

Budget 2020
Submission

INVESTING IN COMMUNITY

THE COMMUNITY AND VOLUNTARY SECTOR IS AN INTEGRAL PART OF OUR SOCIAL INFRASTRUCTURE AND A VERY SIGNIFICANT PLAYER IN IRELAND'S ECONOMY.

The Wheel calls on Government in Budget 2020 to:

1. Provide adequate and sustainable funding for the sector.	2. Streamline regulatory and funding-related compliance requirements and provide for the costs of compliance.
3. Bring down the cost of insurance.	4. Comprehensively resource the new strategies for the community and voluntary sector and social enterprise.
5. Implement the recommendations of the Report of the Independent Review Group on the Role of Voluntary Providers in Publicly Funded Services (IRG Report).	6. Develop a framework for collaborative working and provide resources and supports for mergers.
7. Increase budget allocations for the Department of Rural and Community Development.	

INTRODUCTION

Ireland's 29,000 community, voluntary and charitable organisations involve over 51,000 volunteer directors and trustees, directly employ 190,000 people and manage income of €14.5bn per year. Over half of this income (over €7bn) is raised by these organisations themselves, and represents a major subsidy to the cost of public services in Ireland.

Indecon Economic Consultants (in a report published by the Charities Regulator in 2018) estimate that total direct, indirect and induced value of the work of Ireland's charities exceeds €24bn per annum and supports 289,000 employees. So the sector is very significant in our national life, but it can make an even bigger contribution if it is supported in key areas regarding challenges it faces. These challenges include:

- Ensuring adequate funding and sustainable funding arrangements
- Dealing with the increase in compliance requirements
- Bringing down the cost of insurance
- Developing – and resourcing – coherent strategies for the sector.

€14.5bn

the annual turnover of Ireland's charities

190,000

people directly employed in the
non-profit sector

300,000

people volunteer for charities at an
economic value of €650m per annum

1 PROVIDE ADEQUATE AND SUSTAINABLE FUNDING FOR THE SECTOR

Many community and voluntary organisations that provide services funded by the state face significant challenges posed by the precariousness of that funding. Much of this is related to uncertainty of income streams beyond annual allocations. The benefits of multi-annual funding are acknowledged by Government and the approach is currently employed for capital funding schemes for physical infrastructure, and for some programmes that support community and voluntary organisations. Many private sector and international funding bodies also recognise the importance of forward-planning for charities engaged in delivering vital services and supports to the public, and provide funding in this way. Such a multi-annual funding framework is an objective contained in the State's new strategy for the community and voluntary sector, *Sustainable, Inclusive and Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland*.

It should be linked, where appropriate, to additional resources to support mergers and collaborative work.

Commissioning and service delivery policy should follow a needs-driven approach, and avoid operating on an assumption that 'bigger is better'.

We are calling on government to ensure statutory funders restore budgets impacted since the 2008/2009 crisis so that budgets are adequate to meet the cost of services.

To address these issues The Wheel calls on Government to:

- Introduce multi-annual (three-year) funding arrangements as the default approach to facilitate better services, enable long-term planning and assist effective staff recruitment and retention
- Fund services and supports on a full-cost-recovery basis, taking into account the need for organisations to fund core-costs, pay staff adequately, train and develop staff, and make provision for pension contributions where appropriate
- Establish a dedicated budget of €2m to incentivize and cover the costs of collaborative work and potential mergers in the charity, community and voluntary sector (similar to the model which facilitated trade union mergers in the past).
- Introduce a scheme for a direct tax incentive for Major Gifts and Donors, as per the recommendation of the 2012 *Forum on Philanthropy and Fundraising Report* published out by Philanthropy Ireland.
- Make provision for sustainable terms and conditions for staff of HSE-funded Section 39 organisations and Tusla-funded Section 56 organisations that provide essential services. DPER, The Department of Health, Department of Children, Tusla and the HSE should put in train a process to determine essential services, with a commitment to resourcing organisations adequately and making provision for sustainable terms and conditions for employees providing essential services.
- Ensure that statutory funding agreements empower organisations to innovate and to advocate to advance their missions (rather than stifling creativity with rigid, inflexible specifications and requirements and inhibiting advocacy by way of contractual clauses)
- The Wheel warmly welcomed the introduction of the VAT Compensation Scheme for Charities in 2018. The importance of the scheme has been demonstrated by its first year of operation. Due to the over subscription of the €5m allocation, we call on Government to increase the cap to at least €10m to fully accommodate the demand.

