



Charities and Regeneration

A key theme of Government regeneration programmes is the need to involve the community in the regeneration of their local area. Increasingly, charities are playing an important role in regeneration, by working with communities to help them reach their potential.

Since 1999, the Charity Commission has recognised urban and rural regeneration as a charitable purpose in its own right, thereby allowing organisations that support regeneration in areas of social and economic deprivation to benefit from charitable status. This has since been made explicit by the Charities Act 2006.

This briefing gives some background on the role that charities can play in regeneration, and sets out the main findings of our November 2006 study into this area of charitable activity: *'The Regeneration Game: The range, role and profile of regeneration charities'*.

The role that charities can play

Regeneration is not limited to the maintenance and improvement of buildings and other physical infrastructure, but also the maintenance and improvement of social and economic infrastructure. Working with the community, charities can play a big role in the resurgence of an area by assisting people who are at a disadvantage because of their social and economic circumstances. For example, charities involved in regeneration might do some, or all, of the following:

- provide financial or other assistance to people who are poor
- provide housing for those in need and help to improve housing standards generally in those parts of an area of deprivation where poor housing is a problem
- help unemployed people find employment
- provide education, training and re-training opportunities and work experience, especially for unemployed people
- provide financial or technical assistance or advice to new businesses or existing businesses where it would lead to training and employment opportunities for unemployed people
- provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people
- provide, maintain and improve roads and accessibility to main transport routes
- provide, maintain and improve recreational facilities
- preserve buildings which are of historic or architectural importance
- provide public amenities.

They may, of course, undertake other activities as well. However, all regeneration charities are required to operate in areas of social and economic deprivation, and must have effective criteria to determine whether or not an area is in need of regeneration. An organisation applying to register as a charity must also demonstrate that the public benefit from its activities outweighs any private benefit which might be conferred on individuals or companies, and have clear criteria by which to determine this.

For example, in an area which is "deprived" largely because of its poor housing and high crime rate, but which has a reasonably low level of unemployment, activities aimed at reducing further the level of unemployment - such as retraining - will have only a minor effect on alleviating the deprivation of the area. The public benefit is therefore more likely to be outweighed by the element of "private" benefit which will accrue to employers.

On the other hand, in an area of high unemployment, such activities are likely to have a considerable effect on the regeneration of the area, and the public benefit is more likely to outweigh any private benefit accruing to employers.

Key facts

In November 2006, we published the findings of our research into regeneration charities as part of a series of reports designed to help increase understanding of issues affecting the charitable sector. The reports are part of our mission to help charities maximise their impact, comply with their legal obligations, encourage innovation and enhance effectiveness.

The report was the first anywhere to look at the types of organisations that have registered as regeneration charities, the work they carry out, and their governance arrangements. It also looked at the innovative methods these charities use to engage with and benefit the communities they work with, highlighting areas where these charities have procedures that are models of best practice, which could benefit other charities. The report found, amongst other things, that:

- Since 1999, 257 charities adopted the new regeneration objects, and a further eight which registered before that date have also changed their objects to include regeneration. The patterns of registration since 1999 show an overall increase year-on-year, apparently linked to accessibility of funding specifically available for regeneration of communities.
- The total annual income for regeneration charities is £519 million. This represents around 1.3% of the total income across the Register of Charities. Compared to the Register as a whole, regeneration charities are more likely to be larger by income (17% have an income of greater than £1 million compared to 4% of charities across the Register).
- Regeneration charities are more likely to operate in urban rather than rural areas. The geographical areas in which these charities operate match areas of high social and economic deprivation, with the highest proportions located in the North West of England and in London.
- While all regeneration charities are required to operate in areas of social and economic deprivation, 86% said that there had been a specific impetus that had led to them being established as a charity, whether that was availability of certain sources of funding for the area or a particular local event such as the decline of the mining industry or a period of civil disturbance.
- Regeneration charities are more likely to carry out people-based activities rather than developing local infrastructure. The most popular activities are the *relief of financial hardship*, the *relief of unemployment* and *education and training for unemployed people*.
- 87% are established as charitable companies (charities set up in non-trust form that have to abide by both charity and company law), compared with only 15% of charities across the Register of Charities as a whole.
- 81% of regeneration charities have representative beneficiaries (i.e. people who the charity has helped, or continues to help) on the trustee board, and 86% of regeneration charities regularly review the diversity of their trustee board.
- Funding issues were a recurring theme for regeneration charities throughout our research: 45% said that funding issues had affected their charities' activities detrimentally. One major challenge is securing sustainable funding. The end of established grants programmes such as the Single Regeneration Budget and the European Regional Development Fund may have reinforced to these charities the danger of becoming grant-dependent and many are increasingly aware of the need to strive towards a healthy mix of funding from a number of sources.

To read the full report, click on the link below:

www.charitycommission.gov.uk/library/publications/pdfs/rs12text.pdf

Want to know more about the charities that play a role in regeneration in your constituency? Contact our Parliamentary Officer, Lindsay Owen, to get a full list of charities in your area, or for more information. She can be contacted on **020 7674 2464**, or lindsay.owen@charitycommission.gsi.gov.uk.