitable legacy in their wills, with a particular focus on property owners.

Smaller charities have often been hardest hit by public spending cuts. There is much that London's funders can do to relieve the burdens on them and make it easier for them to apply for grants, including creating shared application processes (see Recommendation 5). But as traditional (and especially public sector) funding diminishes, small charities are going to have to look for funding from new sources, including major donors and corporates.

> "The opportunities within London for corporate giving and high-value giving are increasingly important for third sector organisations. If you went back 5 or 10 years in terms of sustainability, it was all about trying to get people in with the council, but now there's a lot less available; and really it's been trying to support organisations [to] build

relationships with corporate donors, and with high value donors. But this takes a lot more time."
Grants Manager, independent foundation

Many smaller organisations, however, lack fundraising expertise and capacity, with the Institute of Fundraising finding evidence of "a skills shortage among smaller charities to raise the income that they need".[237] This can be a particular problem for charities operating in underserved London locations. A 2017 survey of community organisations in Lambeth and Wandsworth by the Walcot Foundation, for example, asked respondents what kinds of support they would want from capacity-building consultancy and workshops: in both cases, fundraising support was the most commonly selected option.[238]

Alongside giving better, we therefore also see developing capacity and skills around asking as a key component of efforts to ensure that funds are more effectively distributed across the capital and reach where the need is greatest.

"There's a multitude of community groups, which are startups or small-scale organisations that have limited expertise, and definitely not a huge amount of confidence in terms of their ability to generate income [...] but have got these amazing initiatives, and can be totally transformative of London, and reflect its diversity."
Director of Fundraising, national charity

London civic leaders should then be looking to find ways to help SME charities build up their fundraising capacity, including through funded advice and training programmes.

Recommendation 9: London Funders should support fundraising capacity-building programmes among small and medium-sized charities.

Cross-cutting

In addition to measures that would help London give more and give better, our research has also identified a number of cross-cutting actions that would achieve both of these.

As already set out, the current Mayor of London, Sadiq Khan, has shown a strong interest in supporting London's civil society and promoting giving. But over the longer term, City Hall's engagement with non-statutory funders has been limited. The Mayor could learn from other cities such as New York, which have taken a more hands-on approach to convening philanthropic resources and directing them at identified city priorities (See International Case Study 3: The Office for Strategic Partnerships). Among other priorities, the Mayor should explore ways of encouraging social investment approaches to tackle London's social problems. One option would be for the Mayor's Fund for London to fulfil this role, but this would require a significant shift in emphasis – a shift from funding and delivering social mobility programmes, toward cultivating giving and mobilising cross-sector partnerships. In setting up any kind of OSP within City Hall, the GLA should also prioritise communication and partnership with external bodies, most notably London Community Foundation, who already have a role in leveraging giving from foundations, corporates and individuals to address pan-London issues.

Recommendation 10: The Mayor should establish a function within the GLA with the authority and resource to speak on philanthropy, harness the Mayor's convening power, and leverage philanthropic support to address important London issues.

We know from our interviews that awards can have a huge impact on grassroots community organisations working tirelessly (and mostly without recognition) to stimulate giving and community engagement in their local area. Awards are also a great way to spotlight giving from communities who may be overlooked in traditional conversations around philanthropy in London. Various London organisations already give awards. The City of London Corporation runs the Beacon Awards, intended to honour philanthropists (though these are national in scope), and the GLA runs the Team London Awards, focused on Team London-supported programmes. But there is an absence of high-profile awards for London-focused volunteering in general, and for London-focused giving by trusts and foundations, ordinary Londoners, wealthy Londoners or corporates.

Recommendation 11: The Mayor, working with London Funders and the City of London Corporation, should review how best to recognise individuals and organisations that give most and give best in London.

Though London has developed as a leading global social investment hub, it is not clear that this has translated into a particularly large or vibrant market supporting London-focused initiatives. In particular, there is some evidence to suggest that the bottom end of the market – i.e. smaller, high-risk investments in social enterprises and charities – is underdeveloped. Our research suggests that London's smaller social enterprises can find it hard to secure the social investment they need.

Recommendation 12: London Funders and other London giving leaders should promote funder collaboration to develop the bottom end (risk capital) area of the market in London.

Strengthening London's national and global role

Much of the emphasis in our recommendations is on promoting more and better giving to London causes. We make no apology for this. As we have set out, London faces acute need. It has been a difficult time for London-focused charities. And many London organisations have a statutory duty to focus on the capital. But the benefits of a more concerted, strategic and joined-up approach will not be limited to the city. Giving is rarely a zero-sum game and persuading Londoners to give more, give better and give together would benefit non-London-focused causes as well. Many of the recommendations set out will have national benefits; moves to encourage legacy giving or boost social enterprise, for instance, would increase giving in general, not just to London causes.

Nevertheless, we also argue that there are real opportunities for London to boost its position as a global giving capital, both by attracting new players and supporting the development of those already here. Moreover, there are opportunities for London to work with other UK cities and regions (and beyond) in sharing resources and lessons.

