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# Legacy Market Briefing 2021



**LegacyForesight**

In what has been an extraordinary couple of years, the importance of gifts in Wills for UK charities has never been more apparent. When income quickly fell or stopped in many areas, legacy income was resilient, providing charities with a vital income stream when they needed it most.

This period has also demonstrated the need for objective evidence and cross-sector insights for comparison and learning. The Legacy Monitor provides just that; legacy performance data drawn directly from our 80 members' databases are combined with big picture economic and social trends to create an in-depth analysis of the British legacy sector.

Since our first benchmarking project in 2002, the Legacy Monitor Consortium has grown to 80 charities, representing almost half of all UK legacy income. This year, our members received £1.4bn in legacy income and 52,500 bequests.

This report shares top-line findings and analysis for UK legacy giving now and in the coming years, highlighting key trends and implications for fundraisers. We want to thank our Consortium members for allowing us to share these insights to benefit the sector.

## A look at deaths, probate, and charitable Wills

Once upon a time, commentaries on demographic and legal trends were predictable, even dull. Not this year. Since spring 2019 the legacy sector has been thrown into turmoil by two huge shocks. First, the ongoing problems at the probate courts (HMCTS) which started in 2019, triggered by restructuring, redundancies and teething problems with new IT systems, leading to a significant slowdown in probate approvals.

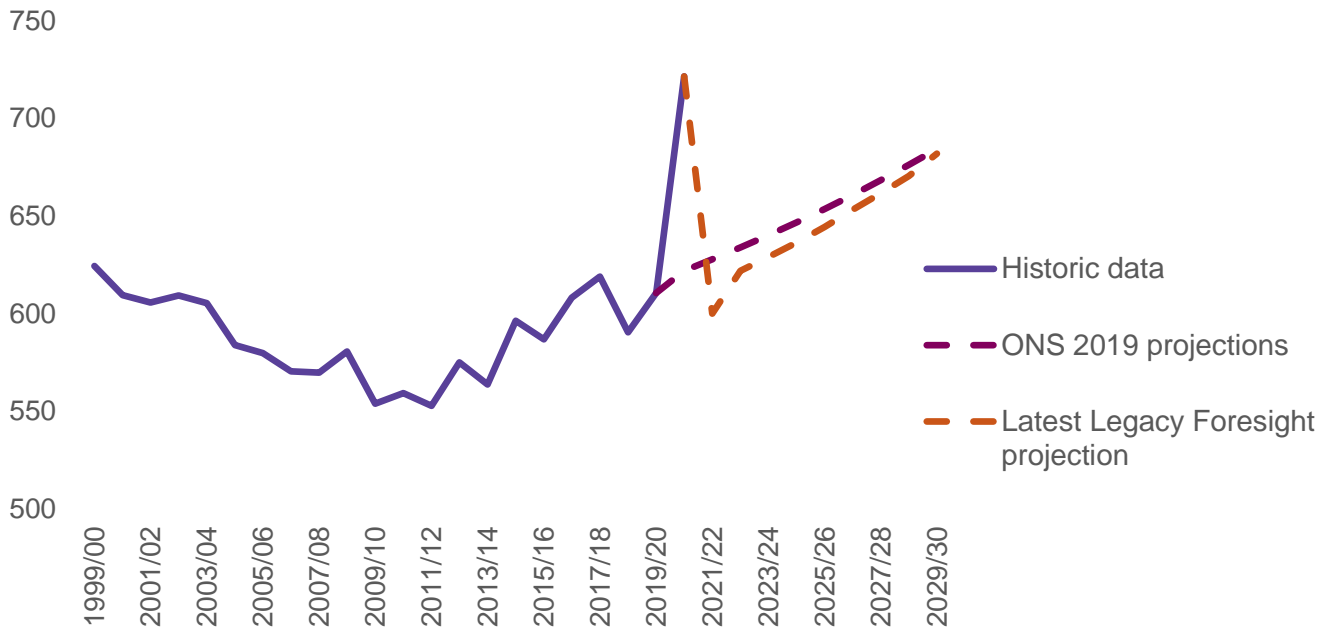
Second, the 2020/21 coronavirus pandemic, leading to well over 100,000 UK deaths, and causing severe disruption for all players in the estate management process – from funeral directors to solicitors to financial institutions to government departments – and of course legacy administration teams. The outwash from these two factors is still being felt today, making it an exceptionally 'interesting' time to analyse and predict legacy performance.

