

The contrasting world of charities

The idea of 'Big Society' and the threat of austerity-driven funding cuts appear to be changing the economy of philanthropy in England – from a cash-based flow of charitable resources to a state-led expectation that communities should substitute unpaid labour for paid labour to provide for community needs.

However, we still do not have a clear picture of the needs that charities meet, and whether they are different in areas of affluence and deprivation.

The regional distribution of charities in England and Wales could be characterized in terms of a contrast between so-called 'charity hotspots' – high-income regions where the distribution of charities appears to be relatively dense – and 'charity deserts', low-income areas where the distribution of charities appears to be more scarce.

In Exploring Local Hotspots and Deserts, a working paper from the ESRC-supported Centre for Charitable Giving and Philanthropy (CGAP), Dr Rose Lindsey at the University of Southampton has studied the local distribution and flow of charitable resources in the UK within deprived and affluent geographic areas.

The project set out to find out more about the spaces where charitable activity takes place, the comparative distribution of resources, the distinctive features of charitable activity, barriers to organisational success, and the challenges organisations are likely to face. The research combined an analysis of available accounts and annual reports of all the registered charities in selected case-study areas, alongside interviews with stakeholders and managers, chairs or treasurers of registered charities in these areas.

Drawing on evidence of charitable resources in two case-study areas – one affluent and one deprived – the paper concludes that there is a clear imbalance between the charitable resources of the area of affluence, and the area of deprivation. Charities in the affluent area are more numerous, run by volunteers, and handle a broad range of social, community and cultural needs of the community. Charities in the deprived

area are less numerous, deal with urgent needs related to deprivation, and are more likely to be larger charities run by paid professionals with statutory funding.

Key findings

- There are four times as many charities per head of population registered and providing benefit to the affluent area, compared to the deprived area
- Most of the charities registered to the affluent case study area are run on a voluntary basis by actively involved local residents. These charities are relatively small, and most do not receive statutory funding.
- The area of deprivation is dominated by a small number of large charities, run by paid professional staff who are mostly non-local – although they appear to be embedded within the community. Most of these larger charities are dependent on statutory funding for delivery of their core services.
- The majority of charities in the deprived area focus on addressing urgent social problems, such as mental health difficulties, financial difficulties, and the need for health and educational support for young families. Charities in the affluent area meet a range of needs that include addressing social isolation, community development, cultural and intellectual stimulation and mutual social benefit for members.
- Respondents from both case-study areas note that community participation and charitable activities are undertaken by a small core of volunteers. However, there is a difference in skillsets: the area of affluence has an abundance of people with project management skills, whilst the area of deprivation lacks leaders/project managers, and relies on professionals or outsiders to take on these roles.
- There is a mismatch between supply and demand for volunteers. The demand is greater in the deprived area, but there is a lack of the right calibre of volunteer with a sufficient level of skills, the desire to volunteer, and willingness to engage with formal voluntary organisations.

Policy relevance and implications

Although the two case-study communities are only three miles apart, there were stark contrasts between them in terms of their needs, levels of wealth, individual skills, capacity to volunteer, and capacity to set up voluntary organisations that meet the needs of their communities. The affluent area had financial and community wealth that was lacking in the deprived area.

- The unpredictable nature of local authority funding for voluntary organisations, where funding is confirmed or withdrawn at the end of every financial year, jeopardises their capacity to plan for the future. Ring-fenced and longer-term funding would enable organisational planning, growth and innovation, the stability to ensure local support and engagement, and the capacity to respond to the community's changing needs.
- Short-term area-based funding initiatives targeted at areas of deprivation can lead to funding being awarded to organisations that do not know a local community and its needs. This can lead to a lack of visible project legacy, and foster local disengagement. Area-based funding needs to be sustained, and funding should be awarded to organisations that can demonstrate knowledge of each community's unique needs.
- Deprived areas lack the resources that provide 'community wealth', and continue to be in need of sustained investment and government commitment to regeneration. Sustained investment in regeneration projects could preferably focus on encouraging local residents who have gained skills and education not to leave the area, but to reinvest these skills into the community.
- The impact of voluntary organisations in deprived areas could be increased by identifying the success criteria of voluntary organisations that manage to engage and introduce positive changes, through enabling greater skills and capacity in the deprived community.
- Making social mixing and sustainability a focus for regeneration projects and housing developments in deprived areas would provide an environment where individuals with different levels of wealth and skills can work together in the interests of their community.

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BRIEF DESCRIPTION OF THE RESEARCH

A comparative analysis of charitable resources in two case-study areas – one affluent and one deprived – revealed a clear distinction between the two areas, both in the size and composition of charities, and in the different needs they met in the two communities.

Rose Lindsey: Exploring Local Hotspots and Deserts: investigating the local distribution of charitable resources (CGAP Working Paper)

Web: www.cgap.org.uk/uploads/Working%20Papers/CGAP%20WP%20hotspots%20and%20deserts%20RLindsey.pdf

FURTHER INFORMATION

Dr Rose Lindsey, Social Sciences, University of Southampton
Email: R.Lindsey@soton.ac.uk

The Centre for Charitable Giving and Philanthropy (CGAP) aims to develop knowledge and engage with donors, charities and practitioners. It is jointly funded by the ESRC, Office for Civil Society, Carnegie UK Trust and Scottish Government.
Web: www.cgap.org.uk

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Web: www.esrc.ac.uk
Email the ESRC communications team: comms@esrc.ac.uk

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