# Local action changing lives

## Community organisations tackling poverty and social exclusion

## a guide for donors and grant-makers

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# Executive Summary

■ **The purpose of this report is to illustrate how independent funds can make a distinctive contribution to tackling poverty and social exclusion through supporting charitable community organisations working in deprived areas.**

■ **Poverty and social exclusion remains one of the greatest social problems challenging the UK.** Despite a huge increase in affluence over the last two decades, approximately a quarter of Britain's population still live in poverty in terms of both low income and multiple deprivation of necessities.

■ **Pervasive poverty and social exclusion has debilitating effects on the people and neighbourhoods that experience it.** Such stark economic and social divisions impact both the economy and society as a whole. The human, social and financial costs are therefore significant.

■ **Data on poverty and social exclusion reveal that some geographic areas are multiply deprived.** Across a range of indicators, poverty and social exclusion are generally more prevalent in the North East than in other areas of the country. There are, however, many pockets of deprivation in what otherwise are perceived to be affluent areas.

■ **Tackling poverty and social exclusion is high on the current government's policy agenda.** As such, the government has developed a complex web of programmes ranging from those which support individuals and families to those which target deprived areas.

■ **Governments have used Area Based Initiatives as a mechanism to tackle deprivation in urban areas since the 1960s.** At least £1.8 billion per annum is currently allocated to such programmes that respond to the distinctive challenges of geographically concentrated poverty and social exclusion. The effectiveness of these programmes is unclear and some argue that the problem is not that too little government money targets deprived areas but that too often funds immediately leave the area. It is, however, evident that these programmes alone will not eradicate the causes or symptoms of poverty and social exclusion.

■ **Many causes of and solutions to poverty and social exclusion lie directly outside of the control of the government.** There is an important role played by the business sector and the voluntary and community sector. As the key generator of economic and technological development, jobs and wealth creation, the business sector has always played a central role in effecting poverty and social exclusion.

■ There are a plethora of voluntary and community initiatives that tackle diverse facets of poverty and social exclusion. **This report focuses on the distinctive contribution made by community organisations located in deprived areas that undertake a wide range of activities to benefit people of all ages and backgrounds.**

■ Community organisations described in this report include: **settlements, social action centres, development trusts, faith-based organisations, organisations led by black or minority ethnic groups, partnerships and alliances.** The origins of these organisations vary significantly.

■ **The 'multi-purpose' approach of community organisations has benefits of scale and scope** such as the advantages of having multiple activities 'under one roof', providing an anonymous environment and giving people choice in identifying appropriate activities for self development. Such organisations are driven by local people with a passion for and commitment to strengthening communities and improving people's lives.

■ **Community organisations recognise that local people can and should be active in improving their lives and local conditions rather than being perceived as victims or passive recipients of help.** Community organisations try to ensure that local voices, agendas and needs are understood. They are also well-placed to identify and strengthen local human and physical assets.

■ **Assessing the outcomes and impact of activities undertaken by community organisations is complex, time-consuming, can be costly and is often under-funded.** There are, however, an increasing range of tools and mechanisms through which quantitative and qualitative results can be illustrated.

■ **Despite the challenges of assessing outcomes and impact, there is a growing body of evidence that demonstrates the valuable contribution made by community organisations in tackling poverty and social exclusion**. This report illustrates a framework for understanding their impact which includes: personal development, wealth creation, strengthening social networks and relationships, linking the big picture with local action, and strengthening community assets.

■ **Community organisations need to be put on a more sound financial footing to strengthen their impact.** Despite increasing recognition of their value, many still struggle to survive and are dependent on short-term, project funding, which inhibits the development of sustainable and creative solutions to poverty and social exclusion. This needs to change.

■ **There is a distinctive role and need for independent funders in supporting community organisations.** Aside from providing grant support, independent funders can underpin overhead costs, provide longer-term support, provide for loans, help strengthen organisational capabilities, and increase financial sustainability through support for social enterprises or securing physical assets.

■ Building on this research, **New Philanthropy Capital (NPC) seeks to increase the quantity and quality of independent funding of community organisations located throughout the UK**, and is well positioned to advise funders interested in the field. Moreover, NPC has identified a wide range of community organisations that would benefit from independent funds.

# Contents

# Introduction

Pervasive poverty and social exclusion continue to be a harsh reality for a significant proportion of people living in the UK. Not only do poverty and social exclusion have severe detrimental effects on those that experience it, but they also have negative effects on our society and economy as a whole. Although government plays the primary role in addressing poverty and social exclusion, there is an important role for the voluntary and community sector. This report outlines the distinctive contribution made by charitable 'community organisations' located in areas of deprivation facing pervasive poverty and social exclusion.

## Purpose of this report

The purpose of this report is to provide funders with a framework for understanding the role and impact of community organisations in tackling poverty and social exclusion in deprived areas and the ways in which private funds can make a distinctive contribution to strengthening communities and improving people's lives.

In reaching the heart of the report, which illustrates phenomenal charitable organisations tackling deeply rooted and complex social and economic problems, the first half of the report takes the reader on a journey to explore the scope of poverty and social exclusion in the UK. This is followed by an analysis of how the government, business and voluntary and community sectors influence and address related problems.

Poverty and social exclusion are clearly enormous issues and it would be impossible for this report to address all facets and all means of tackling the related problems. There are many agencies that are trying to tackle poverty and social exclusion, including governmental, private, voluntary and community. Although we anticipate that New Philanthropy Capital will undertake research on issues such as truancy, divided communities, prisoners and ex-offenders, all of which relate to poverty and social exclusion, this report focuses on one type of organisation: multi-purpose charitable organisations that undertake a wide range of charitable activities in deprived areas. We have chosen to label these and hereafter refer to them as 'community organisations' and use the term community in its geographic sense.

Our decision to focus on this type of organisation does not undermine the important work of other voluntary and community groups that tackle single facets of poverty and social exclusion, such as drug addiction or homelessness. However, there is growing recognition of the important role played by community organisations in tackling poverty and social exclusion in deprived areas.

Many community organisations are typically 'below the radar screens' of many independent funders other than the larger grant-makers. Most particularly they are invariably unknown to many individuals in a position to fund them. Hence the role of this report – to bring the work of such organisations into greater prominence in the hope that this will encourage funders to support them.

This report is aimed at a wide range of funders, including established grant-making trusts with experience of supporting community organisations, private individuals with limited knowledge of the field, and the business community.

## Content

The context in which community organisations operate is illustrated through the first three sections of this report. Section 1 analyses the scope and symptoms of poverty and social exclusion, its causes, and the impact on individuals, households and geographic areas. Building on this analysis, Section 2 provides an overview of the plethora of government initiatives that seek to tackle poverty and social exclusion. Recognising that many of the causes of and solutions to poverty lie outside the direct control of the government, Section 3 discusses the role of the business sector.

The heart of the report (the second half) looks in detail at the work of community organisations. Section 4 describes the activities that community organisations undertake to address the needs of the deprived areas in which they operate. Section 5 tackles the thorny issue of the results achieved through their work. Section 6 concludes with recommendations for independent funders, focusing on the distinctive ways in which private funds can help.

## The case for independent funding

To set the scene for this report, it is important to consider why independent funders (such as individuals, grant-making trusts or corporate foundations) should support voluntary and community organisations that tackle poverty and social exclusion. Section 1 illustrates that poverty and social exclusion are clearly huge issues. Given the rhetoric of government and the plethora of programmes it has developed to tackle poverty and social exclusion (discussed in Section 2), it would be fair to question why independent funding is necessary to tackle these problems.

While the boundaries between the responsibilities of government and the role of the voluntary and community sectors are continuously evolving and are not clear-cut, much of voluntary and community sector action lies beyond public sector spending. Moreover, many of the causes of and solutions to poverty and social exclusion lie outside the direct control of the government, and rightly so. A healthy democracy and vibrant civil society requires positive interaction between all three sectors (government, business and voluntary) and active citizenship which the government alone cannot facilitate.

Historically the valuable work of the voluntary and community sectors in the UK has depended a great deal on support from the general public. We believe that independent funding is paramount if the voluntary and community sector is able to fulfil its role in developing sustainable solutions to poverty and social exclusion that go beyond the provision of essential services in a manner that is distinct from government.

As noted above, New Philanthropy Capital undertakes research that makes the case for independent funding to address specific facets of poverty and social exclusion. This report, however, focuses on a specific type of charitable organisation, 'community organisations', that are tackling poverty and social exclusion. The report illustrates that these 'community organisations' operating in deprived neighbourhoods, make a valuable and distinctive contribution to improving local conditions and people's lives. Many such organisations receive some funding from government agencies, however there are limitations to what community organisations can achieve with these funds. More importantly, independent funding is necessary to maintain the autonomy of community organisations so they can develop local solutions to local problems.

# Section 1: Poverty and social exclusion

**Poverty remains one of the greatest social problems facing the United Kingdom. Despite the huge increase in affluence over the last two decades, approximately a quarter of Britain's population still live in poverty in terms of both low income and multiple deprivation of necessities.[1] Not only do poverty and social exclusion have debilitating consequences for individuals, groups and neighbourhoods that experience it, such stark economic and social divisions damage our economy and society as a whole.**

**Many of the causes and solutions to poverty and social exclusion lie outside the direct control of the government. All three sectors (business, government and the voluntary and community sector) have power, influence and responsibilities to reduce levels of poverty and help the UK become a more inclusive society.**

**This section provides an overview of the scale and causes of poverty and social exclusion in the UK, illustrating the debilitating effects it has on those that experience it. The section concludes with a case for private funding.**

## Defining poverty and social exclusion

Poverty remains a desperate reality for many people in the UK. Approximately one quarter of people still live in poverty. Close to four million children live in families below the poverty line. This places Britain close to the bottom of a European league in terms of child poverty.[2] Despite the introduction of many schemes during the past seven years to improve the situation, widespread deprivation and poverty remains.

Poverty is often defined in terms of income, with the 'headline' indicator for low income as 60% of median household income. Such a relative concept of poverty is standard and has been espoused since at least the writings of the economist Adam Smith in the 18th century.

Arguably such a precise definition of poverty does not accurately convey the reality of being poor which can have many facets. Perhaps the most important attempt to define poverty was undertaken at the Copenhagen summit in 1995 where the UK committed to eradicating 'absolute' poverty, reducing 'overall' poverty and to drawing up national poverty alleviation plans (see Appendix 2). These definitions are complemented by broader definitions developed by Robert Chambers of the Institute for Development Studies, Sussex University, who defines poverty as:

- Poverty proper (lack of income and assets)

- Physical weakness (malnutrition, sickness, disability, lack of strength)

- Isolation (ignorance, illiteracy, lack of access, peripheral location)

- Vulnerability (to contingencies, natural disasters, to becoming poorer)

- Powerlessness (inability to control one's own destiny, lack of political power or organisation)

This report uses the above broader definition of poverty which reflects its multi-dimensional nature.

The term 'social exclusion' is increasingly used instead of poverty to reflect people's experience. This, too, is subject to vagueness and imprecision. Social exclusion tends to describe the 'process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live'.[3] The government's Social Exclusion Unit describes social exclusion as 'a shorthand label for what can happen when individuals and areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown'.[4] The term 'social inclusion' is also used as a means of creating a positive vision for an inclusive society that we must strive towards in which people are able to access opportunity and are not arbitrarily constrained by circumstance.

Whatever the niceties surrounding definitions, the reality of poverty or social exclusion is all too clear for many in the UK. Terminology is important but this report moves beyond arguments about definitions and emphasises the characteristics and experiences of poverty and social exclusion and the nature of the causes that give rise to such problems. Although no one is immune to experiencing facets of poverty and social exclusion (for example crime, unemployment and substance abuse) this report focuses on pervasive poverty and social exclusion experienced by those living in deprived areas.

## Measuring poverty and social exclusion

Measurements of poverty and social exclusion range from those which focus on levels of income, to those which look beyond resources and identify other ways in which non-participation arises (for example, through discrimination, cultural identification or geographic location). The range of available data differs principally in the indicators used. There is however, some consistency between different data sources in terms of the local authority district areas identified as the most deprived.

This report does not provide a detailed overview or in-depth critique of the data available, however, the information below illustrates the effects and scope of poverty and social exclusion in the UK.

### Poverty and income

Although the UK has no official definition of poverty, defining it in terms of low income is the most widely used measurement. The 'headline' indicator for low income is 60% of contemporary median income.[5] In 2002/03, there were 12.4 million people (approximately 22% of the population) below this threshold (after deducting housing costs), down from 13.9 million in 1996/97. Generally, relative poverty has been on a downward trend since 1996/97, following a large increase during the 1980s and a flat or slightly falling trend during the 1990s.[6] However, the number of people below the low income threshold is still almost double that of 20 years ago.[7]

Change in relative household income has also been pronounced as much at the top as it has at the bottom of the income scale. Between 1979 and 1994/5, the incomes of the richest tenth of the population grew by 68%, while those of the poorest grew only 10% before housing costs and fell 8% after housing costs.[8]

Defining poverty in terms of the number of people below a given percentage or average is convenient. However it is not scientifically based, it is not based on independent criteria of deprivation or disadvantage, nor does it relate to the needs of individuals or to any agreed definition of what it is to be poor.[9] Furthermore, income is an incomplete proxy for measuring poverty and social exclusion.

### Broader indicators of poverty and social exclusion

A broader, independent analysis of poverty and social exclusion is periodically carried out with the support of the New Policy Institute and the Joseph Rowntree Foundation. This analysis details 50 indicators which characterise the key features of poverty and social exclusion in Britain. Indicators range from income to health, education and engagement in community activities. Box 1 shows some of the indicators that demonstrate the size and scope of poverty and social exclusion currently.

> **Box 1: Indicators of poverty and social exclusion in Britain**
>
> **Low income**
> - The number of people on a low income is now lower than at any time during the 1990s, but is still approximately double what it was in the 1980s.
>
> - Despite recent falls, children and pensioners continue to be more likely than working age adults to live in low income households.
>
> - Nearly a fifth of the population – around 10 million – experience low income at least two years in three.
>
> **Children**
> - Teenage motherhood is four times as common amongst those from a manual

> **Between 1979 and 1994-5, the incomes of the richest tenth of the population grew by 68%, while those of the poorest grew only 10%.**

social background as for those from non-manual backgrounds.

- While results have improved over the last decade, 25% of 16-year-olds still obtain no GCSEs above a grade D and 4% get no grades at all.

- The number of children aged 16 or less who are in custody is one and three-quarter times greater than a decade ago.

**Young adults**

- Three quarters of young adults on low pay work in the distribution, hotel and restaurant trades.

- The number of problem drug users aged 15-24 starting treatment has almost doubled since 1993.

- One in four 19 year-olds still fails to achieve a basic level of qualification. One in 12 has no qualifications at all.

**Adults**

- More than half of female employees in manual occupations, sales, cooking, cleaning and caring earn less than £250 per week.

- The proportion of people receiving job-related training is much greater for those with higher educational qualifications than for those with other qualifications.

- A quarter of women aged 25 to 64 are now obese.

**Older people**

- 1.3 million pensioners have no income other than state benefits.

- Each year, 20-45,000 more people aged 65 or over die in winter months than in any other months.

- The proportion of elderly households helped to live at home by social services continues to fall and is now down by two-fifths since 1994.

**Communities**

- Half of people in social housing are on low incomes compared with one in six of those in other housing tenures. The number of households in temporary accommodation continues to rise sharply.

- Households with no insurance cover are much more likely to be burgled than those with insurance. Half the poorest households are uninsured.

- One in six of the poorest households still do not have any type of bank/building society account. This is four times the rate for households on average income.

Source: Palmer, G, North, J, Carr, J, Kenway, P (2003) *Monitoring Poverty and Social Exclusion 2003,* Joseph Rowntree Foundation

There are strong similarities between government indices of deprivation (illustrated on page 13) and the above independent report. However, the government's report has tended to select indicators that relate directly to government initiatives.[10]

In 2000, an independent Poverty and Social Exclusion Survey was carried out with the support of the Joseph Rowntree Foundation to assess material and social deprivation and exclusion among the British population. This was the most comprehensive and rigorous survey of its type, analysing socially perceived necessities. Building on the approach used in the Breadline Britain Surveys of 1983 and 1990, this survey measured poverty in terms of deprivation from goods, services and activities which the majority of the population define as being necessities of modern life.

Results from the survey found that by the end of 1999, approximately 14½ million people (26% of the population of 58 million in Great Britain) were living in poverty, confirming that poverty rates have risen sharply since the early 1980s.[11] Other data from this survey that illustrate poverty include:

- 9½ million people cannot afford adequate housing conditions as perceived by the majority of the population. That is, they cannot afford to keep their home adequately heated, free from damp or in a decent state of decoration.

- 8 million people cannot afford one or more essential household goods, such as a fridge, a telephone or carpets for living areas.

- 7½ million people are too poor to be able to engage in those common social activities considered necessary: visiting friends and family, attending weddings and funerals, or having celebrations on special occasions.

- A third of children go without at least one of the things they need, like three meals a day, toys, out of school activities or adequate clothing. 18% of children go without two or more items or activities defined as necessities by the majority of the population.

- 4 million people are not properly fed by today's standards. For example, they do not have enough money to afford fresh fruit and vegetables, or for two meals a day.

The survey also identified four dimensions of social exclusion: 1) impoverishment, or exclusion from adequate income or resources; 2) labour market exclusion; 3) service exclusion; and, 4) exclusion from social relations. Key indicators include:

- About one in 14 are excluded from four or more of a list of essential public and private services, with nearly a quarter because two or more services are either unaffordable or unavailable.

- One in eight people has neither a family member nor a friend outside their household with whom they are contact with on a daily basis.

- One in ten of the population has no civic engagement at all, defined as a facet of exclusion from social relations (such as voting or participating in various types of civic organisations like sports clubs).

It is sometimes said that statistics and measures of poverty and social exclusion are valuable but invariably refer to the consequences or manifestations of problems rather than to causes. Moreover, poverty and social exclusion are a social construct, and what for some may be felt as an indicator of poverty may not be for others. Such data also fails to capture the assets held by individuals or neighbourhoods suffering from poverty and social exclusion. As such, data measures are necessarily limited. However, all indicators demonstrate that a significant portion of the population of the UK suffers from many symptoms of poverty and social exclusion.

Statistics about poverty and social exclusion can be dry, lifeless and difficult to grasp. The reality is far from this. How people experience poverty and social exclusion is therefore illustrated in Box 4.

## Geographic concentrations of poverty and social exclusion

The academic Stephen Thake writes **'Social exclusion is like a debilitating virus and is difficult to throw off. Individuals who have the choice will do all in their power to avoid it. They will move house, change job, and sever friendships in order to remain immune. A corollary of moving on is the emergence of neighbourhoods with high concentrations of people who exhibit the symptoms of social exclusion'.**[12]

Data on poverty and social exclusion illustrate that certain geographic areas are multiply deprived (although definitional problems also beset the notion of a neighbourhood - see Glossary).[13] Spatial concentration of poverty and social exclusion is not a new phenomenon and current conditions in deprived areas are a result of decades of change.

Deprived areas are often very distinct in character in terms of history, infrastructure and population profiles. Some are inner city areas, while others are seaside towns or mining villages. Characteristics of a deprived area can relate to the physical environment, such as boarded up shops or vandalism. Others concern the lack of services available to a neighbourhood such as shops, a Post Office or a local bank. The diverse problems faced by each distinct area complicate the policy response to multiple deprivation. Table 1 illustrates some of the negative acquired characteristics of poor neighbourhoods.

It is argued that the nature of deprived areas contributes to the social exclusion of their residents in three ways:[14]

1) They have intrinsic characteristics that are difficult to change (including location, economic base, housing, and transport infrastructure).
2) Public policy (for example, through tenure), and changing patterns of residence as people with the greatest resources leave areas in decline affect the most disadvantaged people in the least advantaged areas.
3) Once the concentration of disadvantage is established, deprived areas can acquire other damaging characteristics such as reputation, environment, levels of crime and disorder and aspects of social life such as the extent of interaction between residents.

**Table 1: Some of the negative acquired characteristics of poor neighbourhoods**

| | Characteristics |
|---|---|
| Physical environment | ■ Empty housing and shops<br>■ Damage to empty buildings<br>■ Litter and dumped household goods<br>■ Dumped cars<br>■ Used needles<br>■ Burglary<br>■ Vandalised bus shelters and lights<br>■ Graffiti |
| Private sector services | ■ No bank<br>■ Few shops<br>■ High shop prices<br>■ 'No-go' area for taxis and newspaper delivery |
| Public sector services | ■ Failing schools<br>■ Poor standard of housing and repairs<br>■ Ineffective environmental services |
| Sense of power, control and inclusion | ■ Mistrust of public services<br>■ Feeling of inferiority vis-à-vis professionals<br>■ Low take-up rates<br>■ Sense of being 'no good' because of bad area reputation<br>■ High levels of mental ill-health<br>■ More dependence |
| Social organisation | ■ Reduced social networks<br>■ Isolation<br>■ Divided community<br>■ Mistrust of neighbours |
| Social order | ■ High crime<br>■ Noise<br>■ Speeding cars/bikes<br>■ Neighbour intimidation and aggression<br>■ Drug dealing<br>■ High levels of truancy and exclusion<br>■ Unsupervised children and youth nuisance |

Source: Adapted from visits and interviews in 12 neighbourhoods undertaken by Lupton, R and Power, A (1999), taken from *Understanding Poverty and Social Exclusion* (2002), Oxford University Press, p.134

In a report published by the Joseph Rowntree Foundation, the academic Stephen Thake describes three types of socially excluded neighbourhoods:

■ Stable neighbourhoods, where the economies have changed but people remain as there is nowhere else to go.

■ Neighbourhoods of transition, where those arriving mirror the numbers of people leaving an area.

■ Neighbourhoods of flight, where there are not enough newcomers who wish to replace those that have moved on.[15]

The government's latest Indices of Multiple Deprivation 2004 (IMD 2004), use 37 indicators separated into seven domains of deprivation (income, employment, health deprivation and disability, education skills and training, barriers to housing and services, living environment and crime). These indices are used to rank areas of deprivation. In total there are 32,482 Super Output Areas (SOA)[16] which are geographically smaller than wards.[17] Using SOAs as a geographical unit enables pockets of deprivation to be identified. The map in Figure 1 illustrates the ranking of districts in England (alternative measures are used to assess poverty and social exclusion in Scotland and Northern Ireland). The darkest shaded SOAs are the most deprived 10% SOAs in England.

