THE FUTURE IS COMMUNITY: PRE-BUDGET SUBMISSION 2023

the wheel

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Stronger Communities.

#FutureIsCommunity

Pre-Budget Submission

Submitted By

The Wheel, the national association of charities, community and voluntary organisations and social enterprises

August 2022

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1. ABOUT THE CHARITY, COMMUNITY AND VOLUNTARY, AND SOCIAL ENTERPRISE SECTOR

Independent, community-based, voluntary organisations have long played a key role in supporting and advocating with and for people and communities in Ireland. Indeed, it is often through the initiative and advocacy of self-organising communities that many community, health and social care services have been initiated.

Community and voluntary organisations are involved in every community in the country, providing health and social supports, services and advocacy on behalf of people with disabilities, older people, young people, children, people experiencing poverty and disadvantage, and people at every stage of their lives.

Since 2020, the COVID-19 pandemic has demonstrated the extent to which we rely on the community and voluntary sector, especially in difficult times. These organisations played a key part in sustaining communities during the crisis, demonstrating their core role as part of Ireland's public service infrastructure. They restructured services to deliver remotely, responded to the need for socially distanced and safe provision, cut costs, redirected resources to priority areas and designed new service responses targeted at meeting emergent need.

The community and voluntary sector constitutes a significant social economy within the broader economy. It comprises almost 35,000 community, voluntary and charitable organisations; involves over 86,400 volunteer directors and trustees; directly employs 165,000 people; and manages income of €14.2bn per year. These organisations raise over half of this income (more than €8.3bn) themselves, majorly subsidising the cost of public services in Ireland. Indecon Economic Consultants (in a report published by the Charities Regulator in 2018) estimate that the total direct, indirect, and induced value of the work of Ireland's charities exceed €24bn per annum and supports 289,000 employees.

2. SUMMARY RECOMMENDATIONS

- Provide funding of €10m to sustain the sector's work post-COVID-19 and through the impact of the Ukraine war.
- Increase funding for HSE-funded (Section 39 Health Act), Tusla-Funded (Section 56), Housing Act (Section 10) homeless services and other statutory-funded services.
- Support fundraising to recover post-COVID-19 through realistic tax and VAT measures.
- Introduce Charities Compliance and Reporting Matching Fund of €2.8m – equivalent to 60% of the budget allocated to the Charities Regulator of €4.6m in 2022.
- Invest €5m annually for the next five years in a dedicated Workforce Skills and Training Framework for the Community and Voluntary Sector.
- Increase the budget for the Community Series Programme (CSP) by €9m per annum to enable programme sponsors/employers to pay the minimum wage to people employed on the programme and to adequately fund project management.
- Increase funding for homeless services to meet rising demand.
- Introduce a designated match-funding facility for European programmes.
- Mainstream multi-annual funding and ensure adequate funding levels for services generally.
- Provide for the cost of compliance and streamline regulatory and funding-related compliance requirements.
- Dedicate resources to deliver the three strategies for the community and voluntary sector, social enterprise, and volunteering.
- Support and resource the work of the Health Dialogue Forum (IRG Report), increase investment in the Slaintecare Integration Fund and Section 39s, and invest in Tusla-funded organisations.
- Support community and voluntary organisations engaging in social enterprise and the social economy.
- Continue to engage the community and voluntary sector in the Shared Island initiative.
- Continued government action on insurance costs.
- Enable community and voluntary organisations to continue leading on climate action.

3. BUDGET 2023: FUNDING PRIORITIES

3.1 Funding to help sustain the sector's work post-COVID-19 and through the impact of the Ukraine war

The community and voluntary sector has played an essential role in supporting the state and society in the face of two recent very major and unexpected challenges: the COVID-19 pandemic and the continuing war in Ukraine.

Post-Pandemic

Over almost 30 months of the COVID-19 crisis, the sector mobilised effectively and adapted services and supports for the most vulnerable in a time of unprecedented uncertainty. The effects of this will be felt for a long time, with a threat of renewed impact in future. It is vital that those organisations who provided emergency assistance are able to keep supporting the people who need it.

Many vulnerable people are unable to return to their lives as they were before the pandemic and require ongoing supports provided by the community and voluntary sector. Some organisations are continuing to see increased or new demand for certain services, even as the pandemic subsides, in areas such as mental health, child and family services, housing and older people.

We recommend:

- **A post-COVID recovery fund of €10m** to facilitate specific services in mental health, child and family services, housing and older people, as well as other areas where significant impact of the pandemic recovery.

Ukraine War

Community and voluntary organisations across Ireland continue to organise and to provide resources for those fleeing the devastating war in Ukraine. Family Resource Centres, PPNs, housing charities and many other types of community and voluntary organisations are at the centre of the emergency response. The state has recognised this work through provision of additional funding, including the announcement of €10.5m in early June 2022. But many charities and community groups are strained to the limit supporting the needs of more than 30,000 refugees while striving to maintain services for their existing, often vulnerable, clients and communities.