2 STREAMLINE REGULATORY AND FUNDING-RELATED COMPLIANCE REQUIREMENTS AND PROVIDE FOR THE COSTS OF COMPLIANCE

The state has rightly made a big investment in recent years in regulation and compliance processes, including the establishment of the Charities Regulator, which The Wheel welcomes and campaigned for over many years. However, there has been no equivalent investment in charities to support their capacity to comply with the new requirements, or with the ever-increasing quantity of reporting and compliance obligations facing publicly-funded community and voluntary organisations more generally.

Reduction and streamlining of reporting requirements with full funding to support compliance allows organisations to be flexible and innovative in responding to the needs of the communities they serve.

Many community and voluntary organisations are struggling to provide vital services and supports as already-insufficient resources are increasingly being diverted to fulfil regulatory and compliance requirements for which no funding is provided.

In addition, many organisations are required to duplicate reporting information across state bodies, which is wholly inefficient and adds a further and potentially avoidable burden on organisations' limited resources.

Resources are also drained from government departments, agencies and regulators as they process duplicate information. A community and voluntary organisation providing services in a range of areas might have multiple Service Agreements/Arrangements with different departments and agencies, as well as additional compliance requirements related to finance, tax, fundraising, insurance and external grants.

To address these issues The Wheel calls on Government to:

- Commit to providing for the cost of compliance in funding agreements
- Conduct a comprehensive review of all existing compliance and regulatory requirements, with the aim of streamlining procedures and reducing demands.
- Commit to improved information-sharing and communication between state bodies to avoid duplicate information requests.

3

BRING DOWN THE COST OF INSURANCE

The unsustainable rise in insurance costs is having a very serious effect on many organisations in the community and voluntary sector. The Wheel is working as a part of the Alliance for Insurance Reform (AIR) to ensure that community and voluntary organisations can continue to carry out their vital work. The Wheel supports calls for the prevention of exaggerated and misleading claims being pursued and settled, consistency in the calculation of awards at realistic levels, and transparency on how premiums are calculated and claims are settled.

As a first step, we urge Government to provide:

- Funding for the Garda response to insurance fraud. We propose that this come from the Personal Injuries Assessment Board reserves; and
- Funding to ensure the urgent and effective establishment of the Judicial Council as necessary.

Voluntary groups are being hit with premium rises of up to 60 percent. Twenty-two percent of voluntary groups have said the cost of cover was threatening their future and the provision of vital supports across Ireland.

4 COMPREHENSIVELY RESOURCE THE NEW STRATEGIES FOR THE COMMUNITY AND VOLUNTARY SECTOR AND SOCIAL ENTERPRISE

The Wheel commends the government for the work it is doing to deliver the Programme for Government commitments to support and develop the community and voluntary sector.

We very much welcome publication of the *National Social Enterprise Policy for Ireland 2019 – 2022* and *Sustainable, Inclusive and Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland* and look forward to the publication later this year of the *National Strategy on Volunteering*. It will be vital that these strategies are adequately resourced.

Adequate funding and continued consultation and collaboration will ensure vital strategies can be embraced and implemented by the sector.

We are calling on Government to ensure in Budget 2020 that:

- place for social enterprises, should be further expanded and be accompanied by a dedicated budget line to support the Department of Rural Community Development's social enterprise initiative
- Funding and supports for the three strategies should be coherent with each other and ambitious in nature, together forming an overarching national development strategy
- The three strategies be adequately resourced, with sufficient funding ring-fenced for their successful implementation
- Investment is made in increasing active citizenship through participatory and democratic decision-making processes and the involvement of rural Public Participation Networks (PPNs) in shaping public services
- Increase the rural regeneration fund, to expand the potential of community organisations and to make communities more resilient in the context of Brexit fall out
- Promote enterprise hubs and other job and service creation functions of social enterprises and the community and voluntary sector.