**Figure 1**: **Map of England showing the average rank of deprivation at a district level**
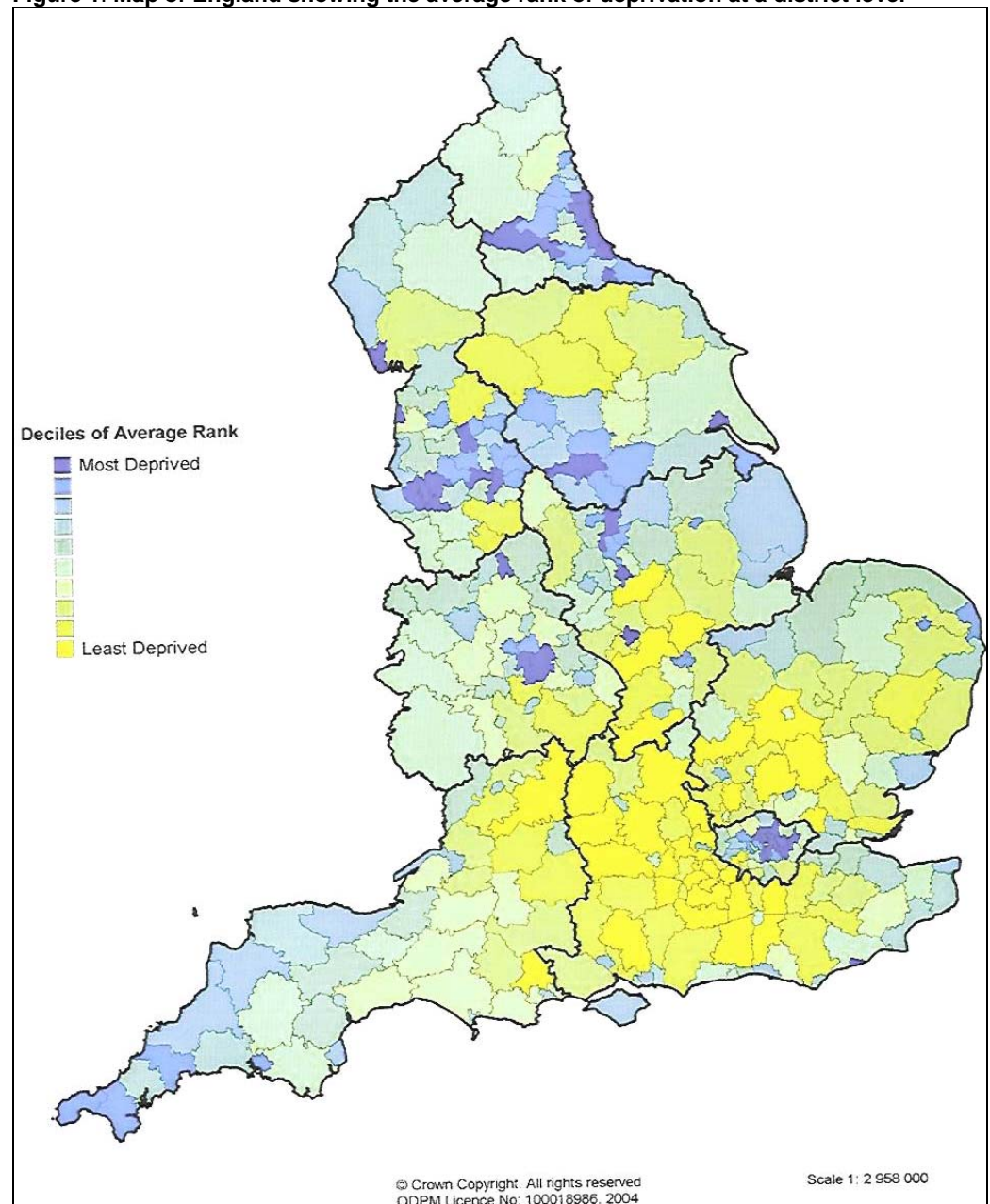
Source: Office of the Deputy Prime Minister (2004) *The English Indices of Deprivation 2004*, Neighbourhood Renewal Unit, p.109

Box 2 describes the location of some of the most deprived areas in England. Across the range of indicators, the problems of poverty and social exclusion are generally more prevalent in the North East.[18]

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**Box 2: The location of some of the most deprived areas in England**

'Most urban centres contain areas with high levels of deprivation. The conurbations of Manchester, Liverpool and Newcastle together with neighbouring metropolitan areas contain many highly deprived SOAs and demonstrate a degree of uniformity in deprivation. The same is the case for the large metropolitan areas in Yorkshire and Humber and the West Midlands.

The north east quarter of London remains particularly deprived, with Newham, Hackney, Tower Hamlets and the eastern half of Haringey continuing to exhibit very high levels of deprivation.

Areas such as Easington, Middlesborough and Hartlepool in the North East have very high levels of multiple deprivation. This pattern applies in the former coalfield areas and former tin mining areas as Penwith in Cornwall.

Seaside resort towns, such as Great Yarmouth, Margate, Hastings and Skegness continue to show high levels of deprivation as do the ports of Plymouth, Kingston upon Hull and Bristol.

Some cities experience extremes of high and low levels of deprivation. For example in Kensington and Chelsea, there are 24 SOAs which are amongst the 20% least deprived in England and 20 SOAs that are among the 20% most deprived in England.'

Source: Office of the Deputy Prime Minister (2004) *The English Indices of Deprivation 2004*, Neighbourhood Renewal Unit, p53

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Deprivation is also concentrated in small 'pockets' in areas that are otherwise perceived to be affluent (for example, in inner city cores on social housing estates).

While it is evident that there is spatial concentration of poverty and social exclusion, data on the geographic concentrations of deprivation does not necessarily reflect levels of satisfaction that people feel with their community. Even on the most unpopular estates in London only one in four residents are likely to express high levels of dissatisfaction with their area. The types of wards with the greatest proportion of residents who are dissatisfied are inner city estates, ports and old industrial and mining areas.[19] The most widespread cause of community dissatisfaction is crime.[20] Other major contributing problems range from litter and lack of leisure facilities to vandalism and problems with dogs. The 'geography of misery' often highlights different geographic areas to those as identified as 'deprived' by the government.[21]

There is also growing appreciation of the need to understand and map the assets within any given community. For example, the local skills and enthusiasm to improve local conditions, entrepreneurial spirit, a vibrant voluntary sector, and land and properties that can be used to develop the community are all assets on which revival can be built. Indices of deprivation can track changes over time but do not necessarily help develop the best solutions to any given need in diverse contexts. The need to understand and build on local assets also emphasises that a 'one size fits all' approach to tackling the spatial concentrations of poverty and social exclusion is not appropriate.

## Rural poverty and social exclusion

Area concentration of poverty and social exclusion is overwhelmingly an urban, industrial problem (depending on the definition of 'rural', between 80 and 90% of people in Britain live in urban areas[22]). Nevertheless, it is important to consider how people living in rural areas are affected.[23] Rural poverty is especially significant in Wales and Scotland where approximately 33% and 29% of the populations respectively live in rural areas.[24]

The experience of poverty and social exclusion in rural areas is no less intense for those affected than it is in urban areas. In 2002, research supported by the New Policy Institute and Joseph Rowntree Foundation found that most indicators (low income statistics, work statistics, education statistics, health and well-being indicators and community statistics) reveal significant levels of poverty and social exclusion in rural England.[25] For example:

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**Although poverty in small towns or rural areas tends to be scattered, the experience for those whom it affects is no less intense than for those living in urban areas.**

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- 18% of people live in households with incomes below the government's main threshold of low income (compared to 24% in urban areas).

- 65% of heads of households in social housing have no paid work (compared to 35% of those in other tenures).

- 23% of 19 year-olds fail to achieve basic level qualification (NVQ2 equivalent).

- Around 100 young adults commit suicide each year (which represents a higher rate than in urban areas).

- 10% of poor households lack central heating (compared to 7% of households on average.

Remote rural areas are noticeably more disadvantaged than those that are more easily accessible.[26] Unlike urban poverty, poverty in small towns or rural areas tends to be scattered. Rural areas are also experiencing a decline of services such as village shops, schools, churches, pubs, garages, doctors' surgeries and hospitals. Moreover, public transport is often infrequent or inadequate. Rural areas have also been severely impacted by recent problems in agriculture.

Those that have suffered most from changes in rural areas do not own cars, are on low incomes, are disabled, or lack the confidence to travel longer distances to towns or cities. The inability to access such facilities can easily exacerbate their problems.

## Is the situation improving?

Depending on the issue analysed and the source of data, some indices are improving, others remain stable and some are getting worse. Broadly speaking, relative deprivation of the poorest areas has worsened as absolute poverty has diminished and the gap between the poorest local authority areas and the rest is widening. Comments on progress made by the current government can be found in Section 2.

## International comparisons

The situation in the UK is particularly acute, as noted by the government's Social Exclusion Unit. 'In the mid-1990s, the UK was distinguished from its EU competitors by high levels of social exclusion. It topped the European league for children growing up in workless households, for teenage pregnancy and for drug use among young people. Twenty percent fewer 18-year-olds were staying on in education than the EU average, and this country has some of the highest rates of adult illiteracy in Europe'.[27] In 1999, the UK had a greater proportion of its population on low income than any other EU country, except Greece and Portugal, and the proportion of the UK population on persistent low income was twice as high as in the best EU countries (considerably above EU averages).[28]

Many people associate poverty with the 'Third World' or developing countries. However, poverty and social exclusion transcends the north-south divide. Moreover, many symptoms felt by those who experience pervasive poverty (such as isolation, humiliation and helplessness) can be shared by someone living in a deprived area in the UK with someone living in a deprived area in the 'South'.

## The nature and causes of poverty and social exclusion

Data provides an important picture of some of the symptoms of poverty and social exclusion. But data cannot adequately describe the experience or causes of poverty. A 1998 report from the Social Exclusion Unit describes social exclusion as a web consisting of a number of linked elements in which people are trapped.[29] The web is constantly changing, shrinking or expanding as some experience short periods of poverty and social exclusion, while others suffer from additional problems. For many, poverty (in terms of income) is a one-off event, but a significant number of people experience repeated and persistent poverty. Individuals who experience it once are more likely than the rest of the population to experience it again, and there is significant evidence that demonstrates certain groups are more vulnerable to falling into poverty (see Box 3). Understanding who is a greatest risk can help target policies and manage risks.

Black and minority ethnic children face greater barriers as discrimination against their parents on the basis of their colour means they have a greater chance of being born into poverty than their peers.[30] Minority ethnic groups are more likely to be disproportionately

**In 1999, the UK had a greater proportion of its population on low income than any other EU country except for Greece and Portugal.**

represented in the population of deprived areas. Seventy percent of all people from ethnic minorities live in the 88 most deprived local authority districts, compared with 40% of the general population.[31] They are also more likely than others to live in low-income households, be unemployed and to suffer ill health.[32] Pakistanis and Bangladeshis come out worst in tables on household income, unemployment and educational attainment. At least six out of ten working age adults from Pakistani or Bangladeshi backgrounds are on low income.[33]

> **Box 3: Groups more likely to experience poverty and social exclusion:**
>
> ■ Women are still over represented in low income figures, have lower employment rates than men and less likely to be contributing to a second pension [34]
>
> ■ Children born into poor households
>
> ■ Adults living in one-person households, including single pensioners
>
> ■ Large families
>
> ■ Those who left school at the age of 16 or under
>
> ■ Households with no paid workers
>
> ■ Separated/divorced households
>
> ■ Lone parent households
>
> ■ Local authority housing association tenants
>
> ■ Households dependent on Income Support
>
> ■ People with disabilities
>
> ■ Pensioners

**"Poverty is humiliating. You get so depressed you will do anything – like work three crap jobs instead of being humiliated. Humiliating to sit with a total stranger at the DHSS and tell them your business".**

Some people experience social exclusion as a result of unexpected events, such as a death in the family or personal injury. Also, as the structure of local economies change and jobs require different skills (for example, due to the closure of manufacturing industries), many people lack the confidence or necessary support to be able to adapt to the changing markets, sometimes resulting in depression, panic attacks, and debt and alcohol misuse. A reduction in people's sense of self-worth can have a debilitating effect on health. Box 4 indicates how some people feel about living in poverty.

> **Box 4: The experience of poverty**
>
> During a workshop held by the UK Coalition Against Poverty, people expressed the following feelings about living in poverty:
>
> *"Poverty is isolating. You do not want anyone to know what you are feeling, what you need, because of the indignity of the situation. So you put on a brave face and do not let anyone in to your private life".*
>
> *"Poverty is humiliating. You get so depressed you will do anything – like work three crap jobs instead of being humiliated. Humiliating to sit with a total stranger in the DHSS and tell them your business".*
>
> *"In part it is about having no money. It is also about being isolated, unsupported, uneducated, unwanted".*
>
> Source: www.oxfam.org

Communities also experience the breakdown of trust and powerlessness. For example, people feel frustrated and confused by bureaucracy and feel powerless in determining policies which address their needs. A sense of betrayal is also evident where public services have not altered the situation, leading to hostility, resentment and lack of engagement on the part of communities towards public authorities. People's sense of alienation is, in part, expressed through their sense of separateness from the institutions of society.

A useful framework for understanding the causes of poverty and social exclusion is shown in Figure 2. This illustrates that the causes of poverty and social exclusion result from the assets owned by the individual and community (past influences) combined with constraints and opportunities generated by present influences (such as government policies, market
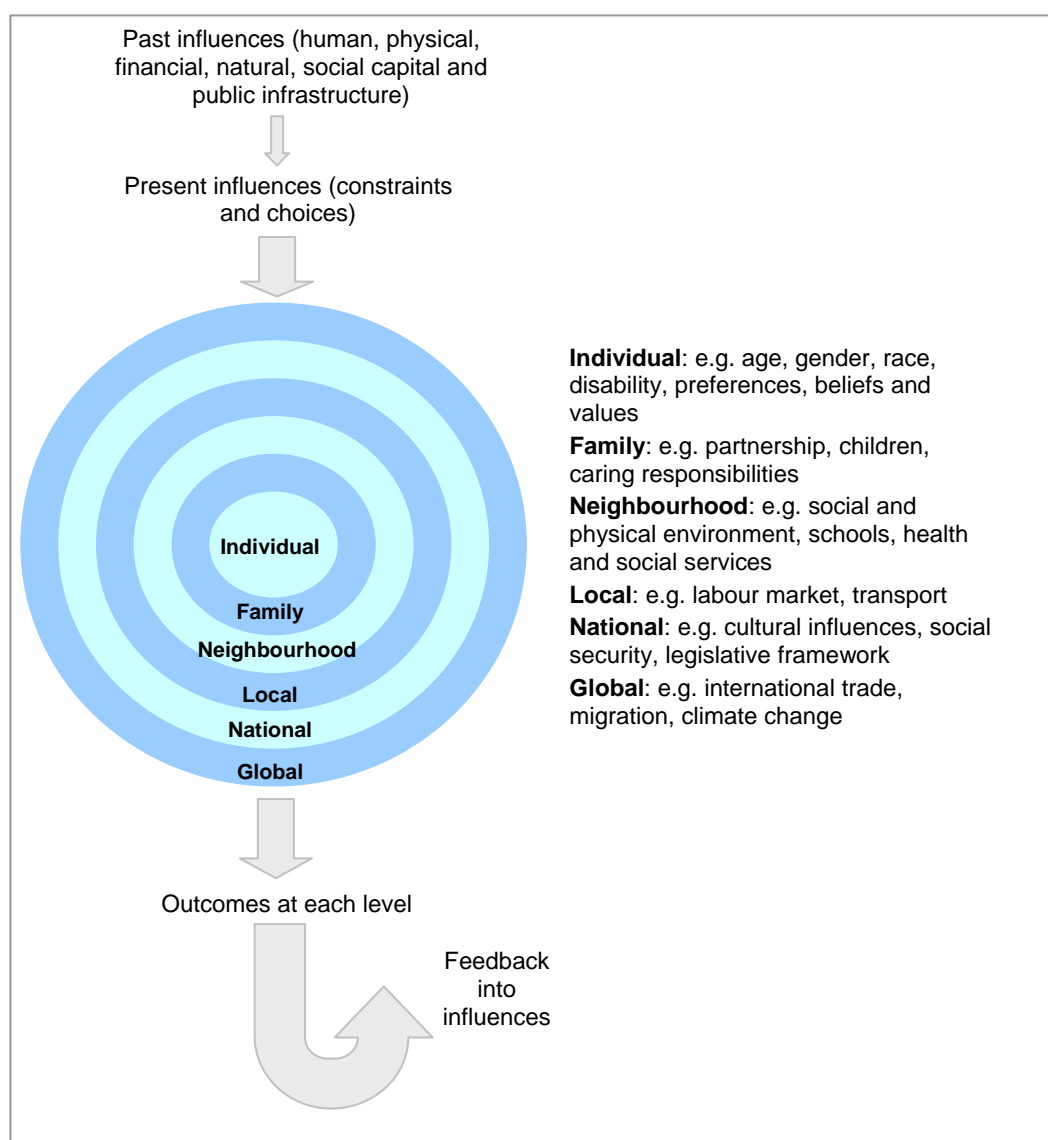
changes and the choices made by individuals or communities). The 'onion diagram' indicates that there is no single cause of any outcome or behaviour, but rather a number of interrelated factors ranging from the individual to the global. The outcomes of interactions feed back into past and present influences.

This framework illustrates that the exclusion of marginalised communities, whether identified by geographic location or identity, is not solely a product of the failure of government. Larger forces are at play, including globalisation and technological change, which create both winners and losers. Government and statutory authorities are often unable to anticipate or reverse the negative consequences of wider developments and their impact on individuals, households and communities.

While it would be impossible to do so in this report, it is important to consider and analyse the causes of poverty and social exclusion in any given area so that policy and interventions of all key stakeholders can focus on bringing about long-term changes in individuals' lives. Identifying the root causes of poverty and social exclusion can also help target resources to eliminating the causes of poverty rather than 'sticking plaster' interventions.

**Figure 2**: **A framework for understanding social exclusion**

Past influences (human, physical, financial, natural, social capital and public infrastructure)

Present influences (constraints and choices)

Individual

Family

Neighbourhood

Local

National

Global

**Individual**: e.g. age, gender, race, disability, preferences, beliefs and values
**Family**: e.g. partnership, children, caring responsibilities
**Neighbourhood**: e.g. social and physical environment, schools, health and social services
**Local**: e.g. labour market, transport
**National**: e.g. cultural influences, social security, legislative framework
**Global**: e.g. international trade, migration, climate change

Outcomes at each level

Feedback into influences

Source: Adapted from Burchardt's framework for understanding social exclusion, Hills et al (2002), *Understanding Social Exclusion,* Oxford University Press, p.9

## Low pay

It is often suggested that employment is the route out of poverty, and there is no doubt that lack of paid work is an important factor in causing poverty and social exclusion. While barriers to employment can be significant, resulting from factors such as the lack of confidence, lack of skills, and discriminatory practices, many people who enter the labour market continue to face disadvantage. Poverty and social exclusion, therefore, remain a reality for those on low incomes, and the most persistent effects are felt by those who are in low pay 'careers' (such as cleaners, catering assistants, care assistants, sales assistants, security guards and hairdressers), rather than those who temporarily experience low pay. The numbers on low incomes have been falling steadily in recent years but are close to double the levels of the late 1970s.[35]

The current minimum wage is £4.50 per hour for workers aged 22 and over. Research carried out by the Family Budget Unit demonstrates that a London 'Living Wage' (the level of income necessary to raise people out of poverty) should be £6.70 per hour. Poor wages are exacerbated by short term contracts and limited or absence of other benefits such as pension contributions, sick pay and holiday pay.

Box 5 illustrates how the experience of poverty and social exclusion is exacerbated by low pay.

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**Box 5: The effect of low pay**

'Samuel was a Jamaican in his forties who had worked in the hospital [as a porter] since he arrived in England some years ago. Like many of the other employees, he said he was not planning to stay much longer, eager to get back to Kingston, Jamaica and set up his own taxi firm again. His 'useless' brother had driven the last one into the ground. In his head he was not a hospital porter at all but a small businessman. He had two children in school in London and worried about them. Would they get on, do well, pass exams? He worked exceptionally long shifts to pay for his family, while his wife worked as a cook. 'You can't survive, not with a family, unless you do the long, long hours, unless you both work all the hours there are,' he said. He was concerned about his children being left alone too long, because of the combined working hours of him and his wife. I [Polly Toynbee] witnessed this frequently: good parents who earn so little they are reluctantly forced to become bad parents by working overlong hours to make ends meet. Many said they would work shorter hours if they could find higher-paid jobs'.

Source: Adapted from Toynbee, P. (2003) *Hard work. Life in low pay Britain,* Bloomsbury Publishing, London, p.59

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## The costs of poverty and social exclusion

It is evident from the above discussion that the human, social and financial costs of poverty and social exclusion are felt at all levels. The costs of poverty and social exclusion to an individual include: under-achieving educational potential; poor access to services; stress; poor health; and lack of hope. Costs to the whole population include: reduced social cohesion (for example, generations and minority ethnic communities are divided by radically different life chances); higher crime or fear of crime; and reduced mobility.

Social exclusion is one of the key upward pressures on public spending.[36] Costs arise in a range of areas, including benefits, costs to health care, support services for those who are excluded, low levels of consumption, and the costs of crime and drugs. While it is not possible to put precise figures on these costs, the following statistics serve as examples of the magnitude involved (though, clearly, not all of these can be attributed to poverty and social exclusion):[37]

- The annual cost of social exclusion to the public services has been estimated at £406 million.

- Teenage mothers receive £116 million in benefits a year.

- The cost to the exchequer of problematic drug misuse has been estimated at between £3.2 billion and £3.7 billion.

- The overall cost of crime to the UK economy has been estimated at £60 billion per year.