When considering these trends, it's important to remember that deaths had already been rising year on year from 2012. In the 12 months to March 2011 there were 553,000 UK deaths; in the 12 months to March 2020 there were 611,000 – up by 10% over 9 years<sup>1</sup>. Looking ahead, the ONS was projecting a continued gradual climb in deaths over the next 30 years, due to the large and ageing baby boomer cohort.

Tragically, in the year to March 2021, there were 721,000 UK deaths, an 18% increase on 2019/20, reflecting the devastating impact of the Covid-19 pandemic. But while the pandemic has brutally fractured the underlying pattern of deaths, over time, we expect numbers to revert to the long-term trend, reaching 693,000 in 2030/31 and 766,000 by 2040/41.<sup>2</sup>

## UK deaths

1999/00 – 2029/30, 000s



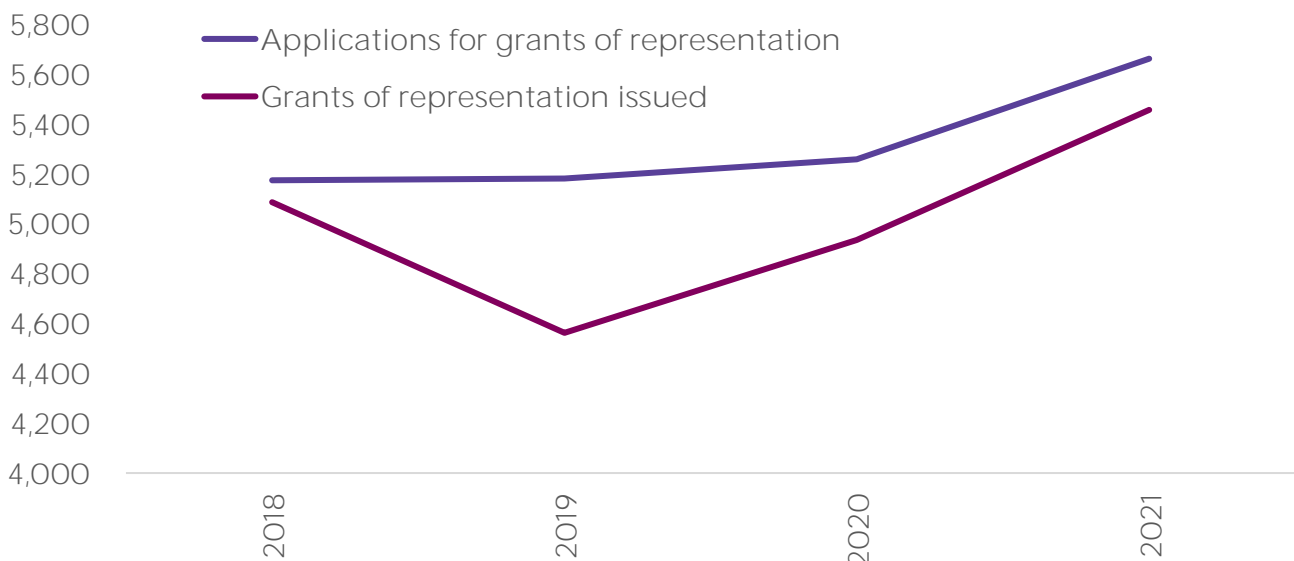
Sources: Office for National Statistics, Legacy Foresight

In 2019 there were 268,000 probate cases processed across the UK<sup>3</sup> – this figure was low due to the well-publicised problems at HMCTS. In 2020, this figure rose by 7% to 287,000; an increase but well below what might be expected given the large backlog and high volume of deaths.