As already set out, London is a well-established centre of global civil society in general, and giving in particular. Many international philanthropists chose to establish their trusts and foundations in the capital – not least because of its legal and financial expertise. The capital plays host to countless international civil society conferences and meetings. Yet despite its economic and broader "soft power" significance, London's giving sector rarely gets the same attention as other economic sectors. Developing London's position as a global capital of giving could make a significant contribution to London's economy and influence – as well as helping the growth of philanthropy globally.

We recommend that the Mayor, working with the City of London Corporation, The Philanthropy Collaborative, and other partners review London's current position as a global centre of giving and identifies ways in which this could be further developed. The review should look at recent global trends in giving, London's strengths and weaknesses as a global giving capital compared to other cities, and what it can do to strengthen its position. With the ranks of the wealthy and super-wealthy growing all the time, and emerging economies in Asia, Africa and South America producing a new generation of wealthy individuals, the greatest opportunity probably lies in attracting wealthy philanthropists and new philanthropic trusts or foundations to London. The review should particularly focus on how London can attract and retain these. It is quite possible that one of London's many consultancies or the Philanthropy Collaborative (see Case study 6) would be pleased to lead this review *pro bono*.

Recommendation 13: The Mayor, working with the City of London Corporation, The Philanthropy Collaborative and other partners, should establish a review of London's current position as a global centre of giving and identify ways in which this could be strengthened.

Though it is a slow process, the governance of England's cities is changing, with central government promoting new, more accountable Mayoral models of leadership in exchange for devolution of new powers. Devolution presents an opportunity to re-establish traditions of civic urban philanthropy that were once a very prominent feature of many UK cities, and which remain a feature of many US cities today.[239] Centre for London has already argued that London in general, and the Mayor of London in particular, needs to develop stronger connections with other British city leaders and work with them in advancing common interests.[240] As London continues to develop a more strategic and joined-up approach to city giving, it should look for opportunities for sharing knowledge with other UK cities, as well as learning from them. One option would be for London's giving leaders to establish a network of UK cities — focused on developing and promoting city giving.

Recommendation 14: London's giving leaders should work with other UK cities in developing and promoting city-focused giving.

Summary of recommendations

- **Recommendation 1:** London's giving leaders should develop a richer understanding of need in the capital, perhaps through building on Trust for London's London Poverty Profile.

- **Recommendation 2:** London's giving leaders should encourage all major London funding organisations – foundations, local authorities and corporates – to provide greater transparency on grant data by publishing on 360Giving. London Funders should also publish a regular "state of giving" review that would show the direction of giving in London.

- **Recommendation 3:** Strengthen London Plus' capacity to encourage employee volunteering, ensuring volunteering efforts go where they are needed most.

- **Recommendation 4:** London Funders should make its work with corporates and private philanthropists a priority – encouraging more of them to join the organisation, promoting good practice, and advocating joint working among them. The Mayor of London and London's other giving leaders should support London Funders in this.

- **Recommendation 5:** London Funders should lead in adapting the Funders Portal – which allows voluntary sector organisations to access multiple funding streams with a single application – into a systemic London resource.

- **Recommendation 6:** London Funders should review the need for a physical space to act as a centre for philanthropy, social investment and enterprise in London.

- **Recommendation 7:** The Mayor, working with the City of London Corporation, London Funders and other partners, should establish an annual London giving day.

- **Recommendation 8:** London's giving leaders should review how best to increase the proportion of Londoners leaving a charitable legacy in their wills, with a particular focus on property owners.

- **Recommendation 9:** London Funders should support fundraising capacity-building programmes among small and medium-sized charities.

- **Recommendation 10:** The Mayor should establish a function within the GLA with the authority and resource to speak on philanthropy, harness the Mayor's convening power, and leverage philanthropic support to address important London issues.

- **Recommendation 11:** The Mayor, working with London Funders and City of London Corporation, should review how best to recognise individuals and organisations that give most and give best in London.

- **Recommendation 12:** London Funders and other London giving leaders should promote funder collaboration to develop the bottom end (risk capital) area of the market in London.

- **Recommendation 13:** The Mayor, working with the City of London Corporation and other partners, should establish a review of London's current position as a global centre of giving and identify ways in which this could be strengthened.

- **Recommendation 14:** London's giving leaders should work with other UK cities in developing and promoting city-focused giving.

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London's economy has boomed in recent decades. At the same time, need has deepened in many ways. Against this background, it is often argued that we need a step change in charitable giving.

More, Better, Together traces the recent history of the giving of time and money in London and identifies what the city can do to give more, give better and give together. It encompasses giving to specifically London causes, and London's role as a centre for national and international philanthropy. It focuses on five forms of giving in particular:

- Giving by trusts and foundations
- Giving by the general public
- Giving by the wealthiest Londoners
- Corporate philanthropy
- Social investment

This project has been generously supported by Sir Harvey McGrath.

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