5 IMPLEMENT THE RECOMMENDATIONS OF THE INDEPENDENT REVIEW GROUP ON THE ROLE OF VOLUNTARY PROVIDERS IN PUBLICLY FUNDED SERVICES

The Wheel endorses the recommendations of the recently published report of the Independent Review Group established to examine the role of voluntary organisations in health and personal social services (IRG Report). We call on Government to invest resources and fully implement the recommendations, including:

- Establishment of a forum for dialogue between the sector and the Department
- Development of a charter for a new relationship
- Agreement of essential services
- Simplification of service agreements
- Avoidance of duplication in reporting
- Multi-annual budgeting
- A system to manage deficits; and
- Provision of governance training and supports for smaller organisations.

Charities, community and voluntary organisations are supporting people to live independent lives, supporting people with disabilities and medical conditions and supporting older people, children and young people to realise their potential.

Resourcing, collaboration and a forum for dialogue, as outlined in the IRG Report, are vital to support this work.



DEVELOP A FRAMEWORK FOR COLLABORATIVE WORKING, AND PROVIDE RESOURCES AND SUPPORTS FOR MERGERS

In delivering essential services and supports, many charities and community and voluntary organisations work in partnership with government bodies to provide essential services and supports. Increasingly, these organisations are struggling with the complex and demanding nature of partnership working, which has changed significantly in recent years. Commissioning-based approaches and the use of service agreements/arrangements can sometimes run contrary to the spirit of partnership-working approaches

We need to move away from “risk-shifting” contract-dominated approaches, to “risk sharing” best-outcome approaches based on service-needs assessment.

To address these issues The Wheel proposes:

- Publication of a formal framework for collaborative/partnership working between voluntary organisations and their statutory counterparts (a “Compact” as per the IRG report that should apply to all government departments and community and voluntary sector organisations)
- Establishment of a partnership mechanism to review effectiveness.

Additionally, charities have a responsibility to collaborate whenever possible and should avoid unnecessary competition. Many charities actively consider merging following collaborative initiatives. However, there is a significant cost associated with mergers. Merging also presents the risk of funding loss, as merged entities might subsequently lose the discrete funding they individually receive from statutory sources. This could result in a reduction of such organisations’ ability to deliver services and supports, thus representing a significant disincentive to mergers.

To address these issues, we propose:

- Establishment of a dedicated budget of €2m to incentivize and cover the costs of mergers and collaborative work
- Additional supports and guidance for charities seeking to merge or collaborate.

7 INCREASE BUDGET ALLOCATIONS FOR THE DEPARTMENT OF RURAL AND COMMUNITY DEVELOPMENT

In order to achieve the aims stated above and to improve the lives of those supported by the community and voluntary sector, The Wheel believes that an increase of a minimum of 5% in Budget 2020 allocations to the Department of Rural and Community Development is necessary. This is especially important in the context of Brexit, which will disproportionately impact disadvantaged communities. Such a 5% increase constitutes an additional 3.7% to the Central Bank's estimated HICP inflation rate of 1.3% for Ireland in 2020.


Detailed below are the suggested figures for each of the relevant areas.

Scheme/Funding stream	Projected Figure for 2020 Budget	The Wheel's proposed increase of 5%	The Wheel's proposed total figure for 2020 Budget
Supports for community and voluntary sector (National Lottery)	€12.588m	€629,000	€13.217m
SICAP, local/regional development supports (National Lottery)	€43.23m	€2.161m	€45.391m
Local Community Development Committee (Support)	€1.905m	€95,000	€2 m
Supports for disadvantaged communities	€7m	€350,000	€7.35m
Dormant account measures	€12.57m	€628,000	€13.198m
Programme for Peace and Reconciliation	€4.967m	€248,000	€5.215m
Community Enhancement Programme	€4m	€200,000	€4.2m
Community Services Programme	€46.19m	€2.309m	€48.499m
Social Inclusion Units	€550,000	€27,000	€577,000
Public Participation Networks	€1.75m	€87,000	€1.837m

CONCLUSION

This submission contains a comprehensive developmental agenda to enable Ireland's community, voluntary and charitable sector and social enterprises to maximize its contribution to wellbeing in Ireland and our economic and social lives. It also contains specific proposals for priority attention in Budget 2020. We commend this submission to Government and look forward to engaging in the period ahead towards a thriving community, voluntary and charitable sector in Ireland.

**FOR FURTHER INFORMATION, PLEASE CONTACT
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The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises. We are a representative voice and a supportive resource that offers advice, training, influence and advocacy for the sector. Our membership, of over 1,600 organisations, includes Ireland's top charities, community and voluntary groups and social enterprises.

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