We estimate that the number of grants of probate issued in 2019 were around 9% lower than would be expected, while in 2020 numbers were 12% below expectations. The 2019 shortfall was driven mainly by the internal problems at HMCTS, while the 2020 shortfall was compounded by delays further ‘upstream’, with next of kin, solicitors, banks, HMRC etc all hindered by lockdown.

## Average weekly volume of work managed by HMCTS

Applications received and grants issued, England & Wales, 2018 - 2021\*



Source: HMCTS. \* Data for 2021 is to end August

Lower probate approvals lead to fewer legacy notifications. We estimate that there was a 6% shortfall in bequest numbers in 2019, followed by a further 18% shortfall in 2020.

The spike in the number of deaths caused by the pandemic, combined with the delays affecting estate administration processes during 2020, mean that bequests could peak at record levels in 2021 and 2022. However, this projected growth is dependent on the resolution of the delays throughout the entire estate administration process experienced since 2019.

Data from HMCTS suggest that grants of probate were 30% higher in the first half of 2021 than the same period in 2020. And in turn, Consortium notifications in the 3 months to March 2021 were the highest we have seen in the 14-year history of Legacy Monitor; up 18% on the same time last year. This suggests that some of the problems may be starting to unwind. However, applications for probate started to fall away again over the summer and anecdotal evidence suggests that there are ongoing delays throughout the process, so it is likely that the challenges for the sector will continue well into 2022.

The challenge for legacy managers is how to deal with the peaks and troughs in workload this situation brings. The short-term volatility is perhaps best managed with extra interim resource (our sister company [Legacy Link](#) can help here). In the medium to long term the increasing caseload will accentuate the need for new systems (FirstClass 6 anyone?) and procedures, better training, and the recruitment of a new generation of legacy administration experts.

#### Key statistics: Wills at probate and charitable bequests

- Taken together, around 40% of all UK deaths lead to a will at probate – **this is charities'** prime target audience when it comes to legacy fundraising
- 88% of wills at probate were from England & Wales, 9% from Scotland and 3% from Northern Ireland<sup>4</sup>
- 16% of wills at probate are now charitable, up from 13% in the late 1990s<sup>5</sup>
- On average, there are 3.3 charitable gifts per will. 38% of charitable wills contain just one bequest; 28% contain four or more<sup>5</sup>
- Notwithstanding the recent disruption, the number of charitable bequests has risen by almost 50% over the past 3 decades – from 75,000 in 1990 to 112,000 in 2020
- Over the next ten years we expect to see bequest numbers recover, growing to 146,000 in 2030 – around 15% up on 2018 (the year before the administrative delays began)<sup>6</sup>.

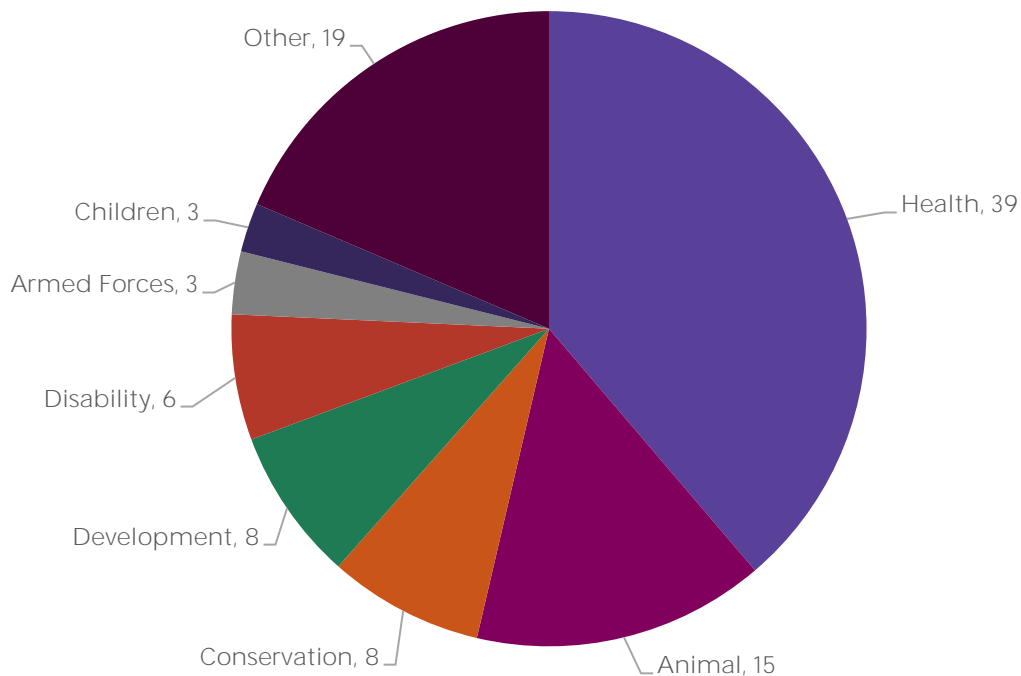
## The size and shape of the UK legacy market