Social exclusion also affects the business community through, for example, the lack of skilled workers, lack of customers (low income or benefit dependency reduces the nation's spending power), and a greater tax burden on business, which reflects the costs of social failure.

## Summary: Looking forward, Responsibilities for All

This section has illustrated that poverty and social exclusion are deeply rooted realities for a significant proportion of people living in the UK. European league tables demonstrate that the situation in the UK is especially acute, particularly in terms of child poverty and the proportion of people on low income. Data also illustrates that poverty and social exclusion is spatially concentrated. The detrimental effects on those that experience it are severe, as are the consequences for our society and economy as a whole.

Government policy and rhetoric has changed significantly since the 1980s. The government's 1999 *Opportunity for All: Tackling Poverty and Social Exclusion* was the first comprehensive statement by a UK government of its anti-poverty programme. This has been complemented by the establishment of the Social Exclusion Unit, the development of a National Strategy for Neighbourhood Renewal and the pledge to end child poverty by 2020.

There has also been a significant shift in the government's approach to developing deprived areas by adopting a more 'bottom-up' approach which favours community participation. However, people in deprived areas still struggle to influence government programmes, not least due to the sheer complexity and numbers of programmes managed by numerous central and local government departments.

So far the burden of responsibility for tackling poverty and social exclusion and the costs for bringing it about have fallen on central government, as it has been argued that the causes of poverty centres on the failings of the old welfare state. It is, however, evident that many of the causes of and solutions to poverty and social exclusion lie outside direct control of the government, and it is essential that all stakeholders in the well-being of our economy and society understand and appreciate the influence and responsibilities they have in tackling poverty and social exclusion.

All three sectors (business, government and civil society), play a part in eradicating poverty and social exclusion. Moreover, the ways in which these sectors interrelate at a local, national or global level has a significant impact on poverty and social exclusion in the UK. Sections 2 and 3 explore how the government and business sectors influence or address poverty and social exclusion, which is followed by an analysis of the valuable contribution played by community organisations operating in deprived areas and how independent funding can help strengthen communities and improve people's lives.

**Many causes of and solutions to poverty and social exclusion lie outside direct control of the government.**

# Section 2: Government's approach to tackling poverty and social exclusion

**Tackling poverty and social exclusion is currently high on the government's social policy agenda. It has created a complex web of departments, funds and initiatives that address a broad range of social and economic needs targeting individuals, families and deprived areas.**

**The government currently spends around £112 billion a year on social security benefits[38] and around £133 billion on public services.[39] We estimate that approximately £1.8 billion per year is spent on the Area-Based Initiatives.**

**This section provides an overview of the diverse government programmes that tackle poverty and social exclusion both at a community level, and the way in which the government supports the voluntary and community sectors.**

## UK anti-poverty strategies

The UK's anti-poverty strategies, as described in the UK National Action Plan on Social Inclusion 2003-2005 are founded on three pillars. These are maintaining a strong economy, keeping labour markets flexible and providing good public services accessible and accountable to all.

Key objectives of policy are to:

- Facilitate participation in employment.
- Enable access to resources, rights, goods and services.
- Prevent risks of exclusion.

## Putting policies and programmes into practice

To achieve its objectives, the government has developed a complex web of programmes that tackle poverty and social exclusion, ranging from those which support individuals and families (such as benefits, tax credits and the minimum wage policy) to those which target deprived areas. The provision of mainstream public services is also of particular significance to people experiencing poverty and social exclusion.

The government provides mainstream public services for everyone in the UK. The Department for Work and Pensions states that in 2002/03, £133 billion was spent on public services for education, health, housing and other support for local people. Under the plans set out in the 2002 Spending Review, this will rise to £171.5 billion by 2005/06.

The provision of mainstream public services is especially important for people experiencing poverty and social exclusion. As noted by the Social Exclusion Unit, 'Poor services in deprived areas compound the misery of living on a low income, with people who already have trouble making ends meet also facing higher prices in shops, worse schools, fewer doctors and higher rates of crime.'[40]

The National Strategy for Neighbourhood Renewal introduced minimum standards for local public services and work is ongoing to improve the delivery of services.[41] The main building blocks of this strategy are the 18 Policy Action Team reports, established to examine a range of issues identified in the Social Exclusion Unit's report on neighbourhood renewal published in 1998. The Strategy's goal is to bridge the gap between deprived areas and the national average, and to hit four key outcome targets in deprived areas: less long-term unemployment less crime; better health; and, better qualifications.[42]

Mainstream local services are implemented alongside, and even take on some of the attributes of, Area-Based Initiatives (described below), thus blurring the distinctions between

the two approaches.[43] For example, local education authorities are engaged in improving educational attainments. However, Education Action Zones (an example of an Area-Based Initiative) are obviously directly involved with improving education and, therefore, overlap with mainstream public services.

While substantial resources and sums of money go into deprived communities in the form of mainstream services and benefits, Area-Based Initiatives have been designed specifically to tackle geographically concentrated poverty and social exclusion. Therefore, although the sums involved in Area-Based Initiatives are far more modest (if large in absolute terms), they are the most relevant government programme for this report.

## Area-Based Initiatives

We estimate that the government currently targets approximately £1.8 billion per year through Area-Based Initiatives (ABIs) to deprived areas as identified by the Indices of Multiple Deprivation. In 2000, funding of ABIs remained modest and is broadly equivalent to 1% of the national social security budget, or a quarter of 1% of aggregate public expenditure.[44] This is a rough estimate based on England data owing to the lack of UK-wide data.

Targeting funds in an area-based manner is not new. Governments have used ABIs as part of their urban policy since the 1960s. In the 1980s emphasis was placed on addressing the consequences of large scale industrial closures in some areas of England. In the 1990s there was a major shift from the government's 'top down' approach to tackling social exclusion to a more 'bottom up' approach with local areas having relatively more control over the distribution of funds and communities' priorities placed more firmly at the forefront of initiatives. However, the degree to which the rhetoric of local ownership has become a reality has been questioned by non-governmental organisations active in deprived areas.

Central government currently supports 50 ABIs, mostly in England (see Appendix 3 for a list of the major initiatives), which range enormously in size, implementation etc. The broad term 'regeneration' is frequently used to describe the expected outcomes of ABIs.[45] A considerable amount of area-based funding has been targeted to the 88 most deprived wards in England as defined by the Office of the Deputy Prime Minister in 2000. The location of ABIs is difficult to plot as the boundaries under which different initiatives operate vary considerably, but few ABIs operate UK-wide. Box 6 outlines ABIs in Scotland, Wales and Northern Ireland.

> **Box 6: ABIs in Scotland, Wales and Northern Ireland**
>
> ABIs are designed and administered differently in Wales, Scotland and Northern Ireland. In Wales, the National Assembly for Wales has a 'Communities First' approach to area-based regeneration which applies to many of Wales' most deprived communities. In Scotland, the Scottish Executive has identified 48 Social Inclusion Partnerships, 34 of them are Area-Based Initiatives and the other 14 are thematic initiatives based on a range of subjects including young adults and health.[46] In Northern Ireland, the Department for Social Development is primarily responsible for area-based regeneration. The primary aim is to tackle the legacy of conflict, reconciliation difficulties and high levels of deprivation in some of the most under-developed neighbourhoods.[47]

The Regional Coordination Unit is responsible for overseeing the ABIs referred to above. Many government departments are responsible for administering ABIs including the Home Office, Office of the Deputy Prime Minister (ODPM), Department for Education and Skills and others. Management of ABIs is delegated to the nine regional Government Offices in England. Initiatives supported by ABIs are developed and implemented by statutory agencies, the voluntary and community sector and private companies. There appears to be no data about the proportion of ABI funds received by each sector.

The Neighbourhood Renewal Unit (NRU) within the ODPM drives the national strategy for neighbourhood renewal and administers around £3 billion of funding for renewal initiatives (over 10 years). Their largest initiative is New Deal for Communities, which seeks to revitalise the country's poorest communities. Launched in 1998, it targets 39 severely deprived areas and will invest around £2 billion over 10 years. The Social Exclusion Unit (SEU) works with all departments across government to find solutions to some of the most intractable social problems and act as a catalyst for change at the heart of government.

The sheer quantity of funding streams is mind boggling and complex (especially for those who are supposed to benefit from or help deliver the programmes), covering a wide range of key objectives from improving health, education and social security to decreasing crime, unemployment and inequalities. There are, however, some commonalities between the goals of government programmes that target deprived areas:

- Increasing the level of participation and engagement of individuals in the renewal of their communities.

- Promoting inclusion by trying to ensure that people are not consciously excluded and that everyone has the choice to participate in their community.

- Highlighting the importance of building the capacity of voluntary and community organisations and increasing public confidence in the sector to deliver public services.

- Encouraging partnership working to engage stakeholders across the community in tackling cross-cutting problems.

- Enhancing the role of locally elected representatives of councils and councillors.[48]

ABIs are constantly changing as new funds are developed as others are wound up. For example, the Single Regeneration Budget (SRB) is one of the larger ABIs and in 2000 the government announced that the SRB budget would be replaced by the 'Single Pot'.

Some ABI funding is earmarked for social exclusion in rural communities, for example the Department of the Environment, Food and Rural Affairs (DEFRA) 'Market Town Initiative' where some 120 towns have been identified for inclusion. In 2000, the government announced £32 million of funding in the Rural White Paper for eight Regional Development Agencies and £5 million for the Countryside Agency.

Targeting programmes to deprived areas will not alone eradicate poverty and social exclusion as changes also need to be made to macro level structures and policies. However, ABIs have tried to bring together mainstream government departments with the private and voluntary sectors, and local communities in order to develop strategic regeneration strategies for deprived areas. There are many arguments in favour of and against ABIs. These are summarised in Table 2.

**Table 2: Arguments for and against Area-Based Initiatives**

| Arguments in favour of ABIs | Arguments against ABIs |
|---|---|
| 'Area approaches promote more inclusive communities rather than identifying specific communities of interest or even individuals. The neighbourhood is the most appropriate area for fostering community identity and involvement.'[49] | By focusing on an area the government denies the structural roots of economic and social problems. For example, some argue that Education Action Zones are high-profile sticking plasters only. |
| There are identifiable geographic areas that suffer disproportionately from problems. Targeting supplements mainstream programmes that may operate less effectively in these areas. | Many deprived people do not live in the most deprived areas and will be missed by targeted programmes. For example, approximately half of youth unemployed in England live outside the 65 areas targeted by the former Single Regeneration Budget.[50] |
| Area interventions can make greater impact than if resources are dissipated. | Area-based approaches may simply displace the problem to somewhere else (for example, crime and unemployment). |
| Area interventions may lead to increased confidence in peoples' capacity to participate in the community. | The problems are generated at a national level, therefore action needs to be at this level. |
| Area interventions address problems caused by market forces. | Area interventions interfere with the market – areas should be left to decline or recover since interfering with these processes may do more harm than good.[51] |

Source: Developed from CASE Papers 25 and 70[52]

### Effectiveness of ABIs

Ultimately, the case for or against ABIs should be based on evidence. Outcomes of ABIs can be physical, economic and social, or a combination of all three. Until fairly recently, regeneration programmes placed too much emphasis on physical regeneration and job creation programmes which incorrectly assumed that the benefits would automatically 'trickle down'.[53] As yet, there is limited information about the long-term effectiveness and sustainability of these programmes. However, it has been observed that the most deprived areas of the country remain unchanged compared with 20 years ago which raises many questions concerning the impact of ABIs.[54]

Government assessments of ABIs indicate that:

- 'There are many examples of physical and environmental improvements, and investment in land and property, from initiatives undertaken in run-down areas during 1980s and 1990s.

- There is evidence that capital investment and subsidies helped the competitiveness of industry in targeted areas such as Enterprise Zones, but the achievement of social outcomes was relatively weak.

- While many local schemes played a role in helping some unemployed people to obtain work, they did not appear fundamentally to change the overall prospects of client groups or areas.

- In neighbourhood renewal schemes, it has been demonstrated that a failure to address management, social and economic problems, tended to detract from improvements to the physical environment arising through housing improvements.'[55]

Perceptions and analysis of the effectiveness of ABIs inevitably varies from area to area and depends on whose judgement is being considered. Poverty and social exclusion can be so deeply engrained in some deprived areas that overcoming barriers to development may not be achieved through ABIs. Also, while the rhetoric of government programmes emphasises increasing local participation in the renewal of their communities, there appears to be frustration about the fact that although local people are regularly consulted, the degree to which they actually influence the use of local ABI funds is questionable. Some people even complain of 'consultation fatigue'. One ABI programme, New Deal for Communities, is often referred to in jest as 'New Deal for Consultants', reflecting some concerns about who has really benefited from such funds.

The New Economics Foundation (NEF) think tank argues that the problem is not that too little money targets deprived areas, but that too often funds immediately leave the area, for example, through the purchase of services and consultancy with no local presence. At this time, there are no requirements for ABI funds to use local services. NEF's 'Plugging the Leaks' research illustrates the benefits of using local services and is supported by the multiplier effect shown below in Box 7.

> **Box 7: The multiplier effect**
>
> Imagine £100 enters the local economy. If 80% of each £1 stays in the local economy, the total amount of spending that £100 will generate is about £500 – a multiplier of 5 (500 divided by 100). If only 25% of each £1 spent stays in the local economy, the total spending is only £125. This gives a multiplier of 1.25 (125 divided by 100).
>
> Source: Ward, B and Lewis, J (2002) *Plugging the Leaks*, New Economics Foundation

### European funding

Alongside UK government funds there are also European Union (EU) Structural Funds which target 'disadvantaged regions and categories of people'. Structural Funds are the EU's main instruments for supporting social and economic restructuring across the EU. The UK's allocation of Structural Funds for 2000-2006 is over £10 billion. There are four different Structural Funds, the most relevant to this report are the European Regional Development Fund (ERDF) and the European Social fund (ESF). The ERDF aims to improve economic prosperity and social inclusion by investing in projects to promote development and encourage the diversification of industry into other sectors in areas lagging behind. ESF funds training, human resources and equal opportunities schemes to promote employability

**The New Economics Foundation argues that the problem is not that too little money targets deprived areas, but that too often funds immediately leave the area.**

of people. It can be used to complement ERDF activities. [56] It is unclear what will happen when European Structural Funds in the UK will come to an end in 2006.

## The overall effectiveness of the government's strategy and programmes

With at least five years of available data to measure progress since the Labour government came to office in 1997, it is possible to make some judgements about the progress of the government's strategy and programmes to combat poverty and social exclusion. Using data from the Joseph Rowntree Foundation's independent Monitoring Poverty and Social Exclusion reports, some key indicators include:

- Current income poverty is now below its lowest level in the 1990s.

- Out of work benefits to both working age families with dependent children and to pensioners have risen sharply since 1999, not just in excess of price inflation but in excess of earnings too. This change must be having a significant impact on the severity of the poverty suffered by some very low income households.

- The main reason that the number of people living in low income households has fallen is that more people are in work. However, the number of people in low income households where someone is in paid work has not fallen.

- There is no sign of progress yet in reducing inequalities in health, which leave people with low incomes more likely than others to suffer serious health-related problems.

## Government support for the voluntary and community sector

The role of government funding of the voluntary and community sectors is rising, both in absolute terms and as a proportion of total income. 'Public sector sources accounted for 26.9% of total income in 1991, 29.3% in 1994/95 and 37% in 2001/02. In real terms, income rose from £3.17 billion in 1991 to £7.53 billion in 2001/02. Total UK public sector expenditure also increased in real terms over this period, from £309.1 billion to £387.7 billion'.[57]

The relationship between the government, its agencies and the voluntary and community sectors is complex, not least due to the diverse sources and forms of funding available through the public sector. For example, the voluntary and community sector can secure contracts from statutory agencies for the delivery of public services. Over the last decade, the government has devolved the delivery of many public services to voluntary and community sector organisations, such as community care, training for unemployed people and also childcare.[58] Other forms and sources of support include grants from statutory agencies, funds through ABIs, and funds from specialist intermediaries that distribute public funds, such as the National Lottery distributors. Examples of programmes that support small-scale community organisations in deprived areas are in Box 8.

In addition to the provision of financial resources, the present government is promoting partnership relationships between statutory agencies delivering public services and organisations from the community and voluntary sector. In order to facilitate more 'joined-up' action, Local Strategic Partnerships (LSPs) have been set up to 'provide an opportunity to bring the public service providers, with the private sector and the community and voluntary sector.'[59]

Although there is no data on the proportion of funding that goes to voluntary organisations that tackle poverty and social exclusion, it would be fair to assume it would be a significant proportion given that the government uses the voluntary sector as a vehicle for achieving its policy goals in tackling poverty and social exclusion.

> **Box 8: The Community Chest and the Community Empowerment Fund**
>
> The Community Chest initiative is also targeted at the 88 most deprived districts and aims to support community involvement and activity in deprived communities. Through the Neighbourhood Renewal Unit, Community Chests provide small grants (£50 - £5,000) to local community groups. Community chests can be used to pay for a community festival, training programme, exchange visit, the upkeep of a community amenity (e.g. a playground) or childcare to allow parents or carers to

Government support for the sector is important. However, the high proportion of public funds and the degree to which government funding compromises the independence of the sectors generates heated debates. Some argue that the current focus on using the voluntary and community sectors as a vehicle for public service delivery detracts the broader role of the sectors in developing civil society.[60]

Problems in the nature of funding provided by statutory bodies can fan the flames of such debates. For example, from site visits to community organisations we found that government funding was often short-term and allocated on an annual basis, which does not allow for forward planning of strategic action. Also, some government funding (especially from the European Union), is paid retrospectively, leaving organisations with bank charges which they have difficulty paying. The limitations of government funding often put some organisations on an unstable footing and inhibit forward planning and flexibility to respond to local needs. The shortcomings of government support for the voluntary and community sector and indeed for community organisations is one of a number of factors that demonstrates the need for and distinct advantages of independent funds, which is explored further in the second half of this report.

## Summary: The government's approach to tackling poverty and social exclusion

This section has illustrated that tackling poverty and social exclusion is high on the government's agenda. We have identified Area-Based Initiatives as important programmes tackling social exclusion and helping to deliver improved services in the most disadvantaged areas. Such area-based targeting has been applied since the 1960s, however, there is little evidence that demonstrates sustained improvements to local conditions. Moreover, these programmes alone will not eradicate many of the causes and symptoms of poverty and social exclusion. There is a need, for example, to consider the effects of low pay and of other systemic issues, such as discrimination, that inhibit people's ability to break of cycles of poverty and social exclusion.

While government clearly plays a key role, much work is yet to be done if conditions and opportunities are to improve for people living in deprived areas. Moreover, many of the causes of and solutions to poverty and social exclusion also lie outside the direct control of the government. This is illustrated in the next sections that address the role and impact of the business and voluntary and community sectors.

**Government funding for community organisations is often short-term and allocated on an annual basis which does not allow for forward planning or strategic action.**

# Section 3: Role of the business sector in tackling poverty and social exclusion

**Many causes of and solutions to poverty and social exclusion lie outside direct government control. As the key generator of economic and technological development, jobs and wealth, the business sector has always played a central role in reducing and/or increasing poverty and social exclusion. The recognition that businesses can play a stronger role in community development is becoming more accepted.**

**This section does not seek to provide a comprehensive or in-depth analysis of the business sector's impact on poverty and social exclusion. However, given that all three sectors influence conditions in deprived communities, the overview below contributes to understanding some of the causes of and possible solutions to poverty and social exclusion.**

## The impact of business on deprived areas

The business sector impacts the well-being of communities in both positive and negative ways. Not only is the nature of poverty and social exclusion in deprived areas affected by decisions made by local businesses, but it is also affected by decisions made by businesses whose headquarters are located in other towns or countries and whose decisions are driven by global market changes. Furthermore, broad changes in the markets influence the nature of poverty and social exclusion. For example, the shift from an economy based predominantly on the manufacturing industry to the service industry meant large scale closure of coal mines and ship building industries in the North East of England (see Box 9).

> **Box 9: The impact of mine closures**
>
> During the last two decades, all but a handful of mines were closed, resulting in the loss of 94% of mining jobs in England alone. In some coalfield areas, where mining was the predominant industry, two thirds of employment was lost, with devastating effects on the local economy and community. These effects are still being felt today. Britain's coalfield regions have a legacy of problems associated with deprivation: reduced employment opportunities, exclusion from financial services, high levels of crime, drug-abuse and teenage pregnancy, poor health, reduced access to facilities and lower levels of educational achievement.
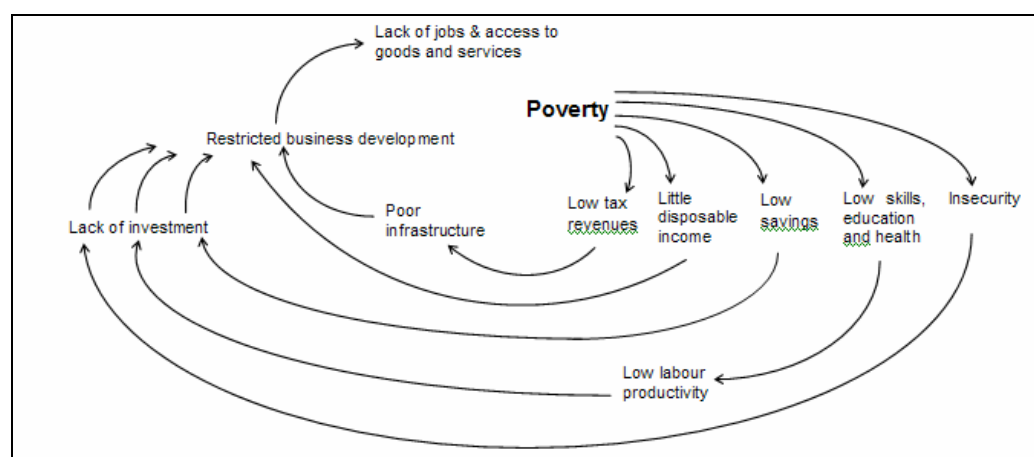>
> Source: Coalfields Regeneration Trust website www.coalfields-regen.org.uk/pages/overview.cfm

Businesses are less likely to locate in areas where there are low average incomes and little spending power, and instead tend to locate where the most profitable customers exist. For example, banks in deprived areas often closed down and expand to areas with high average incomes. As a result, it is harder for people to withdraw money, which can result in less local spending, forcing local shops to close. Large, out-of-town supermarkets which often take the business from local shops are typically harder to access for those with no cars and communities with limited public transport. This further decreases access to goods and services and contributes to a downward spiral of a deprived area. Once local shops, banks and businesses start to close down, an area becomes less attractive to potential investors and thus limiting employment opportunities for local people.[61]

Such a vicious circle is illustrated in Figure 3. The corresponding virtuous circle for a thriving community is shown in Figure 4.

