

Cuts are likely to hit charities harder than expected

June 7 2011

Around one third of voluntary and charitable organisations in England receive public money to support their work and over 20,000 organisations say that the public sector is their most important source of income according to initial findings of research funded by the Economic and Social Research Council (ESRC). "It is very clear that public funding is more important to voluntary organisations than previously thought," says Professor John Mohan of the Third Sector Research Centre, who led the study. "And this is particularly true for those organisations working in deprived areas and with disadvantaged people."

The study shows that almost 70 per cent of third sector organisations working with socially excluded or vulnerable people receive public funding; and 60 per cent of those working with offenders, victims of crime and people with mental health needs also receive state support. Furthermore, over 50 per cent of voluntary organisations whose work includes helping the homeless and asylum seekers also rely on [government funding](#).

"What is concerning about these figures," says Professor Mohan, "is how much these organisations rely on public expenditure, and that many of them work in fields that, historically, have attracted little charitable funding."

The study also finds substantial regional variations in the extent to which third sector organisations receive public funding. Part of the reason for this Professor Mohan suggests, is that voluntary organisations have

played a significant role in [regeneration](#) and welfare programmes run by the previous government which have targeted the more disadvantaged regions.

Just over a third of organisations in London and the south-east receive state funding, compared with 42 per cent of organisations in the North West and 43 per cent of organisations in the North East. Furthermore, in disadvantaged areas of the Midlands and the North (for example in parts of Nottingham and Knowsley) the proportion of organisations that describe the public sector as their most important source of income is around 30 per cent.

But not only is there a regional bias in public funding, it is also unevenly distributed across the sector. Previous research looking at total amounts of public funding found it to be concentrated in a small number of large organisations. Indeed, the larger the organisation, the greater the likelihood of receiving state support – two thirds of organisations with income over £5 million receive [public money](#). Conversely, organisations whose income is under £10,000 per year are much less likely to draw on [public sector](#) funding.

"The picture is complex," admits Professor Mohan. "And there is no straightforward answer as to how public expenditure reductions will affect individual charities or localities. The particular impact, and the responses of individual organisations, will depend on a set of influences which are difficult to predict."

Professor Mohan also acknowledges that while the study emphasised reliance on public funding, voluntary organisations do have other sources of income. Among the 36 per cent of organisations that receive state funding, a fifth described donations and fund-raising as their most important source of income.

Nevertheless, the study concludes that policymakers need to take particular care in judging the effects of government cuts over the next few years as the organisations that rely most heavily on public funding at present are those working with the most disadvantaged people and in the most deprived areas.

Provided by Economic & Social Research Council

Citation: Cuts are likely to hit charities harder than expected (2011, June 7) retrieved 16 April 2024 from <https://phys.org/news/2011-06-charities-harder.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--