

6 Charity and social redistribution: the question of 'charity deserts'

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Variations in the distribution of charitable resources

Several prominent commentators exhibit a shared interest in geographical variations in the availability of charitable resources between communities, historically and today. John Stuart Mill (1848: V.11.47) suggested that charity 'lavishes its bounty in one place and leaves people to starve in another', and Aneurin Bevan (quoted in Mohan, 2003) claimed that owing to the 'caprice of charity', the availability of hospital services prior to 1948 was unsystematically related to need.¹ A concern with the distribution of charitable resources has been evident in recent Conservative Party thinking. For example, a Green Paper (Conservative Party, 2008: 29) proposed that support was needed to establish organizations in 'charity deserts'. Initial thinking on the Big Society programme revealed no direct references to charity deserts, but there were proposals to stimulate the creation and development of neighbourhood groups, for example by a programme of neighbourhood grants to the poorest areas. The intention of the Community Organisers' programme was also to stimulate the capacities of voluntary organizations (Conservative Party, 2010).

What does the evidence suggest about variations in the distribution of charitable resources? Maps of the distribution of registered charities (Mohan and Rolls, 2006) show clear contrasts (in terms of ratios of organizations to

¹ For those with historical interests in the development of hospital provision, a substantial database was created with support from various grants provided by the Leverhulme Trust (1996–9; 2000–02) and ESRC (2002–03); a grant from the Wellcome Trust's Research Resources in Medical History programme supported the creation of an online version of the database, from which statistics can be downloaded: see www.hospitalsdatabase.lshtm.ac.uk

population) between southern and rural areas, where charities seem to be plentiful, and the former industrial north. But these do not provide a good guide to variations in the distribution of charitable resources between communities. The intention of this paper is to show how such variations might be analysed, the better to highlight challenges for the enhanced role of charity in meeting social needs that is implicit in the 'Big Society' concept.

Using the term 'desert' might imply a total absence of organizations or activity. In fact, there are very few areas in which no charities are registered, but there are substantial variations between places in the numbers and types of charitable organizations. For example, 30 per cent of the population of England lives in areas where the ratio of charities to population is, on average, less than half the national figure. Such indicators tell us where organizations are located, not where they are carrying out their activities, so one way of assessing the distributional effects of charitable activity is to look at local variations in expenditures. Clearly, attributing all spending by charities to the geographical areas in which they are located is problematic but a finer-grained understanding of the pattern of expenditure by charities can be obtained in several ways. At the University of Southampton work is being conducted, with funding from the Centre for Charitable Giving and Philanthropy (CGAP), to develop these.²

Comparing charitable expenditures between communities

For named organizations, three sorts of information, derived from administrative sources such as the Register of Charities, may be used to reapportion expenditures between communities. Charities may specify their 'area of benefit' in their governing documents, which provides one source of information. Some areas of benefit are interesting historical curiosities, such as the boundaries of ancient parishes, but in many cases there is still sufficient information to allow us to work out the areas in which charities must spend their resources. As a second source of information, one can work with charities' 'area of operation' (a field in their return to the Charity Commission, which describes the local authority areas in which charities are active). Both of these approaches can be used, where data is available,³ to reapportion charitable expenditures between areas. And, for a third sort of information, large charitable organizations employing staff

² See www.cgap.org.uk/about-cgap/spoke-2--kent-southampton.html for further details. The focus of this work is on the general question of charity and social redistribution. In relation to the topic explored in this chapter, work is progressing on methodologies for regional and local assessments of variations in charitable expenditures, and also long-run changes in the distribution of the pattern of registered charities.

³ By no means all charitable organizations specify an area of benefit (AOB) or report an area of operation (AOO); some provide information on both, one or the other, or neither of them.

feature on the government's Interdepartmental Business Register (IDBR).⁴ It is therefore possible to identify the distribution of establishments with employees and reapportion expenditures accordingly. The effect of such exercises can be to redistribute several hundred million pounds of expenditure by charities (this does not mean that this is all resourced from charitable sources), thereby boosting our estimates of charitable activity in some areas and reducing them in others (Kane and Clark, 2009). For example, some £300 million of expenditure by charities in north-east England is attributable to organizations which have their headquarters outside that region.

Other methods would look at variations in the resources available to individual organizations rather than the aggregate of all expenditures by charities in a defined geographical area. For example, comparisons of the median expenditures of charities within regions or local authorities give figures which demonstrate variations in the size of a 'typical' charity by region. It can also be demonstrated that there are more large charities in London and the south-east than in other regions – the north-east, Yorkshire and Humberside, and the north-west have relatively few large charitable organizations. In such areas the influence of recent funding initiatives (such as the National Lottery) and policy under the Labour government is clear – several of the largest individual organizations might well not have been established otherwise (Kane and Mohan, 2010). In fact, outside London, the largest single element of charitable resources in some regions takes the form of charitable grants for research to universities (mostly to medical schools).⁵ One might also look at variations between similar types of organization in different places – it's not difficult to demonstrate substantial variations in resources available to commonly occurring types of organization (for example, village halls, scout groups, community centres) between communities.

