

Funding Commission – Charity Finance

Supported by NVCO, the Funding Commission is continuing its work on the sector's funding concerns, considering what funding and financial tools should be in place over the next decade to address these concerns. The Commission has now had its second meeting, convened to discuss and decide on a set of themes where it will focus its work.

Since the first meeting in February there has been a lot of activity, including a seminar at NCVO's annual conference, a roundtable considering what the sector operating environment will look like in the next decade, a 'think piece' by David Carrington, and some research on past, current and future funding trends.

To support the Commission, NCVO has also recently led a twelve-week consultation period with VCOs and experts. This initial consultation round, which concluded in May, generated a good response. A range of issues were raised, including: local funding, funding practice, public service delivery, capacity building, social investment, giving, and volunteering.

In order to assist the Commission to select themes to focus its work on, NCVO prepared a paper considering all of the issues raised in the consultation, in the context of the level of political support and support from the sector for each issue, the economic context, and whether the issue required new policy or thinking.

After some robust discussion, the Commission has decided to focus its work on three key themes: capitalising the VCS, giving, and local action.

Capitalising the VCS

There is a lack of capital in many parts of the sector. It can be difficult for VCOs to raise capital. There is also an array of difficult perception issues about VCOs with sufficient capital or reserves, with some potential funders concerned that such organisations are 'hoarding'. The Commission will consider how to increase capital in the sector to support the financial capability of VCOs. Increased capital could assist the sector by enabling VCOs to plan beyond the short term, cover staff shortages due to illness or emergencies, or purchase assets. In considering how to increase capital in the VCS, the Commission will also explore issues such as asset transfer, and reserves.

Giving

The Commission will consider how to increase giving – by individuals, corporates, trusts and foundations. Charitable donations provide an important supply of unrestricted income for the VCS, which can be used by VCOs to cover overheads and fund core business expenses. The Commission will take an interest in ways to make giving more effective, for example, by making sure full advantage is made of available tax relief, and educating donors in the needs of the sector and the value of income that is not tied to particular projects, outcomes, or outputs.

Local action

The local action theme will allow the Commission to consider how VCOs can make better use of existing funding, to be more effective. It can be very difficult for small local organisations to access funding because of onerous application and reporting requirements, perceived economies of scale, and a tendency for some funders to prefer to fund large 'brand name' charities. There is also a range of tax issues faced by local VCOs if they wish to share resources. In relation to this theme the Commission's work will include how to respond to challenges faced by existing and emerging local groups, volunteering, infrastructure, and ways to make funding practices more appropriate to assist local VCOs.

Overarching themes

The Commission will address a range of cross-cutting issues in relation to all three themes. These include: funding practices (of both funders and recipients), which featured strongly in the consultation; any instruments or structures that might be needed or usefully developed; capacity building and skills; and relevance to the diversity of organisations that make up the sector, including issues of equality, and the many small VCOs that often tend to 'fly under the radar'.

NCVO will shortly begin a further round of targeted consultation focused on the themes chosen by the Commission. This will largely involve further discussions with various experts and stakeholders. However, we welcome ongoing input from member and others. If you are interested in sharing your ideas or experience, please get in touch with Dr Toby Ganley (toby.ganley@ncvo-vol.org.uk). For more information on the Funding Commission, see: www.ncvo-vol.org.uk/fundingcommission