

## **Spending Review discussion paper**

The Spending Review, which will be published on October 20, will inform government spending policy for the period until 2014/15. Given the current financial deficit and the Government's aim to make significant reductions in the deficit, it is essential that the voluntary and community sector (VCS) makes evidence based submissions to government to demonstrate the value of the sector and the potentially damaging impact of significant cuts. NCVO is engaging with members to build the evidence base for our own submission, which will be sent to government in August. Please click here for NCVO's initial briefing on the Spending Review: [http://www.ncvo-vol.org.uk/sites/default/files/Initial\\_spending\\_review\\_2010\\_briefing.pdf](http://www.ncvo-vol.org.uk/sites/default/files/Initial_spending_review_2010_briefing.pdf)

To contribute to our submission, to ask any questions about this briefing or to discuss the Spending Review, please contact James Allen, Senior Policy Officer at [james.allen@ncvo-vol.org.uk](mailto:james.allen@ncvo-vol.org.uk) or on 020 7520 2475.

It is important in this submission to:

1. Demonstrate the value of the VCS
2. Make the case for effective funding relationships through finding shared aims between funders and the VCS and the best way to achieve these aims
3. Outline the potential impact of cuts

## **Good funding practice**

The VCS plays a number of important roles in supporting communities and individuals, in identifying need and in designing and delivering services. A diverse sector needs a diversity of funding sources and mechanisms, with adequate funding for all of the sector's roles. For example in service delivery, there needs to be good commissioning and procurement practice to drive transformation and achieve positive outcomes. In the case of community action, a range of small grants may be the appropriate funding model.

Maintaining good funding practice is more important than ever when resources are constrained. Good funding models should include a diverse range of available funding including grants, procurement, loan finance, training and the use of premises and other support. It is also important to match the appropriate funding mechanism with desired outcomes – as demonstrated through the work of the National Audit Office and its decision making tool.

What elements of current funding practice should continue and what changes would be helpful?

The Government has indicated its commitment to localism and the desire to devolve decision making power. In what ways should central government play a role in driving good practice in funding relationships at the local level?

## **Sector resilience and sustainability**

It is important that the sector is sustainable and resilient; to continue to support communities because although the sector has grown considerably, it has not generally become more resilient.

What changes to funding relationships, for example the establishment of longer term (e.g. 3 year) funding as a 'norm', would help to bring about greater financial resilience?

## **Tax and fiscal policy; regulation**

We agree with the Government that it is important that the VCS is given support and that barriers to the VCS should be removed where possible. Tax incentives can be important for the VCS - for example Gift Aid is a valuable source of income. We are committed to working with government to find ways of simplifying Gift Aid - in what ways would changes to Gift Aid help your organisation?

Tax policy can also be a barrier. This can be as a result of the complexity of the tax system or due to issues with a specific form of tax. For example, VAT is set to increase and this, along with particular concerns around shared services VAT is of concern to the VCS. What are your views on VAT and on broader changes to the tax system that might be helpful?

Regulation can sometimes be a burden on the VCS. We believe that regulation should be clear and proportionate, and that regulation that impacts on the sector should be the result of thorough and open consultation. In what ways could VCS regulation change to make your activities easier?

## **Supporting the VCS**

In order for the sector to operate effectively, there needs to be support from infrastructure bodies to ensure that the sector can achieve its goals. Infrastructure bodies also play an important role in the promotion and development of skills and knowledge across the sector. How can government protect the positive elements of current infrastructure provision as part of the Spending Review?

## **Submitting to the Spending Review**

This document outlines some broad principles for discussion. Evidence and case studies will be particularly useful in building a compelling submission to demonstrate the full value of the sector to the Government.

For more information about NCVO's work on potential spending cuts, please click here: <http://www.ncvo-vol.org.uk/advice-support/coping-with-cuts>

For more information about NCVO's work on regulation, please click here:  
<http://www.ncvo-vol.org.uk/policy-research-analysis/policy/charity-law-regulation>