Over the past three decades total UK legacy income has grown from £0.8bn in 1990 to £3bn in 2020 – an impressive annual growth rate of 4.5% p.a<sup>7</sup>. After taking into account inflation, income is up by 2.7% p.a., which means that the real value of gifts in Wills to UK charities has doubled over 30 years.

In 2019/20, the top 1,000 legacy charities in England & Wales accounted for three-quarters of the total UK legacy market; the top 40 charities accounted for 45% of *all* legacy income<sup>8</sup>.

Health is the largest legacy sector, with a 39% market share, followed by Animal charities (15%), Development and Conservation (8% each). The smaller sectors of Disability (6%), Armed Forces (3%) and Children’s charities (2.5%) bring up the rear. Meanwhile, legacy super-brand RNLI accounts for a further 5%.

### Legacy income by sector 2019/20, %



Source: Top 1,000 legacy charities, drawn from Charity Commission Register

Medium (£1-10m legacy income) and large (£10-25m legacy income) legacy charities report the fastest 5-year growth rates of 6.3% p.a. and 4.7% p.a. respectively.

Drilling down in more detail, we continue to see more specialised, often local cause areas gain ground. The fastest growing sub sectors over the past 10 years have been air ambulances (14% p.a.) and wildlife trusts (13% p.a.), followed by arts and education charities, NHS hospitals and mental health charities, all ranging between 7% and 8% p.a.

### Growth trends by sector

Slow	←—————→			Fast
Older people	Domestic poverty relief	Armed Forces	Overseas Development	Rescue Services
Children	Deafness and blindness	Medical Conditions	NHS Hospitals	Wildlife Trusts
Advancement of Health	Heritage	Hospices	Mental Health	Arts & Education