The broader debate about the role of business in pursuing social goals alongside financial returns is beyond the scope of this report. However, it is important to note that the decisions taken by businesses necessarily impact on the prosperity or decline of communities.

**The action of the business sector can have both positive and negative impacts on deprived areas.**

**Figure 3: Business and development: the cycle of poverty**



Source: Forstater, M. et al (2002) *Business and poverty: bridging the gap*. The Prince of Wales International Business Leaders Forum, p.30

**Figure 4: Business and development: the prosperity cycle**
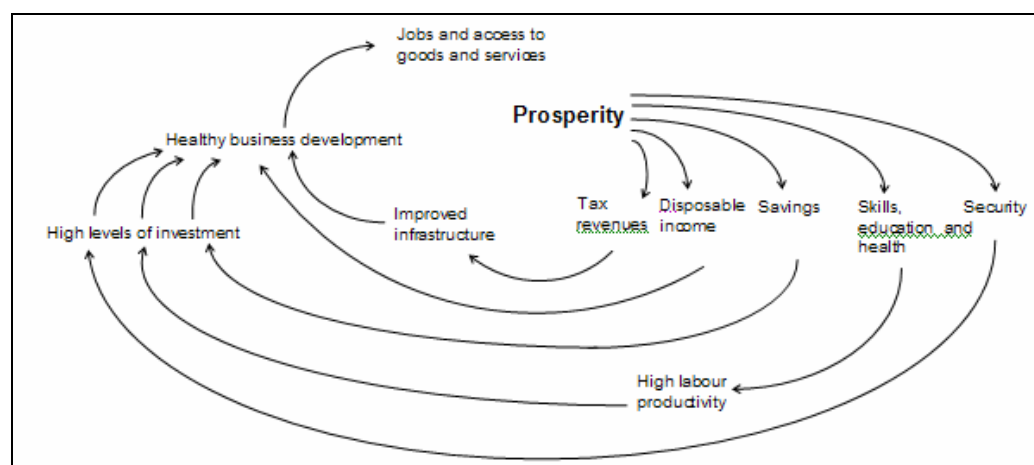


Source: Forstater, M. et al (2002) *Business and poverty: bridging the gap*. The Prince of Wales International Business Leaders Forum, p.31

## The case for socially responsible business practice?

There are many questions about the causal links between socially responsible business and market share. A publication of the Prince of Wales International Business Leaders Forum suggests there is a growing body of evidence that over the long term poverty elimination strategies can help businesses to develop a competent, reliable, healthy and efficient workforce, an expanding market and customer base and a stable and safe environment, all of which contribute to business prosperity.[62] There are a number of organisations that seek to strengthen the case and mechanisms for improving the positive impact businesses can have on society, most notably Business in the Community and AccountAbility (that promotes social, ethical and organisational accountability).

Perhaps the most widely recognised mechanism for developing and measuring the integration of social and environmental concerns in business operations is Corporate Social Responsibility (CSR). CSR is concerned with the very fundamentals of business: how it adds value to society as well as to its shareholders; how it acts as a partner in development; how it is accountable socially, environmentally and financially; and how it fulfils its responsibilities as a corporate citizen. As yet CSR standards are not enforced by legislation.

Although CSR is receiving significant attention it has yet been possible to make a strong, causal, quantitative link between CSR actions and financial indicators such as share price, stock market value, return on assets and economic value added. Some correlations have been shown to exist but that does not necessarily demonstrate a causal link.[63]

## Business support for the voluntary and community sector

Whether integrated into a CSR programme, managed through a corporate foundation or an ad-hoc charitable giving programme, there are a number of ways in which the business sector can and does support voluntary and community initiatives. Examples include:

- Money

- Time (for example, employee volunteering schemes, secondments, pro bono schemes)

- In-kind donations (for example, office space or surplus goods)

- Cause-related marketing (for example, collaboration between Persil and Comic Relief raised more than £3 million for the charity)

- Sponsorship

- Partnerships to lobby or campaign (for example, a partnership between Help the Aged and British Gas campaigned on issues of fuel poverty, isolation and security)

- Direct support for charities' client group (for example, Standard Life's "Pathfinder" programme works with Edinburgh charities to offer six month's training for homeless people, with a view to permanent employment.)[64]

Despite the rapid increase in the numbers of corporate foundations during the last decade (there are now 101 corporate foundations that account for 11% of corporate giving[65]), corporate giving still lags far behind individual donations as a major source of charitable income. In 2001, company giving accounted for just 4.9% (£0.76 billion) of the voluntary sector's total income (a figure that has barley changed in the last 10 years) compared with 34.7% (£5.41 billion) donated by the general public. There is, however, no data about the proportion of corporate funding which supports initiatives that tackle poverty and social exclusion. Moreover, there is no data about the proportion of corporate funding that supports the work of community organisations, although our estimation is that the level of support is not significant. Seventy two percent of the public continues to believe that industry and commerce do not pay enough attention to the communities in which they operate.[66]

## Summary: The role for the business sector in tackling poverty and social exclusion

This section suggests that the ways in which the business sector influences or effects poverty and social exclusion is highly complex. It also highlights that there are a number of choices about the ways in which businesses consciously address pervasive poverty and social exclusion. These choices can include incorporating certain values and approaches into the business as a whole (for example, through corporate social responsibility) and/or through support for voluntary or community organisations. There is little doubt that the business sector could engage more actively with tackling poverty and social exclusion. More specifically, we have identified businesses as an undeveloped source of independent funding for the community organisations discussed in the next sections of this report.

**In 2001 company giving accounted for just 4.9% of the voluntary sector's total income compared with 34.7% donated by the general public.**

# Section 4: Role of community organisations

**While there are a plethora of voluntary and community organisations tackling different facets of poverty and social exclusion in areas of deprivation, there is recognition of the value of multi-purpose community organisations. Such organisations undertake a wide-range of activities to improve the social, economic or physical conditions of the neighbourhoods in which they operate.**

**Although it is not straightforward to label or categorise community organisations, this section considers the following range: settlements (established in the late 19th century), social action centres, faith-based organisations, organisations led by black and minority ethnic groups, partnerships/alliances and single-identity community organisations.**

**This section illustrates the vast range of activities undertaken by multi-purpose community organisations that engage and empower people of all ages and backgrounds, highlighting the passion and commitment of local people to improving local conditions.**

## The passion and commitment to improving deprived communities

Section 1 outlined the depth and severity of poverty and social exclusion in the UK, illustrating the characteristics of areas of deprivation which include low-grade housing, few shops, banks and community facilities. Many people perceive these areas as 'problems', but beyond the stigma and stereotypes often associated with such neighbourhoods, one finds many people who are committed to improving local social, economic or physical conditions and many positive assets that can be built upon.

Perhaps the most valuable asset is the passion and commitment of those dedicated to improving their own well-being and that of others in their community. These are people of all backgrounds and ages who refuse to sit back and watch their community spiral into further decline but rather stand up for their community and choose to try and improve local conditions. Some express their dedication to helping others during their spare time through informal activities such as helping elderly neighbours or running after-school activities. Some are politically active and lobby local officials to make the neighbourhood a better place to live. For others improving local conditions is a full-time commitment. At the heart of the community organisations discussed in this report are such people doing phenomenal things, driven by a vision for a more prosperous and vibrant neighbourhood.

## Community organisations

There are many organisations and informal initiatives operating within the wider voluntary and community sectors that make a valuable contribution to tackling facets of poverty and social exclusion (as illustrated in Figure 7). Our decision to focus on multi-purpose community organisations does not undermine the work of these groups.[67] There is, however, growing recognition of the important role played by multi-purpose community organisations that address a wide range of social, economic and physical development needs in areas of deprivation through a variety of activities. Such organisations have no official title but are sometimes referred to as 'neighbourhood-based regeneration organisations', 'local anchors' or 'community hubs'. They are distinctive by their scale and scope and by the fact that they undertake a wide range of activities for people of diverse ages with differing needs and agendas. For the purpose of this paper, we refer to such organisations simply as 'community organisations'.

## Types of initiatives undertaken by community organisations

Community organisations engage in social, economic and physical development of the neighbourhood in which they operate and are multi-purpose in their approach. Activities are therefore wide ranging and are as diverse as the contexts in which they operate, reflecting the creativity, needs and ideas of local people of all backgrounds and ages. Some activities fall within the realm of social service provision (such as a crèche or a welfare advice). Other activities involve tackling the root causes of poverty and social exclusion, for example, by

> Community organisations are driven by local people who refuse to sit back and watch their neighbourhood spiral into further decline but rather stand up for their community and act to improve local conditions.

campaigning for a 'Living Wage' (see page 50). Many community organisations have integrated the entrepreneurial spirit of the private sector into their work by undertaking activities, such as a community café, that generate income to contribute to the costs of the charitable activities run by the organisation.

While it is impossible to provide an exhaustive list of all activities undertaken by community organisations, some typical examples of observed by NPC during many site visits are illustrated in Figure 5.

**Figure 5**: **Examples of activities undertaken/supported by community organisations.**

**Recreation**
- Arts & crafts groups
- Sports clubs
- Holiday & day trips
- Performing arts
- Media centres

**Advice/ Information**
- Debt, legal & benefit advice
- Help with completing forms
- Signposting
- Career advice
- Job search

**Care provision and social services**
- Drop-in facilities
- Luncheon clubs for older people
- Crèche
- Rehabilitation of ex-offenders

**Community & Social Enterprise**
- Community gyms
- Catering companies
- Beauty salons
- Food co-operatives
- Credit union

**Education/ Training**
- IT courses
- Language courses
- National Vocational Qualifications (NVQs)
- Parenting classes

**Health care**
- Healthy Living Centres
- Aerobic classes
- Aromatherapy sessions
- Drug awareness
- Healthy eating and access to fruit and vegetables

**Environmental Activities**
- Recycling initiatives
- Litter groups
- Improving green spaces

**Influencing**
- Informing local, regional and national policies and programmes
- Advocating for improved services
- Campaigning
- Networking

**Peacebuilding & reconciliation**
- Cross community activities
- Conflict resolution

**Supporting other local groups**
- Support for self-help/ user-led groups
- Community capacity building
- Volunteering opportunities

**Accommodation**
- Sheltered accommodation (e.g. for the homeless or people recovering from drug or alcohol addictions)

**Regeneration**
- Improving infrastructure (e.g. transport and facilities)
- Supporting local businesses
- Property renovation/ new builds

At times community organisations are buzzing with noise and activity, while some initiatives are quieter in their nature. To give a flavour of the diverse activities undertaken by one community organisation, Box 10 below illustrates a case study of the Ballynafeigh Community Development Association.

**Box 10**: **Ballynafeigh Community Development Association, Belfast**

**History**

Ballynafeigh Community Development Association (BCDA) is located in South Belfast, Northern Ireland. It was established in 1974, born out of the determination of local people to preserve the mixed character of their neighbourhood amidst a background of sectarian violence and murder. BCDA's 'Community House' was established as a resource centre to house services and provides facilities for local

initiatives. This centre helped catalyse creative community action and has underpinned all of BCDA's work ever since.

## Context

The district of Ballynafeigh straddles the Ormeau Bridge, one of Belfast's major contested peace interface areas. The area faces heightened tension during the summer marching season when relationships are strained. However, it is also a neighbourhood where Protestants and Catholics have continued to live alongside one another throughout all the Troubles and possibly has the highest numbers of mixed relationships in Northern Ireland. The neighbourhood is also diverse in terms of class, politics and housing and is one of the few places where people of different ethnic backgrounds choose to live. In short, Ballynafeigh although far from conflict free, is a place which reflects diversity rather than the usual 'us and them' attitude of Northern Ireland.

BCDA is located in a beautiful old building called the Community House which is in desperate need of repair. The poor condition of the building is compensated for by the energy and colour of the Community House which is always full to the brim with activities and bustling with people participating in a diverse range of activities. There are three floors and all rooms have their own character and distinctive facilities. For example, part of the ground floor is used for arts programmes and decorated with the work of those participating in the activities. The middle floor is full of facilities for children participating in the crèche and after-school programmes. The stairwell is covered with brightly painted murals, the current theme being 'countries around the world', a topic chosen by participants in the International Summer Scheme. The Community House is therefore a cosy, lived in, friendly place and the way in which the centre is decorated and used gives a strong sense that it is owned and valued by all people who engage in BDCA's work.

## Activities

BCDA's vision is of a vibrant neighbourhood with a generous spirit supported by a dynamic community association which acts as a catalyst for change and development. BCDA therefore undertakes a wide range of projects that reflect the needs and ideas of the neighbourhood, including:

- **The Five Areas Advice project**, a community partnership between five adjoining districts, which provides free, confidential and impartial advice on housing, legal issues, tribunals, benefits, consumer-rights, employment, health and well-being. The centre is run both as a drop-in and by appointment. Sessions are held in a range of locations (including people's homes) and are developed according to the needs of local people, fostering a sense of ownership and relevance.

- **The Citizenship project** helps young people aged 16-21 to become active citizens in their local community. The project involves learning about how local and international governments work and the chance to shadow a local community leader or politician of their choice.

- **The Health project** provides people with information on a range of health issues, currently prioritising physical activity, cancer and breastfeeding. It also runs sports clubs and complementary therapy. BCDA also has its own football team which is presently in 3rd place in the 'Old Boys League'!

- **The Children's project** includes a crèche, a playgroup, a parent and toddler group and an after-schools club.

- **Crucial Arts** provides training in traditional artwork, design and crafts (including candle making, ceramics, stained-glass work and photography).

- **Journeys** is a training/ development programme for women to develop personal and practical skills, gain qualifications and create pathways to employment.

- **Mixed Links** is regional project which strives to celebrate, support and sustain mixed communities in an increasingly polarised and segregated environment. This project also promotes creative development tools such as socio-drama and political theatre. BCDA recently finished a play based

on local issues and events which was staged locally and received widespread critical acclaim.

- **Community facilitation** helps to develop other community groups. BCDA uses mentors to encourage local groups to develop their ideas and sense of purpose. BCDA also allows these groups to use their facilities. Around 80 independent, community groups with wide ranging target groups use the building throughout the year. Groups are able to use BCDA's facilities whenever they are available, including the middle of night, as long as they lock up and drop the keys through the letterbox when they are finished.

Today the centre is run by a team of 24 workers, including paid full-time staff, part-time sessional workers (such as tutors), volunteers and student placements. BCDA has an annual turnover of £400,000 and works with an average of 800 people per week.

## Reaching out to local people and agencies

Community organisations place significant emphasis on reaching out to potential beneficiaries. Without being pro-active, community organisations may not help those who could most benefit. While many activities are carried out on the premises of community organisations some are undertaken in other local facilities (such as a youth club or school) or out in the streets or in areas frequented by the target group (which is common to many drug prevention programmes or youth work).

Many people find out about community organisations through word of mouth. The academic Stephen Thake also identified three key ways in which community organisations reach out to local residents (see Figure 6):
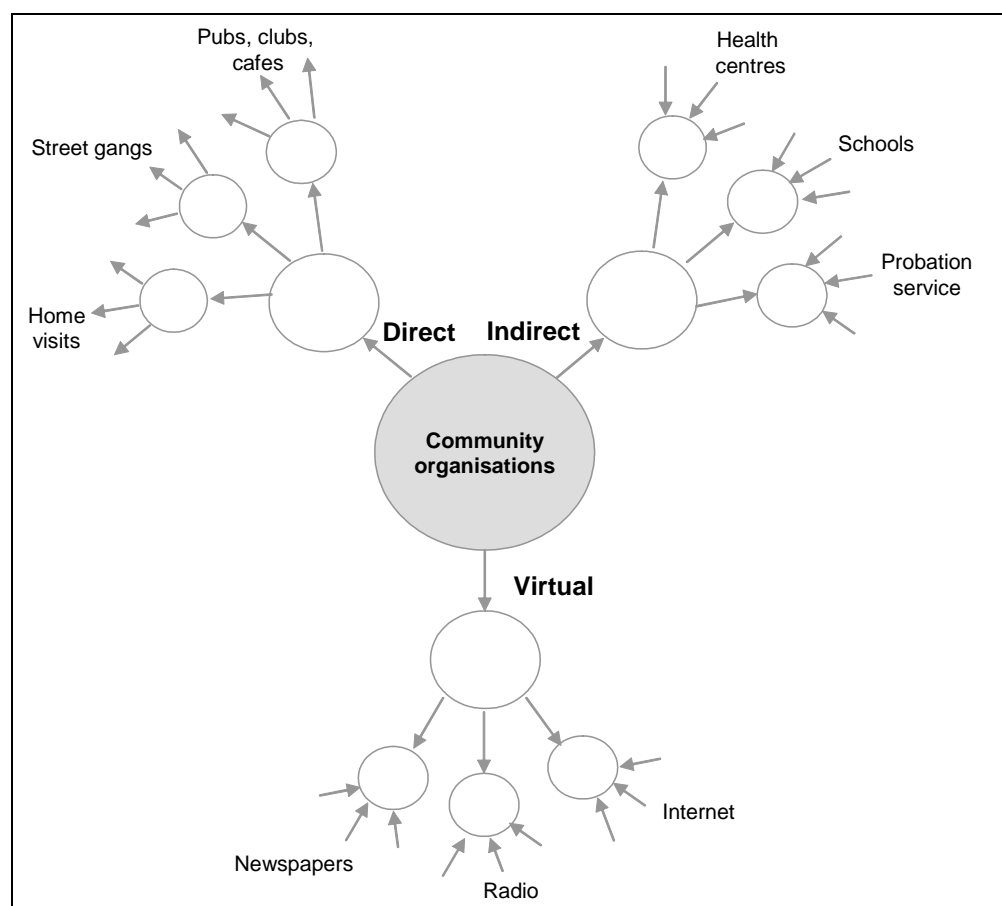
- Direct outreach, involving staff working in local clubs, cafes and visiting people in their own home;

- Indirect outreach, involving taking referrals from other agencies and running programmes in partnership with them; and

- Virtual outreach, involving advertising on local radio, in newspapers and community organisation bulletins.

At first, people may use one service offered by a community organisation, but then may participate in other activities as they learn more about what is available, make friends and develop trust and confidence in the organisation. For example, a mother may start by taking her child to the crèche, she may meet other local residents in the community café and learn about other activities on offer, and then perhaps join an IT class. Eventually, she may even run an activity herself. Once initial contact has been made, building and maintaining trust between a community organisation and its user is crucial. In cases where the organisation cannot address a particular need, they refer people to other agencies and in some cases accompany them for support.

The geographic areas covered by these organisations vary significantly and do not necessarily reflect boundaries set by government authorities (such as wards, districts or boroughs). Some only operate within the borders of what they have defined as their 'community' (such as a housing estate). Others operate on a wider stage, engaging in regional development and developing links beyond the UK.

**Community organisations actively reach out to people who could benefit most from their activities.**

**Figure 6: Outreach work**



Pubs, clubs, cafes

Street gangs

Home visits

**Direct**

Health centres

Schools

Probation service

**Indirect**

**Community organisations**

**Virtual**

Newspapers

Radio

Internet

Source: Adapted from Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.39

## Assets held by community organisations

Despite their location in deprived areas, community organisations hold significant assets (examples in Box 11). The most obvious assets are those that are tangible and can be measured (for example, financial and capital assets). However, they also hold other critical assets, such as their knowledge of local needs and their passion and commitment.

> **Box 11:** Examples of assets held by community organisations
>
> - Staff and volunteers
> - Passion, energy and vision
> - Buildings and land
> - Facilities
> - Knowledge about the community
> - Ideas to address local needs and issues
> - Projects, and their immediate, medium-term and long-term outcomes (including possible 'savings' to society)
> - Networks with people and organisations within and outside the community
> - Experience
> - Trust and recognition within the community

## Benefits of scale and scope

In voluntary and community sector terms the organisations discussed in this report are relatively large as their revenue turnovers range from approximately £100,000 to £5 million or more (only approximately 12% of registered charities in England and Wales have budgets over £100,000,[68] though these in total represent approximately 94% of the income of registered charities).

There are a number of benefits that result from size. Economies of scale produce cost savings that would have been necessary to run each activity individually, and increased capacity and quality can help secure self-generated income. Economies of scope enable community organisations to reach out to many people more efficiently. As larger voluntary organisations, many also have the financial and management systems in place that give funders (including private trusts and foundations, European, central and local government funds) and other agencies the confidence that they are viable partners.

Equally important advantages of having multiple activities 'under one roof' are: providing an anonymous environment so less stigma is attached to entering the building; giving people choice in identifying appropriate activities for self development; and the basic convenience of offering many activities in one place.

## The positioning of community organisations in their neighbourhood

> **Community organisations ensure that the voices, needs and agendas of local people are understood.**

While there is a plethora of statutory agencies, private sector service providers and voluntary and community based organisations active in any given community (as illustrated in Figure 7), relatively large, independent community organisations have a distinctive role in transforming such areas.

Unlike many agencies operating at a community level, community organisations are unique by the fact that most are owned, staffed and led by people from within the community, and are driven by local agendas and needs. The best are accountable to their beneficiaries, rather than to government agencies or external agendas, and are well placed to map and understand local needs and local assets. Moreover, due to their long-term commitment to the areas in which they operate, they champion their community in a way that employees and elected or nominated representatives of statutory agencies often cannot. They try to ensure that local voices, agendas and needs are understood and that programmes are locally designed and locally driven so fewer solutions and programmes are imposed by outside 'experts' or external agendas.