Relationship between charitable expenditures, public service provision and reliance on public funding

So far, the emphasis has been on the relative scale of charitable expenditures; an alternative perspective can be provided by narrowing the focus and looking solely at the relationship between charitable fundraising and public service

⁴ This is now known as the Business Structure Database and is compiled from records of organizations that have a turnover which exceeds the VAT threshold and which are part of the PAYE system; for more details, see Kane and Clark (2009). This includes several thousand of the largest charities.

⁵ Calculated from HEFCE statistics on the distribution of their charitable multiplier, which is allocated to universities in proportion to the amounts received from charities in support of research.

provision. For instance, if one considers small registered charities such as parent-teacher associations (PTAs), established to support individual schools, there are large gaps between the resources available to schools in disadvantaged areas and those in more prosperous areas. Reich (2006) has argued that this is a potential source of inequality since, relative to the number of pupils at individual schools, the funds made available in this way can be quite large. The development of the pattern of charitable funding to support NHS trusts offers another example of the distributional consequences of charitable activity. Since 1980, when restrictions on charitable fundraising by NHS authorities were relaxed, a large number of charitable appeals have been launched (Pharoah and Mocroft, 2001; Mohan and Gorsky, 2001). It is the large specialist institutions in London and elsewhere that seem to have captured the public's imagination. In contrast, NHS trusts dealing with less popular causes, such as mental health, have found great difficulty in attracting philanthropic support.

An alternative source of information on the distributional effects of charitable expenditure is anonymized survey data from the National Survey of Third Sector Organisations (NSTSO), in which respondents are asked about the geographical scale of their operation.⁶ About 45,000 charities in England say they operate at the neighbourhood scale, but there are far fewer such organizations in the most disadvantaged areas, and those that are there tend to be much more reliant on public funding; they are also more likely to be working with client groups who are particularly disadvantaged, such as refugees, asylum seekers, ex-offenders, those with mental illness (Clifford, 2012). Information is also available on sources of income, which shows that, if consideration is given only to those organizations that do not receive income from the state, it is evident that the great majority of charitable organizations are located in well-off areas in the prosperous south-east of England. Clearly, those organizations that receive public funding are not going to lose it all overnight, but these patterns are an indicator of what might happen were charities to rely solely on voluntary income.

Turning charity deserts green

This emerging evidence is relevant to the 'Big Society' agenda, which entails a greater role for charity in meeting social needs, in three respects. First we require a better understanding of capacity and resources – does the

⁶ The survey data relates to 149 local authorities in England, and information is also provided for the level of deprivation of the census output area in which the respondent organization is located. It is therefore possible to estimate, for each local authority, how many people live in areas with a given level of deprivation, and calculate ratios of organizations to population accordingly.

distribution of charitable effort operate to the benefit of communities that are already well resourced? Second, at a time when there is greater emphasis on charitable fundraising to support public services, we also need a better picture of the complementarity (or otherwise) between private and public action; understanding of the current pattern may provide guidance for future development. Charitable resources may give individual institutions a competitive advantage in public service markets, to the detriment of more needy communities or institutions. Third, funders need a better picture of the existing distribution of resources. There are now spatially targeted policies in organizations such as the government-funded Community First programme, or the Big Lottery Fund's Big Local Trust, which are predicated on the accurate identification of areas of need, according to various criteria specific to each fund. It will be interesting to explore the extent to which the pattern of charitable resources develops in response to such initiatives.

It's probably worth remembering, though, that deserts are generated by long-term climatic change. Irrigating them requires vast amounts of water over a very long time period. When philanthropic receipts flattened out in the inter-war period (Gorsky *et al*, 2002; Mohan, 2006), the voluntary hospitals discovered a substantial new aquifer in the form of mass contributions from working people (Gorsky and Mohan, 2006), although these had a quasi-insurance character. Closure of the manifest gaps that were left by the pre-NHS charitable hospital system (rates of use of voluntary hospitals⁷ varied five-fold between local authorities: Mohan, 2003) took decades of sustained public intervention (Mohan, 2002). The charitable climate is also relatively stable – the most reliable long-term evidence on the amount of money donated to charity, drawn from US taxation statistics, suggests that the proportion of household income given to charity has varied very little over most of the twentieth century (Mohan and Wilding, 2009). Charitable initiative is certainly important but, both historically and in the present day, there are question marks about its ability to reach the most needy communities. And effecting a sea change in the propensity of the public to support charities, as envisaged by the Giving White Paper (HM Government, 2011), is likely to be a long game.

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⁷ The numbers of patients treated in voluntary hospitals expressed per thousand of the population.