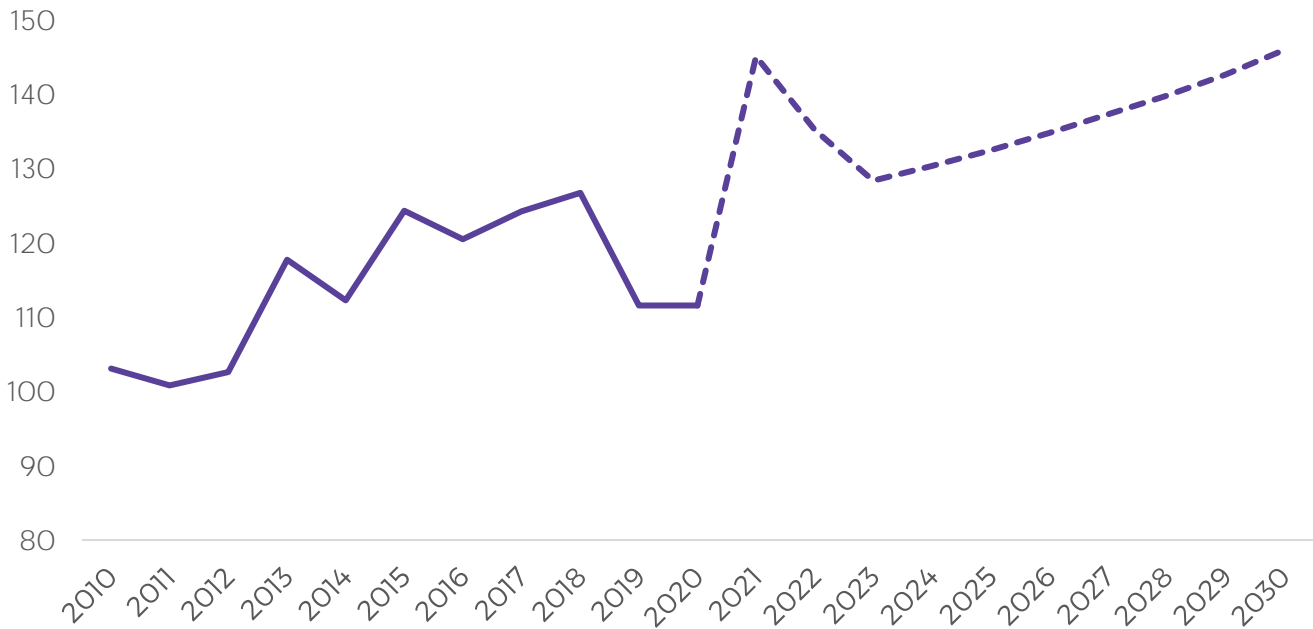
# Legacy market outlook

## Key statistics: Market forecasts<sup>9</sup>

- In 2020 total UK legacy income was worth £3bn, while across the 5 years 2016 to 2020, UK charities received a total of £16bn from gifts in Wills
- In 2020 the average residual bequest value (including 'other' bequests) across the sector was £50,900, while the average pecuniary bequest was worth £3,400
- Over the next 5 years 2021 - 2025 UK legacy income will total £19.6bn, climbing to £23bn in the 5 years 2026 - 2030
- By 2030 UK charities will receive £5bn p.a. in legacy income from 146,000 charitable bequests.

## Total UK charitable bequests

2010 – 2030, 000s



Source: Legacy Foresight market model

Further ahead, our market projections are still very positive. Thanks to the size, wealth, and lifestyles of the baby boomer generation, we predict that incomes will double in real terms by 2050.

Legacy Foresight will continue to monitor developments relating to the coronavirus pandemic, the UK economy and estate administration processes over the coming months and will provide updates on the potential impact on the UK legacy market.

## More about Legacy Monitor

Legacy Monitor is a consortium programme to benchmark, analyse and forecast trends in legacy giving. Performance data drawn directly from our members' legacy management systems are combined with big picture economic and social trends to create an in-depth analysis of the British legacy sector.

The wide range of members ensures that all sectors, ages and sizes of charity are well represented. From super-brands to rising stars, our consortium covers over half of all UK legacy income.

Legacy Monitor will help you to:

- Keep up to speed with the latest trends
- Assess your performance against the market and your closest peers
- Develop your legacy fundraising strategy and plans
- Produce income forecasts and targets
- Raise internal awareness of the drivers of legacy giving
- Network with fellow legacy professionals
- Shape collaborations with other charities

Legacy Monitor operates on an annual cycle, January – December. New members are invited to join each autumn. If you'd like to find out more, get in touch with Richard Hill [r.hill@legacyforesight.co.uk](mailto:r.hill@legacyforesight.co.uk)

## Legacy Futures Group

Legacy Futures is a group of gifts in Wills and In Memory giving consultancies dedicated to helping charities worldwide harness the transformative power of legacy giving.

The group consists of three businesses, Legacy Foresight, Legacy Link and Legacy Voice, who have a combined experience of over 50 years and over 175 current charity clients.

For more information visit [www.legacyfutures.com](http://www.legacyfutures.com)

## Key sources

<sup>1,2</sup> Office for National Statistics

<sup>3,4</sup> HMCTS, English Family Courts, Department of Justice Northern Ireland, Scottish Courts

<sup>5</sup> Smee & Ford

<sup>6,7,9</sup> Legacy Foresight market model

<sup>8</sup> Top 1,000 legacy charities drawn from the Charity Commission Register of Charities