Community organisations cannot replace work carried out by other local agencies as no single body has the resources or legitimacy to regenerate disadvantaged areas on their own. However, given that community organisations are building and strengthening local assets and capabilities to that tackle poverty and social exclusion, their effectiveness plays a key role in determining the success of government programmes. In contrast, these organisations give an important sense of continuity that is necessary to break the cycles of pervasive poverty and social exclusion.

Many community organisations can also play a key role in building relationships between stakeholders in the community (such as public authorities and the business community) in order to overcome the problems associated with fragmented efforts to develop and support the community and the lack of coordination and cooperation between different agencies.

**Figure 7: Many fingers in the neighbourhood pie**
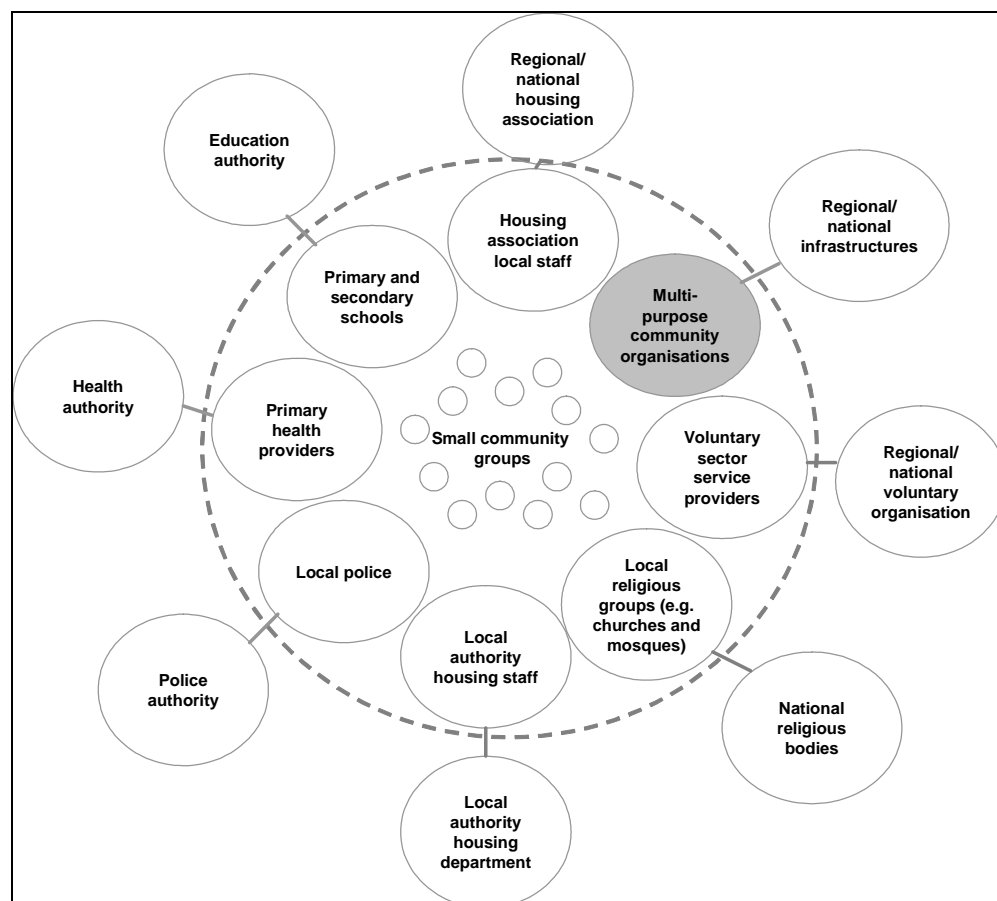


Source: Adapted from Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.6

## The range of multi-purpose community organisations

The origins of community organisations vary. Many were initiated by passionate local people as small-scale, single-issue voluntary or community organisations, and over-time, expanded in size and in diversity of activities. Others began as multi-purpose organisations and developed additional expertise as they engaged in new activities. Some were also set up by people who were originally employed as community workers within statutory agencies. Others may have been established in response to government programmes, such as the Task Forces, City Challenge the Single Regeneration Budget and more recently New Deal for Communities.

Although it is not straightforward to 'label' or categorise community organisations and different models will be appropriate in different contexts, it is helpful to consider the following range of organisations:

- Development trusts

- Settlements and social action centres

- Faith-based organisations

- Organisations led by black and minority ethnic groups

- Other single identity community organisations

- Partnerships and alliances

- Smaller-scale multi-purpose organisations

There is a wide range of multi-purpose community organisations including settlements, social action centres, faith-based organisations and alliances.

### Development trusts

Development trusts aim to bring about social, economic and environmental renewal through community enterprise, which brings the entrepreneurial spirit of the private sector to the problems facing communities. Development trusts therefore move beyond provision of welfare services by setting up enterprises (i.e. social businesses) which encourage self-help and reduce dependency (see Box 12 for an example of a well established development trust). The oldest development trust, the Westway Community Trust (previously known as the North Kensington Amenity Trust), was established in the mid-1970s and now manages considerable programmes and has acquired substantial capital assets.

Asset development for the purpose of working towards self-sufficiency, independence and sustainability is a key characteristic of all development trusts (see Figure 8). Trading for a social purpose with a community base, known as community enterprise, is undertaken in a variety of ways. Ownership of physical assets (such as buildings and land) can generate income from renting office space and facilities (often to other charitable organisations and to social and commercial enterprises). Other forms of generating earned income include: running a community café, events management, retailing operations, IT training, catering companies and legal services. Surplus funds generated through community enterprises are reinvested in the business or the community, rather than for private gain of shareholders or owners. Using their experience of managing a community enterprise, some development trusts will also support the development of other community enterprises in the area.

The Development Trusts Association (DTA), a national charity which promotes and supports development trusts, had 281 development trusts as members in March 2004 (most of which have been established since the mid-1990s). The bulk of the DTA's membership is in England and Wales (there are two members in Northern Ireland and 19 in Scotland). 60% work in urban or inner city areas, 21% in rural areas and 15% in mixed urban and rural settings.[69]

Activities also reflect the diverse communities in which they operate. A 2003 survey of DTA members showed that many development trusts channel resources to work specifically with children and young people (70%), women (36%), black and minority ethnic communities (24%) and asylum seekers (12%).

**Figure 8**: **Level of earned income among development trusts**
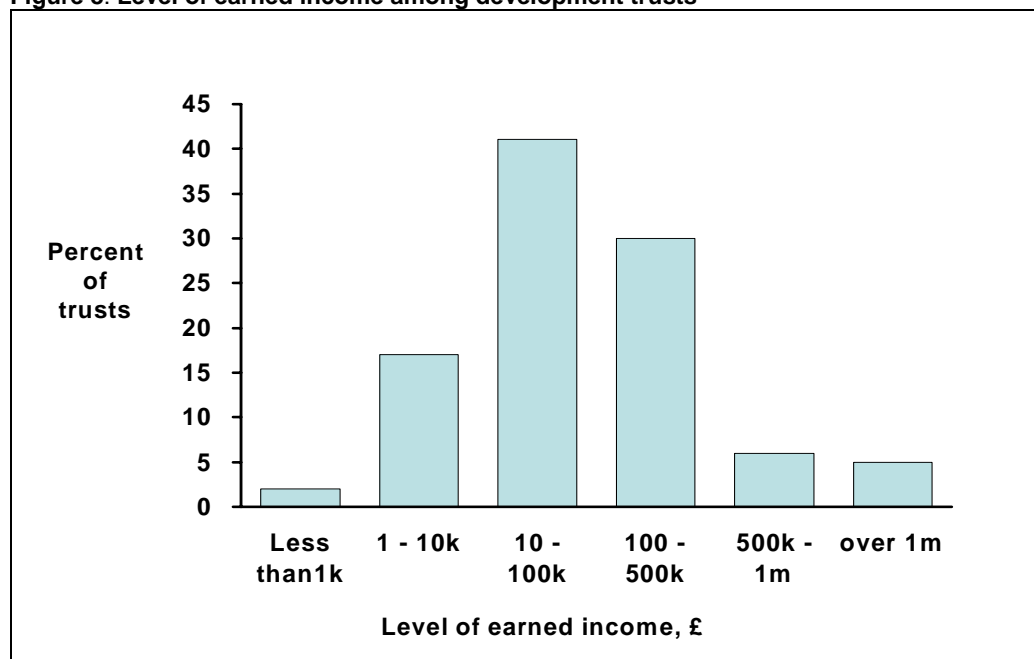


Source: DTA 2003 annual membership survey

Most development trusts are relatively small – 45% have five or fewer staff. More than a quarter have an income of less than £100,000 per year. However, 11% have an income of over £1 million. Figure 8 illustrates the level of earned income among development trusts.

## *Settlements and social action centres*

The Settlement Movement has played a major role in the history of interventions developed in deprived urban areas and became a flourishing world-wide voluntary sector response to the social problems induced by urbanisation and industrialisation. Formed in the last decades of the nineteenth century, settlements were originally residential houses or 'colonies' of university and church people who moved and settled in the slums of big cities to address the cultural, pedagogical, and social needs of the poor (see Box 13 for an example of a settlement). Toynbee Hall and Oxford House in East London are examples of some of the first settlements (with people recruited from Oxford and Cambridge University). Many settlements are located in the centre of their university city. By 1900, there were 36 settlements in Britain. Many were instrumental in the development of reforms that have since become central planks of the welfare state. Today, the profile of the work and staff of settlements reflects the current context and practices in community development. While their distinctiveness lies in their past links have often been maintained with their founding universities. Approximately 50 settlements currently exist.

Social action centres grew out of the Settlement Movement during the 1970s and 1980s and were influenced by a group of radical settlement directors who adopted a social action agenda. This happened at a time when social policy and community work in the UK were beginning to take note of the issues raised by civil rights and other liberations movements around the world. Social action centres often developed out of a single issue organisation focused, for example, on the arts, youth work or transport and later adopted a multi-purpose approach. They hold in common a strong commitment to social justice, an emphasis on relationships and diversity and an ability to respond flexibly to local needs. There are well over a thousand social action centres. See Box 14 for an example of a social action centre.

The national network of settlements and social action centres is the British Association of Settlements and Social Action Centres (bassac).

> **Formed in the last decades of the nineteenth century, the Settlement Movement has played a major role in the history of interventions developed in deprived areas.**

the premise that education provided by volunteer graduates and others would empower the poor and ultimately alleviate their apparent spiritual and certain material poverty.

Toynbee Hall opened its doors to residents in 1884 and was built on the model of a residential university college with rooms for students, a dining hall, library and meeting room. Students were offered a community life and in return expected to engage with local people in a range of activities such as literary and dramatic societies and clubs for young women and men. Perhaps one of the best known individuals who first came to Toynbee as a young man was Clement Attlee who became Prime Minister in 1945. William Beveridge who was pivotal in the creation of a Welfare State, also came to Toynbee in 1903.

Today Toynbee Hall operates in an environment which is very different to the days in which it was founded. Located on Commercial Street on the border of the City and East London, Toynbee Hall undertakes a wide range of activities, including support services for Bangladeshi women, activities for children and families (such as crime prevention activities, junior leadership training, respite/safe haven family holidays, after-school support and children's outings and parties) and provides free legal and welfare advice. The centre also houses a community café. The annual turnover is approximately £2.4 million and activities are run by approximately 55 staff.

For more information see www.toynbeehall.org.uk

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**Box 14**: **Example of a social action centre**

**Shiney Advice & Resource Project, Shiney Row, North East England**

Shiney Advice & Resource Project (ShARP) serves the residents of Shiney Row, Penshaw, Herrington and the wider coalfield area around Sunderland. Shiney Row has few local amenities and services and ShARP is located centrally at the end of a row of terraced housing – it is a bright and colourful centre which is the buzzing hub of its community.

ShARP was set up in 1982 by a local authority grant to provide advice on welfare rights and support local community groups. Since its establishment, ShARP has expanded and grown organically and now their key activities include: advice, education and training sessions, crèche/childcare, a credit union and a volunteer programme.

In partnership with seven other voluntary organisations coordinated by Social Enterprise Sunderland, ShARP helped to form the 'Community Enterprise Network' to deliver services in the coalfield area, which previously were not available to local people wanting to start their own business. ShARP also runs a 'Recognising Diversity Project' which aims to integrate new families of asylum seekers in the coalfield area. The project seeks to dispel the myths surrounding asylum seekers and refugees by providing awareness-raising sessions including training sessions provided by North East Refugee Service.

The annual turnover of ShARP is approximately £194,000.

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### Faith-based organisations

Many Anglican, Catholic and other Christian churches based in disadvantaged areas have expanded their remit to develop activities which respond to the needs of their community. Muslim mosques, Hindu temples, Jewish synagogues and evangelical and apostolic churches with black leadership have also developed community and economic development and support programmes.

Controversial though it is, there is increasing government interest in the potential of faith-based communities to contribute to urban regeneration, which is illustrated by the establishment of the Inner Cities Religious Council, the inclusion of the 'faith' dimension in government regeneration guidelines, and the development of guidance for statutory organisations working with faith communities. The Faith Communities Unit in the Home

**Many faith-based organisations have expanded their remit to develop social activities to respond to the needs of deprived communities.**

office leads government engagement with faith communities to ensure policies and services across government are delivered appropriately to those communities.

The work of such community organisations may continue to have strong religious roots and values and while some continue to serve single-faith groups, many open their doors to all people within the community.

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**Box 15: Ruchill Church Outreach Project, Glasgow**

Established in 1992 by the local Parish Minister and a primary school teacher, Ruchill Church Outreach Project (RCOP) is based just outside of Glasgow and serves Greater Maryhill which includes Queen's Cross, Wyndford, North Kelvinside and Ruchill. Although the focal point of the organisation is the church, RCOP does not only serve the Christian community and many activities are undertaken outside of the church (for example, in local schools, community centres and even street patrols).

RCOP offers a vast array of activities and projects that cater for a range of ages. Examples of their projects include 'Streetwork' and 'Staying Bananas'. Streetwork involves staff going out into the community of Ruchill and chatting to young people who are hanging about. RPCOP has found this to be extremely valuable in terms of finding out what young people are unhappy about in their community, hearing about what they would like, and forming new relationships with young people who would not necessarily want to use existing activities. The local police are supporters of RPCOP's Streetwork and believe that their presence has a positive impact on the local area. 'Staying bananas' is a weekly youth club for primary school children which includes games, challenges, arts and crafts and small group discussions.

The annual turnover of RCOP is approximately £90,000.

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### *Organisations led by black and minority ethnic groups*

In an increasing number of disadvantaged areas, people from black and minority ethnic (BME) communities form the majority of the local residents, whether they are new arrivals or long-term residents. These communities face the double jeopardy of poverty and discrimination.

> **Leaders of BME communities have established community organisations to address the needs of ethnically diverse areas which may face the double jeopardy of poverty and institutional discrimination.**

To address the distinctive needs of BME groups, leaders of these communities have established community organisations. Not only do such organisations provide specific services to their target group, they also facilitate greater access to mainstream services, engage in partnerships with other local agencies and advocate for the needs of their users. Such organisations can also address the need to overcome linguistic and cultural difficulties that other local agencies, whose activities are designed and delivered, in the main, by white professionals. They also advocate for more appropriate service delivery on the part of other agencies.

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**Box 16: Example of a community organisation led by BME groups**

**Asian Welfare Association, South Sheffield**

Established in 1996 by a small team of local volunteers, the Asian Welfare Association (AWA) is a community organisation operating in South Sheffield. Its mission is to address the unmet and diverse needs of the local Asian population and is located on the same road as the local mosque.

AWA provides practical support, advice, information, education, training, welfare, youth activities, social and cultural activities in partnership with other local agencies. For example, AWA runs a benefits surgery with translators, out-of-school tutoring and attestations for passports. AWA has grown substantially since it was run by a handful of volunteers and now manages to achieve a great deal with just four paid members of staff. AWA also produces a local newsletter.

The annual turnover of AWA is approximately £67,000.

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*Other single-identity community organisations*

In addition to the single-identity community organisations outlined above, other community organisations that adopt a multi-purpose approach include those targeting women or youth.

**Box 17: Example of a single-identity community organisation**

**Windsor Women's Centre, Belfast, Northern Ireland**

Established in 1990, the Windsor Women's Centre in Belfast undertakes a wide variety of activities that help local women gain skills, knowledge and confidence to make a better life for themselves that their families as well as to have a stronger voice in the wider community. Key programmes include: education and learning (including accredited qualifications); child care; and, advice and information. The approximate annual turnover is £400,000.

*Partnerships and alliances*

There is an increasing recognition of the need for voluntary and community organisations to cooperate and coordinate their activities in order to draw upon each others' resources and knowledge and to maximise the impact of their work. In some cases, local partnerships have resulted in the establishment of independent, stand alone organisations (such as the Royds Community Association, Bradford), while others continue to act as an alliance of autonomous organisations, which work together to address local needs.

**Box 18: Example of an alliance**

**London Citizens, also known as The East London Communities Organisation (TELCO), London**

TELCO is an alliance of local mosques, churches, community groups, student unions, trade union branches, schools and other associations committed to working together for the common good. By organising and campaigning together across Hackney, Newham, Tower Hamlets, Waltham Forest and most recently Redbridge, local organisations have built a strong and influential "people's organisation" capable of winning respect in the corridors of power and effecting positive change by tackling the root causes of poverty and social exclusion. Examples of issues addressed by TELCO include the closure of bank branches, 'crime and grime' in Whitechapel, standards of home care for elderly residents and the low pay of outsourced staff working in East London's hospitals.

London has a long and outstanding history of people organising to fight for their rights. The East End witnessed the Peasants revolt of 1381 in Mile End, the dock strikes and the forming of the unions a hundred years ago and suffragette actions in Bow just before WWI. This rich tradition of action inspires TELCO and local residents in their efforts to make the area a better place to live in. London's East End also has a long tradition of immigration and therefore cultural diversity. Huguenots, Irish, Russian and Polish Jews, Chinese, Pakistanis, Bangladeshis, Nigerian, Somali and many others have settled there. Most people assemble somewhere, be it a church, a mosque, a temple, a school, a housing co-op or a union branch. Connecting these associations for a common purpose mixes people from different backgrounds and makes TELCO and its members aware of the richness of other cultures.

One of TELCO's key activities involves campaigning for a 'London Living Wage' for low paid workers. TELCO has also developed a guide to responsible contracting in the financial services.

The annual turnover of TELCO is approximately £148,000.

For more information see www.telcocitizens.org

*Smaller-scale multi-purpose organisations*

In addition to the larger-scale community organisations described above, in England and Wales there are 4,000-5,000 smaller-scale community associations, many of which are multi-purpose in their approach, but cover small geographic areas. Unlike the community organisations described above, community associations are largely dependent on volunteers. There are approximately 50,000 volunteers engaged in community associations in England and Wales. The management of multi-functional community buildings forms a focal point for the activities of many community associations, and they each tend to have an annual turn-over of approximately £10,000.

Community Matters is the nation-wide federation for community associations, with 1,000 members across the UK. While community associations have not been a focus of our research, many of the issues addressed in this report are of relevance to them. A community association visited during the research is described in Box 19.

> **Box 19: Example of a community association**
>
> **Heaton Community Centre, Newcastle**
>
> Heaton Community Centre is a grassroots organisation that undertakes a range of activities that engage all age groups, from toddlers to senior citizens. For example, it has a wide range of activities for children and youth (such as a crèche and sports activities), it supports childminding groups, it has a social club with a snooker table and bingo. The organisation has no full-time staff but is run by a manager who oversees all activities, seven part-time staff and ten sessional workers. The manager of the Heaton Community Centre is a very active local citizen who is also a part-time teacher and has set up various local umbrella organisations.
>
> The annual turnover of the Heaton Community Centre is £73,000.

*Voluntary and community organisations working in rural areas*

While many community organisations described above work in rural or semi-rural areas, there are also a number of other multi-purpose agencies that are active solely in rural areas. For example, village halls offer facilities for local voluntary and community organisations. Other agencies that address the multiple needs and agendas of people leaving in rural areas include Parish Councils (which are statutory bodies) and Rural Community Councils (described in Box 20). Action with Communities in Rural England (ACRE) is the national network of Rural Community Councils.

While we visited a number of community organisations that work in rural areas, we have not focused on other voluntary and community organisations for the purpose of this report.

> **Box 20: Rural Community Councils**
>
> Rural Community Councils (RCCs) are county based charities working to improve the quality of life of local communities and particularly disadvantaged people in rural England. The Countryside Agency funds RCCs to provide direct support and advice to rural communities and organisations. There are 38 RCCs in England, some of which were established over 80 years ago.

## National networks of community organisations

Economic, political and social changes that occur at a global and national level have significant impact on the conditions of deprived communities. The complex web of government programmes tackling poverty, social exclusion and community regeneration are of particular significance to the work of community organisations. Keeping on top of and influencing government and European policies and programmes is, therefore, no mean feat.

Working in isolation, community organisations are unlikely to have the resources necessary to follow and influence macro-level changes. As mentioned above, there are a number of national networks of community organisations that undertake a wide range of activities that

enable community organisations to engage with the 'big picture' and share expertise. Key activities of these national agencies include:

- Facilitating the exchange of information. This includes acting as an intermediary between national government agencies and community organisations in the distribution of information, and facilitating the exchange of lessons learned and good practice between community organisations. National networks also host annual conferences which facilitate dialogue between community organisations, government officials and other key stakeholders.

- Providing training for community organisations.

- Raising the profile of community organisations and providing a conduit for community organisations to voice their needs.

- Commenting on, and contributing to public policy developments. This includes briefing and lobbying central and local government and liaising with a wide range of organisations at regional, national and European level.

Key national membership-based organisations for community organisations include the Development Trusts Association (which has nine regional networks), the British Association of Settlements and Social Action Centres (bassac), and the Urban Forum. Other national agencies that support and promote the work of a wide range of community initiatives include: the Community Development Exchange (formerly know as the Standing Committee of Community Development), Community Matters, the Community Development Foundation and Action with Communities in Rural England (ACRE). Many community organisations are members of one or more of these national networks. These national agencies are also developing stronger links between one another to capitalise on resources and experiences. It should, however, be noted that most members of these national networks are located in England and Wales.

