

current trends


 The future of funding for smaller VCOs


Is future funding for small and local voluntary and community organisations being threatened? Yes, says Ben Wittenberg, and more transparency is needed if we are to see the true impact of a reduction in local money

The future of funding for small and local VCOs hangs in the balance. Some of their key funders are facing a range of challenges, pressures and restructures that will impact significantly on the way and extent to which they are able to provide support.

Charity Commission research shows VCS delivery of public services to be the domain of the minority of larger charities. The Big Lottery Fund may be raided to pay for the Olympics, and the provision of local and regional grant aid is disappearing against a backdrop of Single Regeneration Budget and European Social Fund money drying up. Previously ring-fenced VCS grant schemes (such as Community Chest funds) are also dissolving into general Local Area Agreement budgets.

Public debate on voluntary sector public service delivery seems (finally) underway, and whether the BLF is raided or not, it won't happen in private or without public protest. SRB and ESF funds were quite openly coming to an end or being restructured.

But what about Local Strategic Partnerships? The intention of LSPs has been to create wider choice for Local Authorities in how they meet targets, and better access to the local decision-making process for VCS (and other) groups involved in addressing local issues. Budgets previously ring-fenced for grants to the local VCS may now be lumped in with other budgets allowing more flexible responses to local needs, with decisions made in conjunction with a wide range of strategic partners including key VCOs, local police and fire authorities, PCTs and other non-statutory service providers.

On paper an eminently sensible approach – not all areas face the same challenges, or benefit from the same approach, and local groups are well placed to inform and help to develop responses to issues faced by their clients, beneficiaries, customers and constituents. In some areas this is working extremely well, but in others LSPs raise a number of key issues.

Access is not impact. Nor is it guaranteed. Feedback we receive from those involved in LSPs

is regularly dismissive of the impact they are able to have in what's described as a closed shop. Recommendations of a 'duty to cooperate' on the part of the Local Authorities in the recent Local Government and Public Involvement in Health Bill don't go far enough in addressing this.

Engaging with a charity, or community network does not mean you are engaging with 'the sector'. Even if that organisation is representative, it is impossible to fully represent any significant number of VCOs, especially in such a forum.

But where is all the money going? Overall, statutory financing of the voluntary sector is increasing. Most would agree that the bulk of the rise has been in the form of large grants and contracts to the largest VCOs. Beyond that it's difficult to say how else statutory funding is changing with any certainty or degree of detail. Time limited grant programmes, reactive funds, merging programmes and departments, poor record keeping and a lack of internal financial categorisation make any kind of tracking of statutory funding exceptionally difficult. Giving LAs the freedom to use what was grant-funding money in a wider sense without implementing methods to show publicly how their support is changing will greatly exacerbate this lack of transparency.

To say that this is intentional would be cynical, and would not credit how difficult it was to monitor statutory spending before. But without a drastic improvement in the collation and presentation of financial information on funding, by government, it will be impossible to see what impact the increased spending freedom has on the funding of the VCS, either at a micro or macro level. This information is essential in supporting challenges to reductions in local grant funding – enabling pressure from the vast number of VCOs that rely on such support, and informing potential funding responses from grant-making trusts, companies and individuals.

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Trend watch