

**Briefing Paper BP3/2016**

**Great Expectations: how realistic are political hopes for charity in a  
time of austerity?**

**Dr Beth Breeze, Director of the Centre for Philanthropy at the University of  
Kent (CHASM Associate) and Professor John Mohan, Director of the Third  
Sector Research Centre at the University of Birmingham**

**March 2016**

Charity is dismissed by some as anachronistic, and only relevant for countries lacking a sufficiently robust welfare state. Yet charitable activity is alive and well in contemporary UK society. Despite a common perception that all public services are organised and paid for by tax-funded arms of the state, they are in fact delivered by organisations that rely to some extent on charitable donations. For example, despite the existence and general affection for the NHS, around £3.5 billion was donated during 2014 to 'health' charities including just over £1 billion for hospitals and hospices (CAF 2015); Cancer Research UK alone received £522 million of donated income, making it consistently the country's most successful fundraising charity. While these figures are considerably smaller than the NHS budget, at around £100 billion, in certain fields of activity (notably hospices and medical research) charity is a highly significant player.

Yet despite the vitality and ongoing contribution of voluntary action, these are tough times for the UK charity sector, with important questions being raised about the role, purpose and expectations of charitable activity in modern society.

There has been a succession of negative media headlines and political interventions highlighting concerns about a range of charity issues, including the methods used to raise funds, the salaries of charity chief executives, and the sudden closure of ‘big brand’ charities such as Kids Company. Prime Minister David Cameron spoke of ‘frankly unacceptable’ actions that damage the reputation of the sector as a whole<sup>1</sup>, and the Chair of the Charity Commission, William Shawcross, described the situation as ‘a crisis’<sup>2</sup> A subsequent review into fundraising self-regulation [<https://www.ncvo.org.uk/fundraisingreview>] is likely to result in legislative changes that will make it more difficult to secure private donations.

Questions about what charity is, how it should operate, and what role it plays in relation to state services, are of enduring significance. But the need to ask them is sharpened by the context of deep public spending cuts in a period of austerity. All political parties appear to subscribe to the view that charity is broadly a ‘good thing’, that it can be increased, and that it can address otherwise unmet social needs. Indeed, politicians frequently express great expectations that voluntary efforts will arise and expand to plug gaps vacated by the state.

In order to test the likelihood of these ‘great expectations’ being realised during the current ‘hard times’ of austerity, we have undertaken a range of studies to explore the logic of charity, by which we mean the distribution of resources across causes and communities in the UK, and the processes behind philanthropic decision-making.

First we present new public attitudes data on the ‘right’ role for charity and its relationship with the state. We find an enduring belief that ‘charity begins at home’ - meaning a broad preference for domestic over international causes - but no widespread sense that charity should rise up to replace government, as suggested in some versions of the ‘Big Society’ idea. This must give pause for thought to those who believe, or hope, that charities can pick up the slack as the state withdraws. We also find that people are broadly comfortable with

---

<sup>1</sup> <https://www.gov.uk/government/news/new-law-to-protect-vulnerable-from-rogue-fundraisers>

<sup>2</sup> <https://www.gov.uk/government/speeches/rathbones-charity-conversations-series-2015-william-shawcross-speech>

co-production by charity and government for many types of charitable activity. However there remain differential expectations of governmental action in particular areas, such as a greater reliance on government funding for health and rescue (somewhat at variance with the facts in the latter case, for example the Royal National Lifeboat Institution is solely funded by donations and trading, with no governmental support), and a greater reliance on charitable funding for non-human beneficiaries, geographically distant people, and ‘nice’ rather than ‘necessary’ spending such as holidays for disabled people.

Secondly, we note that the charitable sector is large and very diverse, ranging from tiny, volunteer-run efforts that serve a very specific set of beneficiaries, to major multi-national organisations with thousands of paid, professional staff. The typical scenario of charities being in receipt of a mixture of income sources does vary according to factors, such as geography. This gives rise to statements about ‘charity deserts’, which refers to physical communities with low levels of charitable activity, but we find that simplistic comments about ratios of charities to population do not do justice to a complex situation. More nuanced analyses show that gaps between communities in the distribution of charities and expenditures narrow, but are not eliminated, when we account for the geographic communities served by charities.

Thirdly, we document the factors that lie behind personal giving decisions, and find that private donors select causes as a result of identification (with the cause and its beneficiaries), empathy, socialisation, and biography, as well as connections with organisations in their place of residence. As giving is not frictionless, we also document the role played by philanthropic intermediaries such as fundraisers and philanthropy advisers, who tend to operate with a ‘donor-centric’ model, which amplifies the idiosyncratic and particularistic nature of philanthropic decisions. As a result, and given politicians’ limited ability to influence specific giving decisions, we question whether it is realistic to expect a substantial shift in the distribution of individual donations between causes and between communities.

In sum, we find that the logic guiding charity action – especially in relation to donors’ decision-making and the consequent distribution of charitable resources – is at odds with general assumptions and is not well understood, acknowledged or taken into account by politicians who seek to encourage charity, and to harness it in support of their political programmes.

By challenging the general misunderstanding of what ‘charity’ entails, and shedding light on the actual distribution of charitable benefit, we hope to contribute to political debates by arguing that charity is not as malleable in political hands as might be hoped or expected. For the most part, private giving occurs without reference to any governmental agenda, and cannot easily be ‘turned up’ or redirected by policy levers. In sum, we argue that the logic of charity cannot result in a proportionate matching of needs and resources, regardless of the hopes of politicians, and that situation is not likely to change, given the inherently individualistic nature of giving decisions.

***The Logic of Charity: Great Expectations in Hard Times* by John Mohan and Beth Breeze, published by Palgrave on 23rd December 2015**

<http://www.palgrave.com/gb/book/9781137522634>

***The views expressed in this Briefing Paper are the views of the author(s) and do not necessarily represent the views of CHASM as an organisation or other CHASM members.***