## Summary: The role of community organisations

This section has painted the picture of the wide range of community organisations and the diverse activities with which they engage that benefit people of all ages and backgrounds. While it is difficult to label such organisations, we have grouped them under the following titles: settlements, social action centres, development trusts, faith-based organisations, organisations led by black and minority ethnic groups, other single identity community organisations, partnerships and alliances and community associations.

Our site visits to more than 50 community organisations have shown that many are driven by the passion and commitment of local people who refuse to sit back and watch their communities spiral into further decline. Community organisations alone will not solve poverty and social exclusion and there is a need for other governmental and non-governmental organisations to address the problem. However, community organisations are distinctive by their ability to reach out to and engage local people and to represent and to voice the needs of residents in a manner that other organisations cannot.

Building on this section, the following two sections describe the impact of community organisations and the ways in which independent funders can make a distinctive contribution to help them achieve their goals.

# Section 5: Impact of community organisations

**The broad goals of community organisations are to improve and sustain the social, economic and physical conditions of their community, to improve the lives of residents and increase self-sufficiency. To achieve these goals, they undertake a wide range of projects and activities. Assessing the effectiveness and results of their work is complex, often time-consuming and can be costly. There is, however, increasing pressure on all voluntary and community organisations to demonstrate the effectiveness and results of their activities.**

**This section discusses why there is a need to measure or understand the impact of a community organisation, what can be measured and how this challenge has been embraced. We conclude with an overview of a broad framework for understanding the existing and potential impact of community organisations which includes personal development, wealth creation, strengthening social networks, linking the big picture with local action and identifying and strengthening local assets**.

## Why assess results and effectiveness?

All community organisations exist for the purposes of making a positive 'difference' to people's lives and the conditions of the areas in which they reside. While those working for or benefiting from community organisations are usually able to illustrate the impact of activities, there is little systematic analysis that is publicly available. In recent years, however, there has been increasing pressure on voluntary and community organisations to demonstrate and articulate the results of their activities, often couched in terms of 'outputs', 'outcomes', and 'impact'.

There are many sceptics who question the feasibility of measuring the true value and there is still a tendency to measure the 'measurable' rather than what is important, which fails to capture the less tangible results such as people's well-being, social cohesion and happiness. There is however a need to improve their ability to demonstrate and communicate the effectiveness and results of their activities and many community organisations have embraced this challenge to demonstrate the valuable contribution of their work. The process of addressing this challenge has also resulted in many positive general outcomes for the field of community development. For example, it has triggered reflection on current practice, developed new insights and engaged the thinking and experience of diverse players.

Different stakeholders connected to community organisations will have diverse needs and expectations regarding the results of their work and will have different motives for assessing the degree to which community organisations are 'making a difference'.

There are three key stakeholders involved in the work of community organisations: those who are meant to benefit from the work of a community organisation, the organisation itself (including staff, trustees and volunteers) and funders. Broadly speaking, the expectations of all stakeholders are that the quality of life of beneficiaries is improved as are their life-opportunities and the conditions of the neighbourhood in which they reside. However, within each stakeholder group there will be diverse specific expectations and motives for engaging with community organisations. For example, some beneficiaries may only be interested in reducing crime while others may be concerned with facilities for youth or training opportunities. Some funders may only be interested in supporting specific projects such as educational activities while others may be interested in contributing and learning from the work of the organisation as a whole. Meeting the demands of all stakeholders is therefore not an easy task, not least due to the fact that people's perceptions of what constitutes 'success' can differ significantly.

However, despite these challenges there is a sound rationale for the need to understand and articulate the effectiveness and results of their work so that all stakeholders have a better understanding of what is being achieved both in terms of individual projects and as a result of the work of a community organisation as a whole. The purpose of assessing the results and effectiveness can therefore be manifold. Enabling local people to identify and describe their expectations of a community organisation and, where appropriate, to collect the

relevant data can be an important and powerful process through which empowerment can be enhanced. Moreover, this process can strengthen local ownership of the activities, thus potentially improving their sustainability. Findings from assessments can enable the organisation itself to improve and develop its activities and capacities and reflect on the degree to which the 'input' and 'processes' need to be adapted to improve 'outcomes' and 'impact' (as discussed below). Assessments can also guide funders in their efforts to invest in community organisations. Moreover, findings from assessments and lessons learned can be shared with other community organisations in order to inform good practice.

While many of these organisations are strengthening their capabilities to assess the results of their work, the availability of comprehensive information about the effectiveness and impact is still limited. Factors that have inhibited the ability of community organisations to demonstrate the results of their work include the lack of funding necessary to be able to develop appropriate tools and systems to assess performance and the diverse reporting requirements of funders. Differing reports required by funders are especially challenging for community organisations as some may have as many as 100 or more sources of funding. Some community organisations also lack the capabilities to undertake assessment activities. Moreover, in an environment dominated by competition for funding and an emphasis on delivering projects, there is little time available to reflect on their interventions.

## What can be measured?

Due to the complexity of assessing the effectiveness of the wide ranging and inter-connected activities undertaken by community organisations there is a tendency to breakdown their work into different 'projects' (such as a crèche, a training programme, advice work etc.) so they can be more easily understood. On the one hand this approach enables key stakeholders to understand the results of specific projects or activities and perhaps helps understand whether some projects are more effective than others in achieving the desired goals. However assessing individual projects in isolation of one another fails to capture the benefits of the multi-purpose approach and the broader impact community organisations can have on neighbourhoods as a whole.

There are five aspects of the work of community organisations that can be assessed both at an individual 'project' or 'activity' level and at an organisational level:

- Inputs refer to money and time (resources) spent by the organisation on different activities intended to achieve a particular goal. Inputs can also refer to other assets within the neighbourhood that the community organisations can draw upon to achieve its goals (such as local skills, leadership, support from local and national networks, and the enthusiasm and commitment of local residents).

- Processes concern the ways in which the activities are implemented and the organisation is run to achieve the desired outputs, outcomes and impact. For example, the more popular tools used by development trusts to assess processes include 'Investors in People', 'Social Accounting', and 'Practical Quality Assurance Systems for Small Organisations'. Evaluating processes can also inform the community organisation about its capacity to undertake its activities.

- Outputs refer to the direct products of the activities (otherwise known as deliverables). For example, this could include the numbers of training projects delivered and the numbers of people who participated or the numbers of people that use the community organisation on a weekly basis.

- Outcomes refer to the effects of an activity/organisation in relation to what was intended, and are concerned with processes and explanations of why things have worked the way they have. For example, if the goal of a training project was to enable participants to find employment, this analysis would consider the increased employability of the participants, perhaps using data about the numbers of people that secured employment as a proxy to indicate the project's success. While outcomes are often measured against the original objectives or goals of the project or organisation, unintended outcomes should also be considered.

- Impact refers to the broader long-term effects of the activity/organisation and the impact it has had both on its target groups and on the community as a whole. This is more complicated to assess, especially given the problem of attributing broader change to the community organisation when many other agencies will have also contributed to the change. Baseline studies can be a useful way of tracking broader change over time.

Assessments can enable the organisation to improve and develop its activities and capabilities and can help funders understand how best to allocate resources.

Assessing individual projects in isolation of one another fails to capture the benefits of the multi-purpose approach and the broader impact of community organisations.

Given the diverse activities carried out by community organisations and the different levels at which they operate, the results of their work can be considered at the following levels: individual, family/household, groups of people with common needs/interests, the neighbourhood, regional policies and programmes, and national policies and programmes. There will also be a number of organisational changes as a result of their work that can be tracked over time, perhaps in terms of organisational capabilities, their size and scope.

While a majority of the results of activities undertaken focus on human welfare or 'social returns', in some cases this assessment will be combined with assessing financial returns where community organisations also run social or community enterprises.

Looking beyond outputs to the outcomes and impact of community organisations is complex. The outcomes and impact of their work can be qualitative and quantitative. Some outcomes are easier to gauge, such as the numbers of children whose performance at school improved as a result of homework clubs or the numbers of people who were able to secure all appropriate benefits after being given welfare advice. Qualitative or 'soft' outcomes may be harder to gauge, such as an increase in people's self-confidence and improved social relationships between residents. Many practitioners and commentators have challenged the merit of simplistic use of 'hard' or quantitative outcomes and there have been increasing efforts to develop instruments that capture 'soft outcomes' (such as 'Spirit Level' illustrated in Box 21).

It is worth noting that outcome measurement has become something of a mantra in the world of grant-making trusts and foundations and there is a desire on the part of funders to be able to understand the outcomes of any given project during and immediately after the period the funder has provided support. Given that most funders support projects for a period of one to three years, such assessments fail to capture the long-term effects of community organisations in their efforts to tackle poverty and social exclusion in deprived areas, which in some cases can take generations. For example, while it would be possible to monitor the numbers of people who have successfully gained employment as a result of participating in a training programme, longer-term agendas of community organisations such as peacebuilding, reconciliation, advocating for improved social services and tackling facets of social injustice may need to be tracked (and funded) over longer time horizons. This does not necessarily mean that measuring short to medium term outputs, outcomes or impacts of are meaningless, but raises serious questions about the degree to which such measures capture the complete contribution multi-purpose community organisations can make to enhancing the social, economic and physical conditions in the neighbourhood. Moreover, there is a danger that the trend of short-term funding arrangements and the related desire to support activities that can demonstrate more immediate and tangible outcomes can work against the importance of contributing to and tracking sustainable and long-term changes made by community organisations.

Despite the current lack of aggregate evidence that demonstrates the long-term benefits of community organisations, information gathered through this research suggests that many long-term benefits have and can come about through such organisations. For example, as a result of engaging in the activities of community organisations, the lives of individuals have changed substantially (see example in Box 22). Hard and anecdotal evidence from individuals and organisations who have been active in the field for many years also suggest that the long-term community-wide impacts are significant (as illustrated in Box 12), although problems of attribution will always be evident.

### How can results and effectiveness be measured?

Despite the challenges, there are an increasing number of tools and frameworks for understanding their effectiveness, outcomes and impact. Such tools can involve many stakeholders associated with community organisations and can apply techniques such as interviews, surveys, observing and monitoring data such as the numbers of people that gain qualifications and employment. Anecdotes or 'stories' (as illustrated in many boxes in this section) are also an important mechanism through which success can be demonstrated.

Many community organisations have developed their own mechanisms for assessing the effectiveness and results of their activities. Some mechanisms which are more widely known, such as the balanced scorecard, have been adopted and adapted from the private sector.

Another framework for evaluating the work of community development organisations, known as 'ABCD' has been published by the Community Development Foundation (see Figure 9). This framework illustrates the differing tiers of activities that can lead to a more 'healthy' community.

**Figure 9**: **Dimensions of community development**



Source: Barr, A and Hashagen, S (2002), *ABCD Handbook: A framework for evaluating community development,* Community Development Foundation.

Given the diversity of community organisations both in terms of types of activities undertaken and contexts in which they operate, a 'one-size-fits-all' approach to assessing success is not appropriate. There would, however, be significant benefits of each community organisation developing systematic mechanisms to assess success (and failures) that suit their own needs rather than undertaking assessments in an ad-hoc manner (as often required by funders).

**There are an increasing number of tools and mechanisms that have been developed to assess the work of community organisations.**

## A broad framework for understanding the impact of community organisations

For the purpose of this report, it would not be appropriate or feasible to assess the success of all activities undertaken by community organisations as outlined in Figure 4. Moreover, comparisons are difficult to draw between community organisations as it is quite possible that activities that are deemed to be effective in one community may not be so in another context and there is little value in comparing, for example, development trusts with settlements. However, building upon our findings and upon research undertaken by others (for example the work undertaken by Stephan Thake published by the Joseph Rowntree Foundation), it is possible to illustrate a broad framework for understanding the contribution that many community organisations can and do make in improving the social, economic and physical conditions in deprived areas.

The degree to which organisations succeed in achieving the results described below will depend on the context in which they operate, the range of activities they undertake, the strength of their funding base, the relationships they have with other key stakeholders, and the capabilities and motivation of the staff and volunteers involved. This framework below is, however, a useful tool by which community organisations can be understood and assessed and includes the following inter-connected themes:

- Personal development.
- Wealth creation (at an individual and community level).
- Strengthening social networks.
- Linking the big picture with local action.
- Identifying and strengthening local assets.

## Personal development

At a personal or individual level, the activities of community organisations can have many positive effects including developing people's skills, abilities or knowledge and changing people's attitudes or behaviour. Most activities undertaken by community organisations seek to strengthen the confidence and the skills of local people. Community organisations help people develop coping strategies to deal with the difficulties they experience, such as debt, isolation, domestic violence and unemployment. People's confidence and abilities are developed either through recreational activities, such as painting classes and sports clubs, or through more formal training programmes, such as IT skills and language training (some of which are accredited). Community organisations also enable people to put their abilities into practice, through voluntary placements or through employment. For example, some paid staff members were originally users or volunteers of a community organisation. Box 22 gives an example of how an individual developed their confidence and skills as a result of their involvement with a community organisation.

> **Box 22:  Community Links, London**
>
> A mother whose children had made use of Community Links' Play-schemes approached staff about the possibility of doing voluntary work. She had been married to an alcoholic and abusive partner and as a result her confidence and self-esteem were very low. She could not consider applying anywhere for paid work.
>
> Community Links staff suggested a quiet role in the advice team which did not involve direct contact with the public. She began with filing and updating the Information System. After a few months she began taking telephone messages and answering general enquiries about the service.
>
> As her confidence and self-esteem began to rise she became interested in the advice work going on around her. So when the Advice Manager suggested she join the Community Links training course for advice workers, she agreed. After nine months she achieved an NVQ Level 3 qualification in advice and guidance.
>
> She then volunteered as an open door advice worker with Community Links. Six months later she successfully applied for a paid job. Over the last three years her confidence and responsibilities have gradually increased. Last year she took part in delivering the advice work training and was appointed as a member of staff.

**Key impacts of community organisations include personal development, wealth creation, strengthening social networks, linking the big picture with local action and strengthening local assets.**

**Many activities of community organisations seek to strengthen the skills and confidence of local people.**

## Wealth creation

In his book about Neighbourhood Regeneration Organisations (which we refer to as community organisations in this report), Stephen Thake writes that 'A major contribution of community organisations to area regeneration strategies has been to identify, work with and enhance the local economy. Instead of stereotyping people living in disadvantaged areas as being a drain on society, community organisations have tapped into the productive energies and aspirations of local people in a number of ways.'[70]

The effects these organisations can have on wealth creation can be assessed at an individual, household and community level. For example, at an individual level, debt and benefits advice can help reduce financial poverty, and encouraging people to participate in training or personal development classes and to become active volunteers helps improve peoples' prospects. Improving the quality of a person's life and raising their latent potential is an important springboard to the pathway to employment (as illustrated in Figure 10). Many community organisations employ former users, and in some cases they are the largest source of employment in the area. Some are also able to help broker employment inside and outside the community or direct people to agencies that can help find a job. Although full-time work does not necessarily help people break out of cycles of poverty and social exclusion (especially when people are given low-pay or short-term contracts), community organisations are key in giving people the support necessary to help people fulfil their employment aspirations (see Box 23).

> **Box 23: Family Action in Rogerfield, Easterhouse (FARE), Glasgow**
>
> FARE runs clubs for children and teenagers, arranges subsidised holidays for over a hundred young people a year, organises sports activities and outings, operates a café and also engages local residents in part and full-time employment. One young person, Brian, lived in Easterhouse and attended many of FARE's youth activities but played truant and spent large amounts of time roaming the streets and getting into trouble. FARE offered Brian a job as a youth worker and his job description was to promote a youth forum with members elected by the young people who came to FARE's activities. Before being offered this chance, Brian says he could not have got into college and would now be doing a labouring job, not knowing what he was capable of. He is now employed as a Senior Youth Worker at a nearby charity called The Safety Zone. Using his past experiences he has creatively organised projects and clubs largely geared around sport which has impacted the lives of many young people in the local area.

**Figure 10 Pathways to employment facilitated by community organisations.**
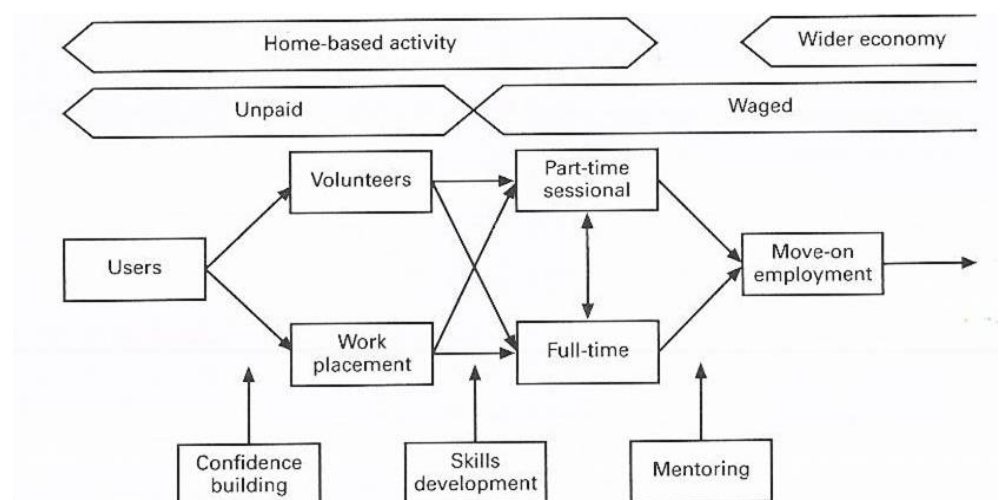


Source: Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.46

At the level of the family or household the effects of the activities of a community organisation can be direct and indirect. For example, the fact that a mother is able to take

**Raising the latent potential of local people is an important springboard to the pathway of employment.**

her child to the crèche and thus more able to participate in training programmes or seek employment can have positive effects on the well-being of the whole family or household. Moreover, more than one member of a family or household may engage in the activities of a community organisation at any one time.

At a wider community level, the positive impact community organisations can have on the 'wealth' of the neighbourhood is wide-ranging. Activities which address education, crime-reduction, and health-care can, for example, reduce the burden and costs incurred by local statutory agencies. There can also be significant cost savings from activities that have a preventative role. For example, crime-reduction programmes can potentially reduce costs associated with crime (including the costs of policing, perhaps followed by the costs of the criminal justice process, prison and rehabilitation of ex-prisoners). Community organisations can also play a critical role in keeping the local economy and businesses alive, as illustrated in Box 24.

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**Box 24: Ibstock Commmunity Enterprises Ltd.** (a development trust)

The last pit closed in Ibstock, Leicestershire, in 1991. But worse still for many of the 6,000 residents was the closure of the TSB bank branch after its takeover by Lloyds in 1995 as it was felt that a deprived village of 6,000 people would not be a viable business proposition.

Small high street shops feared the loss of the bank would be their death knell, as customers took to doing their shopping elsewhere when they went in search of a bank. In partnership with local retailers and businesses, Ibstock Community Enterprises set up a community cooperative in their fight to bring the bank back.

The first step was to persuade a bank to install a cash machine in the empty building. That was a triumph, but the real turning point was winning £100,000 in a private sector community development competition. This enabled the group to buy the defunct building from TSB for just £50,000 and turn it into its ICE's headquarters and 'Community Shop' which opened in 1997. An agency for the Hinckley and Rugby Building Society also operates from the restored building, which is a collection point for a local credit union.

Ibstock Community Enterprises carried out a 'Plugging the Leaks' exercise (as developed by the New Economics Foundation) to measure the benefits of the cash machine and banking facilities and found that: 87% of people using the ATM and Building Society live in Ibstock, 63% of cash from the ATM is spent in Ibstock (approximately £2 million was withdrawn during the first year), 38% of cash from the Building Society is spent in Ibstock, 60% of people using the ATM or Building Society do so at least once per week, and 9% get cash from sources outside Ibstock. In short, for every £10 that was withdrawn from the cash machine, £6.30 was spent locally.

Source: Adapted from an article in The Guardian, 13/03/2002 and '*Communities that make things Change*' from the Development Trusts Association.

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**Not only do social enterprises contribute to the financial sustainability of community organisations, but they also bring significant benefits to the community as a whole.**

Developing social and community enterprises[71] also contributes to wealth creation, and is an approach that cuts across many community organisations (not just development trusts). The charitable sector is often perceived to focus on social return and human needs. However, social/community enterprises combine this tradition with economic return. Seeking to succeed as businesses by establishing a market share and making a profit is combined with social aims. Not only can social enterprises contribute to the financial sustainability of community organisations,[72] but they also bring significant benefits to the community as a whole. For example, they can create and retain jobs, deliver new and improved local services, and contribute to economic development. Perhaps the most common community enterprises among community organisations are community cafés and credit unions. Some also use their experience of running a community enterprise to support the development of other local community enterprises. Due to limited market potential in some deprived areas, some enterprises operate beyond the borders of their own community.

Although it is difficult to put a value on hidden wealth, an increase in trust in a local community and stronger social relationships can reduce levels of crime and vandalism, which in turn reduce the costs of policing and security, as elaborated below.

## Strengthening social networks

Many communities in which community organisations operate are marred by weak social networks and a lack of trust between local people. Social capital has attracted much attention in recent years and many argue that 'social capital' is critical not only to economic life but also to virtually every aspect of human existence. Although it is difficult to define, Robert Putnam, one of the most prominent writers on social capital, defines it as 'features of social life – networks, norms and trust that enable participants to act together more effectively to pursue shared objectives'. Despite the fact that it is a contested concept and the difficulties associated with measuring levels of social capital, there is a significant body of research that demonstrates there are links between social capital and economic performance, improved health, crime reduction and better educational achievement.

Community organisations play a key role in nurturing and rebuilding social networks and relationships between people and organisations in the community. This is achieved in a number of ways. First and foremost, the building where the organisation operates is a safe environment for local residents to meet. Community cafes provide an informal space for people to talk, and the hub of activities means that residents will start to recognise one another and become more connected. Community organisations also pro-actively seek to build the confidence of their users so they feel safe and comfortable outside the confinement of their own family and friends. Some organise activities outside the community (for example, summer camps for children) to expand people's aspirations.

