

Praxis - Challenging unfair withdrawal of funding

The Problem

Praxis is a centre in East London which provides advice and support services to migrants and refugees from all over the world, as well as being a meeting place for displaced communities. The organisation had applied successfully to a government agency which was administering a European Fund and they entered into an agreement to run a three-year project, starting in January 2008. In August 2008 the government agency wrote to Praxis terminating the agreement without notice and without having made the first payment that was due to Praxis on signing the contract. Praxis felt that the decision to terminate funding in this way was in breach of the contract that they had with the government agency and not consistent with the Compact. They also had started delivering on the outputs of the agreement, but had not been paid.

The Compact Issue

Funding and Procurement Code: 7.6 – Government undertakes to give enough notice of the end of grants or contracts; this should be a minimum of three months. 5.8 – Departments and Agencies should make payments on time.

The Action

Praxis wrote to the government agency setting out the issues that they had with the way that their funding was terminated. We wrote to the government agency as well raising our concerns with the process and the inconsistencies with the Compact. The government agency, after some time, recognised that there were problems with the termination of funding, but that because the source of the money was the European Commission, they were ultimately answerable to them and had to abide by certain conditions over the fund, regardless whether they were consistent with the Compact or not. We spoke in more depth with the government agency and the national department which they are a part of and requested a meeting for all parties, including the Compact Champion from the national department, to discuss the issues.

The Outcome

At the meeting, Praxis understood some of the points that the government agency raised about why they had made the decision to terminate the agreement. Praxis were also able to state their position about the process by which it had happened, how it had affected their organisation and the project, and that they had started performing under the contract but with no payment from the government agency. We were able to put the issues into context with the principles of the Compact, which the government agency accepted. The successful outcome of the meeting was that the government agency wrote to Praxis offering to meet the costs that they were owed from when the contract was first signed. In a wider context, we were also pleased that although the government agency had said originally that due to the money being a European Fund this would 'override' the commitments in the Compact, our position that the Compact applies to all arrangements and relationships between Government and the voluntary and community sector was accepted.