Community organisations also play a key role in supporting the development of other local voluntary and community groups that improve local levels of association. This is achieved by encouraging local people to develop their own initiatives, providing them with the space and facilities necessary and giving advice and support.

> **Box 25: Tullyally & District Development Group, Londonderry**
>
> During the summer holidays there used to be a pattern of rioting in Tullyally, a small semi-rural Protestant village outside of Derry in Northern Ireland. It used to occur every night beginning at around 6pm with the violence escalating and coming to a head at 11.30pm with stone and petrol bomb throwing when the older Paramilitaries left the pub. Having hired a mini-bus, when the staff Tullyally & District Development Group (TDDG) saw the trouble starting the Youth Worker would drive down to the hot spot and pick up the young Protestant trouble makers and take them to the cinema, McDonalds or bowling for free, thus offering an activity more enticing than fighting. Without the presence and back up of young trouble makers, the older rioters were not as confident and thus reduced the levels of violence. Ultimately, the riots eased and Tullyally has become more peaceful, although TDDG continues to intervene as necessary.

## Linking the big picture with local action

Many causes of poverty and social exclusion are structural and the ways in which communities become deprived results primarily from factors beyond control of the people themselves. Just as areas of deprivation are a product of wider and economic forces, so individuals are shaped by the conditions into which they are born. The link between the global, community and individual is, therefore, significant. Linking grassroots action with macro-level change is essential if cycles of poverty and social exclusion are to be broken and improvements sustained. Bottom-up solutions alone will not revive deprived neighbourhoods and there is a need for structural change and top-down activities to be undertaken at the same time.

Given their size and the scope of activities, community organisations are well placed to influence macro level change using their experience and their knowledge of local needs and potential solutions. For example, they often play a strategic role in influencing regeneration programmes by being actively involved in local consultative processes (such as Local Strategic Partnerships). They also provide a means for ensuring that the views of local people are fed into strategies and programmes that effect the community.

In some cases macro level change can be achieved by community organisations working alone but is more likely to happen through alliances and national networks. For example, as part of their campaign to secure a 'London Living Wage' (currently estimated to be £6.70 per

hour) and decent employment benefits for low-paid workers, the alliance of The East London Citizens' Organisation (TELCO) recently successfully persuaded Barclays to act as a benchmark for responsible contracting (see Box 26).

While there are many successes in this area, the potential for community organisations to influence regional or macro level government policy, the business community and funders is yet to be fully realised.

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**Box 26: 'Barclays Sets Benchmark for City Workers**

Elated cleaning staff at Barclays' new headquarters have won the rights to a number of fringe benefits including sick pay, holidays and pensions. It is hoped that the deal, brokered through TELCO, will act as a benchmark for other low-paid workers in the City of London. The pressure group announced it will, however, continue to urge Barclays to increase living wages for both security and cleaning staff from £6 to £7 an hour, but congratulated it for setting standards for contractors. The move by Barclays is part of a wider attempt to prioritise staff welfare, development and retention'.

Source: Financial Times, 27/01/04

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## Identifying and strengthening community assets

Many organisations and people continue to perceive deprived communities as 'problem areas'. The lack of respect for people living in poverty was one of the clearest and most heartfelt messages received by the Independent Commission on Poverty, Participation and Power in 2000 (established by the UK Coalition Against Poverty). The media also plays a significant role in reinforcing negative stereotypes. Furthermore, policies and programmes have tended to focus on the needs, deficiencies and problems in the community, with funding allocated in proportion to their severity. While data demonstrating the symptoms of poverty and social exclusion helps track changes, there is a lack of appreciation and analysis of the assets held within communities.

Some case studies have shown that the most socially sustainable communities are those that focus on what they have (for example, the skills of local residents, active voluntary and community organisations, physical assets and the formal and informal economy), rather than what they lack or 'need'.[73] Community organisations can play a significant role in identifying, mobilising and managing these assets to enhance the social and economic environment of the community and the lives of its residents. Rather than relating to people in the community as 'victims', 'patients' or passive recipients of services, most community organisations recognise that local people can and should be active in improving and taking control over their own lives. Not only are most staffed by local people, many engage users in the management, design and the running of activities. In doing so, confidence is built, and the capacity is developed for local people to restore their physical, social and economic structures. While external support continues to be necessary, this approach also helps to break dependency and its related costs.

Community organisations are also involved in transforming underused and neglected assets within the community, including land and buildings, as illustrated in Box 27 (although persuading the relevant authorities to allow use of these assets is not always easy).

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**Box 27: Cwimni Tref Caernarfon Development Trust, Wales**

Over the period of ten years, the Cwimni Tref Caernarfon Development Trust has bought, renovated and redeveloped 23 properties in Caernarton, creating homes, offices, shops, two cafes, a restaurant, a music training centre and a pub. Having identified arts and culture as an increasingly important source of jobs, income and community confidence, they decided to develop these assets through the establishment of a £5.7 million Creative Enterprise Centre on reclaimed dockland. This Centre will have a 450 seat auditorium, exhibition space, two rehearsal studios and 40 workplace units for local creative enterprises.

Source: *Development Trusts: Communities that make things change*, Development Trusts Association.

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**Community organisations recognise that local people can and should be active in improving and taking control over their own lives, rather than perceived as victims or passive recipients of help.**

**Some case studies have shown that the most socially sustainable communities are those that focus on what they have rather than what they lack or 'need'.**

## Limitations of community organisations

The existing and potential contribution made by community organisations in tackling poverty and social exclusion is significant. However, it is not possible to record this value in a single figure or easily to summarise the different contributions made by community organisations. This does not make the contributions any less real.

Community organisations alone cannot and will not eradicate poverty and social exclusion in deprived communities. Moreover, it should be noted that the quality and effectiveness of community organisations differs from one organisation to the next and some are more effective than others in achieving their objectives.

There are a number of challenges common to many of these organisations, no matter how well managed they are. For example, there is a risk that undertaking broad activities and responding to many diverse local needs can overstretch the capabilities of an organisation. Growth and increasing professionalisation can create distance from the 'grassroots', which can cause tensions between their desire to stay 'rooted' and their need to become equal players in driving local change alongside other larger, perhaps more bureaucratic agencies.

Some limitations are internal, however, external factors also influence their effectiveness. For example, positive relationships with key stakeholders in the community (such as local authorities, police, other community organisations), can be central to securing sustained social and economic improvements. In some cases the relationship between community organisations and local authorities is ambivalent or tense.

Financial insecurity is invariably endemic. Access to financial resources and the relationship with funders is a critical factor that can influence the effectiveness of a community organisation and its ability to achieve its goals. Their income is often made up of a complex puzzle of numerous sources, many of which are secured for individual 'projects'. The lack of core funding and limited financial sustainability puts some organisations on an unsound financial footing. As discussed in Section 2, much government funding is also retrospective, leaving community organisations with significant bank charges and overdraft fees that funders do not wish to cover. Funding difficulties can stifle creativity, reduce risk-taking and inhibit the ability of community organisations to develop the necessary assets and capabilities to secure positive results. Moreover, much time is spent on completing application forms and diverse reporting requirements of funders. Short-term funding and low salaries also inhibits the ability of community organisation to attract appropriately experienced staff and threatens staff retention, thus risking the loss of the most important asset held by a community organisation – their staff.

The following section outlines ways in which funders can improve and develop support for community organisations that can help to maximise their effectiveness.

## Summary: The impact of community organisations

This section summarised the need for understanding the results and effectiveness of community organisations, looking at what can be measured (including inputs, processes, outputs, outcomes and impact), and the tools and mechanisms that are being developed to do so. Assessing success is clearly a thorny issue and is a developing field which is often very complex, time-consuming and under-resourced.

While many community organisations are grappling with the challenge of demonstrating the ways in which their actions improve and sustain social, economic and physical conditions within their community, little research has been undertaken to illustrate the general contribution made by such organisations. However, the evidence we have gathered from desk research and from site visits has contributed to the following framework for understanding the benefits of community organisations, which includes: personal development, wealth creation, strengthening social networks, linking the big picture with local action and identifying and strengthening local assets. While the benefits of community organisations differ from one organisation to another, this framework suggests that, broadly speaking, multi-purpose community organisations do make a valuable contribution to tackling poverty and social exclusion and are therefore worthy of independent support. The next section discusses the distinct advantage independent funding can made to helping community organisations maximise their potential outcomes and impact.

**Although community organisations alone will not eradicate poverty and social exclusion, they make a distinctive and valuable contribution to this goal.**

# Section 6: Recommendations for independent funders

The success and effectiveness of community organisations is not only dependent upon the skills and capabilities of each organisation, but also upon the stability and sustainability of resources (financial, human and physical) available to them. Despite the increasing recognition of the role and importance of community organisations in tackling poverty and social exclusion in deprived areas, most still struggle to survive. Our site visits to community organisations suggest that as a result of financial insecurity some community organisations are as fragile or vulnerable as the deprived areas in which they operate. The budgets of community organisations are often made up of a cocktail of diverse funds from government, independent sources (such as grant-making trusts and foundations), and voluntary income generated through the development and implementation of tens of projects. If community organisations are to play a more effective part in securing the long-term development of deprived areas, they need to be put on a more sound financial footing.

The manner in which funders support community organisations is therefore critical. This section builds upon the findings of Sections 4 to 5 and looks at the ways in which independent funders can support community organisations and the distinctive advantages of and needs for independent funding. Although community organisations are likely to welcome smaller donations, in-kind or voluntary support from people interested in their work (which should be encouraged) this section outlines ways in which independent funders can make a strategic financial contribution to the work, of community organisations.

Examples of the distinctive ways in which independent funding can best be utilised include:

- **Providing unrestricted funding/ funding for overhead costs**
- **Providing long-term support**
- **Supporting initiatives to strengthen organisational capabilities**
- **Supporting efforts to increase financial sustainability/security**
- **Providing start-up capital for new or innovative initiatives**
- **Providing loans**
- **Supporting 'less popular' causes or initiatives that influence policy**
- **Supporting initiatives that tackle the root causes of poverty and social exclusion**
- **Funding initiatives that facilitate the exchange of experiences and lessons learned.**

Each of these opportunities is discussed in more detail in this section.

## Current sources of funds for community organisations

The make-up of community organisation funding tends to include a combination of earned income, voluntary income and investment returns from a range of sources, including individuals, the public sector, the voluntary sector, the private sector and funds internally generated. Some have funding from 100 or more sources at any one time. While there is no data that outlines the general breakdown of funding among all community organisations, our observations suggest that government (whether it be EU, central or local) funding and support from established grant-making trusts and foundations represents a major source of funding with relatively little support from corporations or individuals.

Government funding should play a significant role in supporting the work of community organisations, especially in terms of supporting social service delivery. For example, some administer the government's Sure Start early programme. However, government funding is by its nature is geared to deliver specific government objectives, many of which are short-

The financial insecurity of community organisations means that in some cases they are as fragile and vulnerable as the communities they seek to help.

term and respond to known general needs not to specific local or emerging needs. Government funding can also have high transaction costs. At one end of the spectrum are community organisations that would not accept any government funding as it would compromise their independence and their objectives. At the other end of the spectrum there are some which are almost completely funded by a combination of various government funds. Many community organisations are, however, keen to secure non-governmental funding to retain their independence.

## Strategic choices when supporting community organisations

For funders interested in supporting community organisations, there are three fundamental questions that they may ask themselves:

■ Which community organisation(s) or specialist intermediaries do I support?

■ What kind of financial or non-financial support should I provide and what is distinctive about the way in which independent funds can best be used?

■ What type of relationship can/should I have with the community organisation(s)?

### Selecting which community organisation(s) to support

Selecting which community organisation to support can be driven by a number of motives. Some funders may choose to support an organisation(s) located in an area with which they are affiliated. Others may not have any affiliation to an area where community organisations operate, but may wish to support such organisations based on a selection of those that are most effective or have most potential in achieving their objectives. Funders that are already supporting community organisations, such as established grant-making trusts and foundations, may wish to review their current approach to supporting community organisations in order to maximise the impact of their funds.

The framework described in Section 5 for understanding outcomes and impact can aid the process of assessing which community organisations to support. Additionally, key characteristics of organisations New Philanthropy Capital believe warrant support include: strong roots within the community where they operate; clearly articulated goals, how they will be achieved and evidence of the relevant capabilities to do so effectively; intelligent use of resources available (human, financial and physical); and, aspirations or plans to address sustainability.

In addition to supporting organisations directly, funding can be awarded to specialist intermediaries that support the development of a wide range of community organisations (for example, supporting the development of social enterprise through the Adventure Capital Fund or building capacity through a national network of community organisations as discussed on page 41).

Based on extensive site visits, NPC is able to aid potential funders in their selection of community organisations or specialist intermediaries to support. Page 65 also provides an overview of organisations that potential funders can contact to find their local community organisation.

### Types of support

There are a number of distinctive benefits that independent funds can make in aiding community organisations realise their goals. Dependent upon the size of funds available and needs of the recipient, strategic choices when considering how to best utilise independent funds include:

■ **Providing unrestricted funding/overhead costs**. There are three key forms of grant support: 1) funding given to support a particular project run by a community organisation (such as a crèche or drop-in centre); 2) funding given to support overhead costs (such as rent, staff costs and utilities); and 3) funding given in the form of an unrestricted grant to support the organisation as a whole.

Most funders tend to tie their grants to short-term, restricted purposes to support individual projects. While project funding is likely to remain a key source of income for community organisations, there is an urgent need to improve this form of funding.

A heavy emphasis on project funding increases the risk that the diverse projects housed by a community organisation operate in silos. It can become increasingly difficult for management to fit the complex jigsaw puzzle of project funding together and to secure necessary overhead costs. Moreover, given that access to more than one project is beneficial to those who benefit from community organisations, funding projects in isolation does not reflect the multiple needs of the beneficiaries and the advantages of the interconnectedness of activities housed within community organisations.

Our analysis suggests that more independent funding needs to be targeted to support the overhead costs of community organisations or given for unrestricted purposes (i.e. a general contribution to the organisation as a whole). The distinct advantage of community organisations is that they undertake multiple, inter-related activities that benefit the whole community. Unrestricted funding would provide the flexibility necessary to respond to the changing needs of the local community and to strengthen the effectiveness of the organisation. Moreover, most community organisations are large, professional and sophisticated organisations and it should be left to the judgement of the governance of the community organisation about where funding is most needed at any given point in time. A helpful analogy from the corporate world is that when investing into a new or existing business, investors do not select that their money will be used for a specific purpose (for example, the salary of the secretary or the publication of PR materials), but rather investment is based on the potential returns on the business as a whole. The challenge in the case of community organisations is selecting an organisation that can 'make a difference' to the social, economic or physical conditions of deprived neighbourhoods.

■ **Providing long-term support**. Tackling poverty and social exclusion in deprived communities is a long-term process and takes more than a single electoral term. Unlike government funds, independent funds can back organisations and initiatives for the period required to ensure they come to fruition. Longer term funding can also give community organisations the space or time necessary to reflect upon the patterns of their interventions and take a longer term view of their activities.

■ **Supporting initiatives that strengthen organisational capabilities**. Many community organisations lack adequate resources to undertake activities to strengthen their capabilities. Activities that are often under-resourced include: staff and trustee training, business/strategic planning and thinking, building partnerships with other local and international agencies, upgrading IT, developing and implementing mechanisms to measure performance, and mapping the changing needs of the community.

■ **Supporting mechanisms that can increase financial sustainability/security of community organisations and contribute to the economic development of the neighbourhood**. There are a number of ways in which independent funds can help secure a stronger base of financial sustainability. First, ownership of capital assets (land and buildings) would enable community organisations and local community groups to have premises from which they can operate without fear of licences being withdrawn or rents being increased (however, it should also be noted that physical assets can be a liability if the organisation does not have the adequate resources to maintain them). Capital assets can also be used as collateral to support additional capital investment projects, and surpluses on rents charged to other charitable or commercial organisations using the premises can be used to meet funding needs.

Second, independent funds can provide start-up or capital grants for community/social enterprises, which may eventually become self-sufficient. In May 2003, the Bank of England published a report on financing for social enterprises, which highlighted the lack of capital for the crucial start-up and expansion phases of their development. The Adventure Capital Fund is a key example of a specialist intermediary that provides long-term investment and technical advice for community enterprises.

It is, however, important to note that not all community organisations undertake activities that would allow them to generate income. For example, those that do not provide 'services' and rather focus on developing social relationships or campaigning will continue to be largely dependent on grant support from funders.

■ **Providing start-up capital for new or innovative initiatives**. Different approaches to tackling poverty and social exclusion need to be tested, and independent funding is often necessary to enable such risks to be taken. In some cases, start-up capital can help develop a new organisation. In most cases, community organisations have

**Community organisations need more long-term support for overhead costs and unrestricted funds.**

insufficient working capital to meet the obligations they take on or to fund new developments. Independent funds can support the build up of general reserves and working capital that can enable them to undertake new initiatives. Start-up capital can also leverage future support from other sources (including government and local authorities).

■ **Providing loans**. This is a developing approach to supporting community organisations. Independent funds can provide short or medium term, interest free or low interest loans to fund activity or developments that can generate the means to repay. For example, loans can be used to develop a building within which income generating activities are established, and to finance the start-up of a service which will be covered by a statutory authority. Charity Bank and Venturesome are examples of specialist intermediaries that provide loans to charities.

In theory, charities and social enterprises should be able to access loan finance from commercial providers such as banks. However, high street banks have been unwilling to lend to charities or to small or new social enterprises because they are unfamiliar with: the organisational structures and status of social enterprises; lending to organisations or individuals without assets against which capital can be secured; lending to individuals who, in contrast to for-profit companies, do not have the same personal financial stake in the company; and, contracting for the provision of public services. Additionally, the bank's commercial objectives limit their capacity to lend relatively small amounts to organisations where the 'processing costs' of investigation and subsequent monitoring are relatively high.[74] Charities also tend to be wary of borrowing.

■ **Supporting 'less popular' causes or initiatives that influence policy**. Some community organisations carry out a 'watchdog' role or campaign for improved policies. Such activities are generally harder to raise funds for. Independent funds can help organisations in their efforts to hold statutory authorities and government accountable and to campaign for improved policies and programmes. Furthermore, independent funds can support initiatives that the electorate are unlikely to encourage the government to do (for example, work with groups such as refugees and as asylum seekers).

■ **Supporting activities that tackle the root causes rather than symptoms of poverty and social exclusion**. While community organisations help local people cope in difficult circumstances and to alleviate the symptoms of poverty and social exclusion, independent funds can help support initiatives which seek to challenge the status quo and tackle the root causes of poverty and social exclusion (which, in the long-term, will reduce the resources needed to address the symptoms).

■ **Funding networks that facilitate the exchange of experiences and lessons learned and influence policy**. If the successes of community organisations are to be 'scaled-up', there is a need for improved dissemination of experiences and lessons learned. Where appropriate, this would also enable effective initiatives to be replicated. Independent funding can help community organisations document and share their success stories and strengthen networking facilitated by national organisations (such as bassac, the Urban Forum and the Development Trusts Association). Alliances and networks are also in a strong position to influence policies that effect the work of community organisations and the lives of people living in deprived areas.

The financial needs of community organisations will vary significantly from one organisation to another. The suggestions above therefore merely highlight a range of options that could be considered, but the specific needs of each community organisation should be considered on a case-by-case basis.

## Relationship between funder and recipient of funds

The potential impact of the funding will depend upon a number of factors, including the size and period of funds available, the resources and capabilities of the community organisation, and the relationship between the funder and recipient of funds. Although the relationships between funder and funded will differ from situation to situation, ideally, funders should not take a paternalist stance towards the deprived areas in which community organisations operate, and funding relationships should be based on mutual respect and trust.

Building on the role that these organisations play in identifying and strengthening community assets, funders could also encourage organisations to build their proposals around the assets of their organisation and their community. To date, much funding seems to be allocated based on an index of multiple misery and deficits within a community, which can breed dependency and does little to challenge the stereotypes and negative images of

deprived areas. Moreover, proposals which focus on deficits in any given community do not help funders to appreciate and understand how the community organisation is building upon local assets.

Other characteristics of a sound relationship between funder and recipient of funds may involve flexibility over the use of funds to respond to changes and the willingness of the funder to adapt reporting requirements to reflect an appropriate systematic assessment process developed by the community organisations (rather than requiring organisations to be swamped with differing reporting requirements from funders).

## Summary: The need for independent funding to support the work of community organisations

**There are distinctive advantages of independent funds which will enable community organisations to develop sustainable solutions to poverty and social exclusion.**

Building on an analysis of the valuable and positive role and impact of community organisations, this section highlights the ways in which independent funding can make a distinctive contribution to the efforts made by such organisations to strengthen communities and improve people's lives.

The report illustrates that pervasive poverty and social exclusion continues to be a harsh reality for a significant proportion of the population in the UK. While tackling these problems is high on the government's agenda, many of the causes of and solutions to poverty and social exclusion lie outside its direct control. Although the boundaries between the roles of the state and activities of the voluntary and community sector are continuously changing and are not clear cut, much voluntary and community activity falls outside the realm of state provision and as such requires alternative sources of funding. While government is and should continue to contribute financially to the work of community organisations addressed in this report, there is a distinctive need for and advantage of independent funding. Such funds will help community organisations establish themselves on a more sound financial footing and thus make a significant contribution to developing sustainable solutions to tackling poverty and social exclusion in communities throughout the UK. Building on this research, New Philanthropy Capital is well placed to help broker fruitful relationships between funders and effective community organisations.

# Appendix 1: Glossary

**Civic engagement**

Individual and collective actions designed to identify and address issues of public concern. Civic engagement can take many forms, from individual volunteerism to organizational involvement to electoral participation. It can include efforts to directly address an issue, work with others in a community to solve a problem or interact with the institutions of representative democracy. Civic Engagement encompasses a range of activities such as working in a soup kitchen, serving on a neighbourhood association, writing a letter to an elected official or voting.

Source: Pew Charitable Trusts

**Civil Society**

The term civil society is defined as 1) part of society that is distinct from states and markets, 2) as a metaphor for a 'good' society (characterised by positive norms and values as well as success in meeting particular social goals) and 3) as the public sphere.

*Source:* Edwards, M (2004), *Civil Society,* Polity Press, Cambridge

**Community**

The term community is a contested concept. However, operational definitions suggest that community exists in three broad categories: 1) in terms of locality or territory, 2) as a community of interest or interest group, and 3) as composed of people sharing a common condition or problem. For the purpose of this research, NPC has used the term as a locality or territory.

*Source:* Community Development Xchange (CDX) website
http://www.cdx.org.uk/resources/glossary.htm#Community

**Community capacity building**

Community capacity building supports individuals, groups and organisations to enable them to play a part in the regeneration of communities. It is about building skills and competencies and is increasingly being used amongst policy makers and managers to increase their understanding of communities.

*Source:* CDX website http://www.cdx.org.uk/resources/glossary.htm#Community

**Community council**

'Locally-based charities or voluntary groups that have an interest in the well-being of their community. They consult the local community and make known to public bodies the views of local people on all matters affecting them. Local authorities have a duty to consult community councils on how local services are delivered and other issues affecting their neighbourhoods. Community councils are arranged according to issues in local areas. For example, local community health councils and rural community councils.'

*Source:* Society Guardian Glossary

**Community development**

Community Development is about building active and sustainable communities based on social justice and mutual respect. It is about changing power structures to remove the barriers that prevent people from participating in the issues that affect their lives.

*Source:* CDX website http://www.cdx.org.uk/resources/glossary.htm#Community

**Community enterprise**

Combines community-led action with business activities aimed at economic development and social gain. Community enterprises have explicit social aims and are accountable to their communities. They are independent but work in partnership with others. (Also see Social Enterprise)

*Source:* CDX website http://www.cdx.org.uk/resources/glossary.htm#Community

**Community participation**

Community Participation is about enabling people to become active partners in the regeneration of communities by contributing and sharing in the decisions that affect their lives. Participation should enable people to have a degree of power and control in the processes with which they are involved.

## Community Sector

'Those organisations active on a local or community level, usually small, modestly funded and largely dependent on voluntary, rather than paid, effort. Can be seen as distinct from the larger, professionally staffed agencies which are most visible in voluntary sector profiles. Hence the phrase 'voluntary and community sector' to encompass the full range.'

*Source: www.volresource.org.uk*

## Deprivation

'When you do not have things or conditions that are usually considered necessary for a pleasant life.'

*Source:* Cambridge Advanced Learner's Dictionary

## Local Strategic Partnerships

Local Strategic Partnerships bring together the different parts of the public sector with the private business, community and voluntary sectors in order to work together more effectively. They are expected to prepare and implement the community strategy and develop targets where there is to be a public service agreement. It is not a statutory requirement to have a Local Strategic Partnership but most Local Authorities (94%) are establishing or planning to establish one. In the 88 Local Authority areas eligible for the Neighbourhood Renewal Fund it is a condition of funding that a Partnership is developed. One of the roles of the Partnership will be to develop and deliver a local neighbourhood renewal strategy. Local Strategic Partnerships should rationalise and simplify other Local Partnerships arrangements and work with neighbourhood based partnerships.

*Source:* CDX website http://www.cdx.org.uk/resources/glossary.htm#Community

## Neighbourhood

The government's approach to regeneration attempts to target deprived areas as defined by local people rather than administrative boundaries. These 'neighbourhoods' might include a council estate or part of an inner city around communal facilities such as a shopping centre.

*Source: http://society.guardian.co.uk/glossary*

## Neighbourhood Renewal

'Neighbourhood Renewal is about reversing the spiral of decline. It is about working from the grassroots to deliver economic prosperity and jobs, safer communities, good education, decent housing, physical environment as well as fostering a new sense of community amongst residents.'

*Source: Neighbourhood Renewal Unit*

## Poverty

The academic Robert Chambers defines poverty as:

1) Poverty proper (lack of income and assets)
2) Physical weakness (malnutrition, sickness, disability, lack of strength)
3) Isolation (ignorance, illiteracy, lack of access, peripheral location)
4) Vulnerability (to contingencies, natural disasters, to becoming poorer)
5) Powerlessness (unable to control one's own destiny, lack of political power or organisation)

*Source: Robert Chambers, Institute for Development Studies, Sussex University*

## Regeneration

'The process of upgrading an area through social, economic and infrastructure investment and improvement.'

*Source: Quest-net*

## Social enterprise

"Social Enterprises are financially viable and sustainable businesses that trade in the market to fulfil social aims, such as employment creation or the provision of quality local services. They bring people and communities together for economic development and social gain, having three common characteristics [of being] Enterprise Oriented, having Social Aims and

having Social Ownership." (Also see Community Enterprise). From the Social Enterprise London website at http://www.sel.org.uk

*Source: Quest-net*

### Social entrepreneurs

Individuals who initiate ideas and activities in communities but not necessarily with reference to existing traditions, activities and relationships.

'...apply the techniques of business entrepreneurship to achieve social goals. They are client or customer focused. They are dealmakers, bringing together people, money and other resources in the most effective mix possible.'

*Source: The Directory for Social Entrepreneurial Organisations.*

### Social exclusion

'The Government has defined social exclusion as "a shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown." This is a deliberately flexible definition and the problems listed are only examples...The most important characteristic of social exclusion is that these problems are linked and mutually reinforcing, and can combine to create a complex and fast moving vicious cycle...The term includes poverty and low income, but is broader and addresses some of the wider causes and consequences of poverty.

*Source: The Social Exclusion Unit*

### Social Justice

The four principles of social justice of the Commission for Social Justice in 1992 were founded on: 'the equal worth of citizens; the equal right to be able to meet basic needs; the widest possible access to opportunities and life-chances; and that we reduce or eliminate unjustified inequalities'.

### Voluntary organisation

A "not for profit" organisation managed by a voluntary management committee and usually having paid staff. It may have volunteers carrying out some functions and may be charitable in its aims. It may or may not have local people and/or service users on its management committee and is unlikely to be focused on a single geographical community although its aims may relate to those of a specific "community of interest".

*Source: Quest-net*

# Appendix 2: International definitions of poverty

At the Copenhagen summit in 1995, the UK committed to eradicating 'absolute' and reducing 'overall' poverty and to drawing up national poverty alleviation plans.

**Absolute poverty** is described as 'a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services' (UN, 1995, p.57). Seventeen percent of people in Britain consider themselves to be in absolute poverty.

**Overall poverty** can take various forms including: 'lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterised by lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets'. (UN, 1995, p.57). Twenty-six percent of people in Britain consider themselves to be in overall poverty.

Source: Gordon et al (2000), *Poverty and Social Exclusion in Britain,* Joseph Rowntree Foundation, p.9

# Appendix 3: Examples of Area-Based Initiatives

| Types of ABI | Name of initiative | Department |
|---|---|---|
| Employment | Action Team for Jobs | DWP |
| | Employment Zones (15 zones) | DWP |
| | Framework for Regional Employment and Skills Action (FRESAs) | DfES, DWP, DTI |
| | StepUP | DWP |
| Business | Capital Modernisation fund | HO |
| | City Growth Strategies | DTI |
| | New Entrepreneur Scholarships | DfES |
| | Regional Centres for Manufacturing Excellence | DTI |
| Health | Health Action Zones | DoH |
| | Healthy Living Centres | NOF |
| Children/ Education | Children's Fund | DfES |
| | Creative Partnerships | DCMS |
| | Early Excellence in Schools | DfES |
| | Education Action Zones | DfES |
| | Excellence Challenge | DfES |
| | Excellence in Cities | DfES |
| | Extended Schools | DfES |
| | Healthy Schools Programme | DfES, DoH |
| | Local Network Fund for Children & Young People | DfES |
| | Neighbourhood Learning Centres | DfES |
| | Neighbourhood Nurseries | DfES, DWP |
| | Neighbourhood Support Fund | DfES |
| | Space for Sport and Arts | DCMS, SE |
| | Sure Start | DfES, DWP |
| | Sure Start Plus | DfES |
| | Young Volunteer Challenge Pilot | DfES |
| | Youth Music Action Zones | DCMS |
| Crime | Building Safer Communities | HO |
| | Communities Against Drugs | HO |
| | Drug Action Teams | HO |
| | Positive Futures | HO, SE, YIP |
| | Street Wardens | HO, ODPM |
| | Youth Inclusion Programme | HO, YIP |
| Community | Community Champions | DfES |
| | Coalfields | ODPM |
| | Community Chest | ODPM (NRU) |
| | Community Cohesion Pathfinders | DfES, HO, ODPM |
| | Community Empowerment Fund | ODPM (NRU) |
| | Community Legal Service Partnerships | LCD |
| | European Regional Development Fund Areas | DTI, ODPM |
| | Home Zones | DfT |
| | Liveability Fund | ODPM |
| | Market Renewal Pathfinders | ODPM |
| | Neighbourhood Management | ODPM (NRU) |
| | Neighbourhood Renewal Fund | OPDM |
| | Neighbourhood Wardens | HO, ODPM (NRU) |
| | New Deal for Communities | ODPM (NRU) |
| | Playing Fields & Community Green Spaces | SE |
| | Single Regeneration Budget | ODPM |
| | Sports Action Zones | DCMS, SE |
| | Urban Regeneration Companies | ODPM |
| | Warm Zones | DEFRA, DTI |
| Rural | Market Towns Initiative | CA, DEFRA, RDAs |
| Other | Fair Share | DCMS, NOF |

Source: http://www.rcu.gov.uk/abi/results/

Please note, funding streams are constantly changing, see the Regional Co-ordination Unit website for more information.

# Appendix 4: Methodology & Acknowledgements

The content of this report is based on desk-research and on semi-structured interviews with representatives of community organisations located throughout the UK. Interviews were also undertaken with academics, representatives of networks of community organisations, and grant-making trusts and foundations. New Philanthropy Capital has also spoken with government officials.

This report would not have been possible without the tremendous support and encouragement of a wide range of professionals in this field. People have been generous with their time and expertise and we would like to thank them for their valuable contributions.

**The following community organisations were visited during our research:**

999 Club, London
Amman Valley Enterprise, Ammanford, Wales
Asian Welfare Association, Sheffield
Barry YMCA, Barry, Wales
Barton Hill, Bristol
Battle Hill Community Development Project, Wallsend
Ballynafeigh Community Development Association, Belfast, Northern Ireland
Bellingham Community Project, London
Black Communities Forum, Sheffield
Bogside and Brandywell Initiative, Derry, Northern Ireland
Bromley-by-Bow Centre, London
Broxburn Family Centre, Scotland
Bryncynon Community Revival Strategy, Mid Glamorgan, Wales
Burton Street Project, Sheffield
Cedar Centre, London
Chelthenham Community Projects, Gloucestershire
Community Links, London
Community Regeneration Trust North East, South Shields
Copperdale Trust, Manchester
Corner House, Belfast, Northern Ireland
Cornforth Development Partnership, Durham
Creation Development Trust, Blaengarw, Wales
Edinburgh University Settlement, Edinburgh
East London Mosque, London
Falls Community Council, Belfast, Northern Ireland
FARE, Easterhouse, Scotland
Flax Trust, Belfast, Northern Ireland
Foxhill Forum, Sheffield
Govanhill Community Development Trust, Glasgow
Headland Development Company Ltd, Hartlepool
Inner City Trust, Derry, Northern Ireland
Manchester Settlement, Manchester
New Avenues Youth and Community Project
Respect, Hull
Ruchill Church Outreach Project, Glasgow
Safety Zone, Bargeddie, Scotland
Shalom House, Belfast, Northern Ireland
Shankill Partnership Board, Belfast, Northern Ireland
ShARP, Sunderland
St Chads, Newcastle
St. Lukes, Newham London (Urban Forum)
STRIDE, Sunderland
The East London Citizens Organisation (TELCO), London
Tullyally and District Development Group, Derry, Northern Ireland
Voices, Sunderland
Wearmouth Community Development Trust, Sunderland
West Harton Churches Action Stations Ltd, South Shields
Windsor Women's Centre, Belfast, Northern Ireland
Wishing Well, Belfast, Northern Ireland
Worlds End, London

### How to find a community organisation in a given area

Other than contacting New Philanthropy Capital, there are a number of ways one can find their nearest community organisation, for example:

1.   Ask your local **Council for Voluntary Service** by visiting the National Association of Councils for Voluntary Service website: www.nacvs.org.uk

2.   Find your local **Community Foundation** by visiting the Community Foundation Network's website: http://www.communityfoundations.org.uk/

3.   Contact a national umbrella organisation, for example:

■   British Association of Settlements and Social Action Centres (bassac) http://www.bassac.org.uk/

■   The Development Trust Association website: http://www.dta.org.uk/

■   Urban Forum website: www.urbanforum.org.uk/

# Appendix 5: References and further reading

[1] Gordon et al (2000), *Poverty and Social Exclusion in Britain,* Joseph Rowntree Foundation, p.68

[2] UNICEF Innocenti Research Centre, Florence, Italy. *Innocenti Report Card* No.1, June 2000, '*A League table of child poverty in rich nations'.*

[3] European Foundation (1995) *Pubic Welfare Services and Social Exclusion: the development of consumer orientated initiatives in the European Union,* European Foundation for the Improvement of Living and Working Conditions, Dublin.

[4] *Preventing Social Exclusion*, Social Exclusion Unit (2001)

[5] Contemporary median income is used as it reflects the rise or fall as average incomes rise and fall ('moving thresholds'), the median income is less sensitive to changes in incomes for groups of the population, and independent experts estimate that 60 percent represents a 'low but acceptable' level of income. 'It is a relative measure of poverty, rather than an absolute measure: it depends on the prosperity of society as a whole, not the income needed to buy a fixed bundle of goods' (Burgess and Propper, p.45)

[6] Brewer *et al* (2004), *Poverty and Inequality in Britain: 2004,* The Institute for Fiscal Studies, London

[7] Palmer, G, Rahman, M, Kenway, P, *Monitoring Poverty and Social Exclusion 2002*, p.6

[8] Gordon et al (2000), *Poverty and Social Exclusion in Britain,* Joseph Rowntree Foundation, p.8

[9] *Ibid*, pp.8-9

[10] Palmer, G, Rahman, M, Kenway, P (2002), *Monitoring and Poverty and Social Exclusion 2002,* Joseph Rowntree Foundation, p.68

[11] Gordon et al (2000), *Poverty and Social Exclusion in Britain,* Joseph Rowntree Foundation.

[12] Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.7. But important to emphasise that poverty and social exclusion is not limited to one part of the country or identified with particular locations within the urban fabric.

[13] There is no exact definition of what makes a neighbourhood. Local perceptions may be defined by natural dividing lines such as roads and rivers, changes in housing or tenure, or the sense of community generated around centres such as schools, shops or transport links. Neighbourhood vary in size, but tend to be made up of several thousand people. Many are dominated by local authority or housing association property, but others have a higher proportion of privately-owned housing.

[14] Lupton and Power, taken from *Understanding Social Exclusion*, pp.118-119

[15] Thake (2001) – *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.20

[16] The Office of National Statistics has recently developed geographical units called Super Output Areas. These are aggregates of Census Output areas and will be produced by ONS at three levels. The lowest level is relatively small scale unit, containing an average of 1,500 people.

[17] Wards average about 5,000 population, but range from 1,000 up to around 32,000. They reflect electoral arrangements rather than making the boundaries of identifiable areas that make sense to local people.

[18] Palmer, G, North, J, Carr, J, Kenway, P (2003) *Monitoring Poverty and Social Exclusion 2003,* Joseph Rowntree Foundation, p.9

[19] Burrows, R and Rhodes, D, (1998), *Unpopular Places?* Policy Press, Joseph Rowntree Foundation

[20] Smith, G (1999), *Area-Based Initiatives: The Rationale and Options for Area Targeting,* Centre for Analysis of Social Exclusion, London School of Economics.

[21] Burrows, R and Rhodes, D, (1998), *Unpopular Places?* Policy Press, Joseph Rowntree Foundation

[22] Francis, D, Henderson, P with Derounian, J (2001), *Community Development and Rural Issues*, Community Development Foundation, p.2

[23] It is hard to pin down what is understood as 'rural'. The countryside agency predominantly views its constituency as being settlements under 10,000 population.

[24] Rural Scotland Economic Picture, Scottish Office Agriculture Environment and Fisheries Division

[25] Lower tier local authority classifications involve a cut-off point which has about 14 million people placed in rural England (5.5 in 'remote rural' and 8.5 in 'accessible rural'), and 36 million in urban England.

[26] Lists of 'remote' rural and 'accessible' rural communities were drawn up by the Countryside agency.

[27] Social Exclusion Unit (2001), *Preventing Social Exclusion*, p.5

[28] Palmer, G, North, J, Carr, J, Kenway, P (2003) *Monitoring Poverty and Social Exclusion 2003,* Joseph Rowntree Foundation, p.32

[29] Henderson, p and Salmon, H (2001), *Social Exclusion and Community Development*, Community Development Foundation, p.16

[30] Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.12

[31] Commission for Racial Equality, www.cre.gov.uk/duty/duty_facts.html

[32] Census 2001, Office for National Statistics

[33] *Ibid,* p.12

[34] *Opportunity for all: Fourth Annual Report 2002,* Presented to Parliament by the Secretary of State for Work and Pensions by Command of Her Majesty, September, 2002, p.11

[35] Palmer, G, North, J, Carr, J, Kenway, P (2002) *Monitoring Poverty and Social Exclusion 2003,* Joseph Rowntree Foundation, p.24

[36] *Preventing Social Exclusion* (2001), Social Exclusion Unit, p.23

[37] *Ibid*, p.23

[38] Kaplan, G. and Leicester, A. (2002), *A survey of the UK benefit system*, Institute for Fiscal Studies, Briefing note No.13 p4

[39] Department for Work and Pensions (2002), *Spending Review*

[40] Social Exclusion Unit (2001) *A new commitment to neighbourhood renewal: National strategy action plan*, p.17

[41] *Opportunities for all, fourth annual report (2002,)* Department for Work and Pensions, p.106

[42] Social Exclusion Unit (2002), *National Strategy for Neighbourhood Renewal: Report of Policy Action Team 4: Neighbourhood Management,* The Stationary Office

[43] Dabinett, G. et al (2001) *A review of the evidence base for Regeneration Policy and Practice*, Department of the Environment, Transport and the Regions, London, p.10

[44] Dabinett, G. et al (2001) *A review of the evidence base for Regeneration Policy and Practice*, Department of the Environment, Transport and the Regions, London, p.41

[45] Audit Commission (2002) *Neighbourhood renewal- policy focus*. Section 5 - Conclusions and recommendations

[46] Scottish Neighbourhood Statistics website - www.sns.gov.uk/glossary.html

[47] Targeting Social Need Initiative website – www.newtsnni.gov.uk/annual 2003/tack08.htm

[48] Demos (2003) Final report. Inside out – rethinking inclusive communities, Barrow Cadbury Trust, p.10

[49] Dabinett, G. et al (2001) *A review of the evidence base for Regeneration Policy and Practice*, Department of the Environment, Transport and the Regions, London, Executive summary

[50] Smith, G, (1999), *Area-based Initiatives: The Rationale and Options for Area Targeting*, Centre for Analysis of Social Exclusion, CASE Paper 25 London School of Economics, p.13

[51] Tunstall, R. and Lupton, R. (2003) *Is targeting deprived areas an effective means to reach poor people? An assessment of one rationale for area-based funding programmes*, Centre for Analysis of Social Exclusion, CASE Paper 70 London School of Economics

[52] *Ibid*

[53] Smith, G (1999), *Area-Based Initiatives: The Rationale and Options for Area Targeting,* Centre for Analysis of Social Exclusion, London School of Economics, p.34

[54] *Ibid*, p.27

[55] Dabinett, G. et al (2001) *A review of the evidence base for Regeneration Policy and Practice*, Department of the Environment, Transport and the Regions, London, p.13

[56] www.dti.gov.uk/europe/structural.html

[57] *The UK voluntary sector Almanac 2004,* National Council for Voluntary Organisations, p.65

[58] Biddick, I. et al (2002) *It takes two to tango: a survey of community enterprise involvement in public service delivery*, New Economics Foundation, p.3

[59] Department for Work and Pensions (2002) *Opportunities for all, fourth annual report*, Cabinet Office p.107

[60] Thake, S. and Zahno, K., (2003) *Exploring community assets*, a research paper for the Bassac Conference 2003

[61] Smith, G (1999), Area-based initiatives: The rationale and options for targeting, Centre for Analysis of Social Exclusion, London School of Economics, p.10

[62] Forstater, M. et al (2002) *Business and poverty: bridging the gap*. The Prince of Wales International Business Leaders Forum

[63] Hopkins, M, and Cowe, R. (2003) *Corporate social responsibility: Is there a business case?* ACCA, p.18

[64] NCVO (2003) *Corporate Social Responsibility and the Voluntary and Community Sector: Discussion document*, p.4

[65] The Giving List (November, 2003), The Guardian, p.8

[66] *Ibid*, p.9

[67] There is a vast range of charitable organisations and initiatives which address poverty and social exclusion in the UK. In 2002, it was estimated that there were between 500,000 and 900,000 organisations in the charitable and wider not-for-profit sector. It would be fair to say that they would represent a significant proportion of the 164,781 charities registered with the Charity Commission. Some organisations focus on one particular facet of poverty and social exclusion (for example, drug abuse or disability), while others address more than one dimension. It is also estimated that there are 600-900,000 small-scale initiatives, known as 'micro-social enterprises', described as 'small, energetic, informal outfits operating at community level, motivated by social and environmental beliefs, which have no paid staff, no offices, funding or formalities.

[68] Calculated from the data on the website of the Charity Commission.

[69] DTA annual membership survey.

[70] Thake, S (2001), *Building Communities Changing Lives,* Joseph Rowntree Foundation, p.45

[71] Community enterprises have a strong geographic definition and focus on local markets and local services. Social enterprises may function beyond a specific geographic community.

[72] The National Council of Voluntary Organisations estimates that up to 35% of charities generate their income from trading activities.

[73] *Agents Rather than Patients: Realising the Potential for Asset-Based Development,* Building and Social Housing Foundation 2003

[74] *New Approaches to Financing Charities and Other Social Enterprises* (2003), Venturesome, p.5

# Further reading

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