Budget 2023 must continue to support and adequately resource areas such as health, housing and family services where particular challenges have arisen from the impact of the Ukraine war. Social organisations that work on the front line and are best placed to identify areas of need must continue to be enabled to adapt their services to the evolving impacts of this war.

The war is also producing energy and fuel price inflation at a rate not seen for many decades. Recent analysis produced by the economic and social think-tank TASC indicates that those on low incomes are more adversely affected and are struggling with the cost of living in Ireland. Access to such support schemes would allow charities and social enterprises to continue to function and to provide essential supports and services for economic and social recovery in the wake of COVID-19. *Social Justice Ireland's Socio-Economic Review 2022* demonstrates that, even after the provision of social welfare payments, and before the impact of current inflation, in 2020 (the latest full data available at the time of writing) more than 660,000 people were living below the poverty line. Of these, over 210,000 were children aged under 18.

Community and voluntary organisations who provide and advocate for the most vulnerable now face even greater challenges and must be supported appropriately. We recommend:

- **Ensuring that community and voluntary organisations are fully resourced to support people fleeing war in Ukraine and that services to their existing clients are not negatively impacted;** extending the remit of some existing services and enabling the sector to adapt and extend such services to address this humanitarian crisis.
- **Ensuring that organisations in the community sector working to combat the impact of rapidly rising prices are enabled to continue their work effectively.**

3.2. Increase funding for HSE-funded (Section 39 Health Act), Tusla-Funded (Section 56), Housing Act (Section 10) homeless services and other statutory-funded services

Community and voluntary organisations are experiencing an escalating crisis in staffing. The situation has deteriorated to the extent that service delivery and continuance is being jeopardised due to challenges related to staff recruitment, retention and progression. A prime constituent of this crisis is the disparity between pay and conditions for highly qualified and experienced staff in much of the community and voluntary sector.

Government must make provision to ensure sustainable terms and conditions to enable staff recruitment, retention and progression in HSE-funded Section 39, Tusla-Funded Section 56, Housing Act Section 10 and other state-funded organisations. Increases for services budgets have not been generally applied since the 2008 crisis and services are now very significantly underfunded. The budget for HSE, Tusla, and homeless services provided by community and voluntary organsations needs to be significantly increased for 2023.

We recommend:

- An increased allocation of **€100m across services budgets for Section 39 organisations in the next Budget** (based on 10% of approximately €1bn of services being delivered by Section 39 organisations) to begin the process of creating parity of treatment for staff delivering services in HSE-funded Section 39 organisations. This comprises 5% to close the existing gap in salaries for staff of section 39s and 5% to address current inflationary reality.
- An equivalent (10%) increase for Tusla-funded Section 56 organisations' budgets (€18m at 10% of €180m budget for Section 56-funded organisations) and other state-funded organisations to facilitate pay and conditions parity for community and voluntary organisation staff compared to similar employees employed directly by the state.

- A corresponding increase of €8m (equivalent to 10% of current budget) for Section 10 homeless services

3.3. Support charity fundraising challenges post-COVID-19 through realistic tax and VAT measures

VAT

Many charities engage in fundraising initiatives to support and expand service delivery. This activity involves the public directly in supporting services for often-vulnerable groups. Fundraising also adds to the resources the Exchequer provides to the sector.

Budget 2022 acknowledged this work by embedding the pilot VAT Compensation Scheme for charities introduced in 2018. This was a very progressive and welcome development, which represented significant recognition of charity endeavour.

Research by the Irish Charities Engagement Monitor in 2022 shows that online giving has dropped since an initial surge at the beginning of the pandemic, while face-to-face fundraising is recovering at a very slow rate. **Charities, therefore, need a fair rebate of VAT to compensate their efforts.**

The initial VAT fund was capped at €5m and was very substantially oversubscribed, with claims approaching €40m annually. As a result, rebates made on a pro-rata basis resulted in charities receiving only approximately €1 for every €8 claimed. Denmark, with a similar population size and charity structure to Ireland, operates a scheme rebating €20m annually.

The VAT Compensation Scheme should be retained and the **fund be increased to €20m annually,** to deliver a 50% rebate on the overall claims from the sector.

Philanthropy

The government established the National Advisory Group on the development of a government policy on philanthropy in Ireland earlier this year following consultations with the sector that began in late 2021. It is expected that the Advisory Group will report with recommendations during 2022 and deliver a medium-term plan for development of philanthropy.

The cessation of funding from strong philanthropy sources such as the Atlantic Philanthropies has left a major funding vacuum for many organisations and requires an urgent response. The work of the Advisory Group, facilitated by DRCD, in which The Wheel is a full participant, will continue during 2022. In the interim, and to further encourage its work, **there is a need and value for an immediate strong public acknowledgement and incentivising of a philanthropy culture by government.**

An appropriate step to encourage legacy giving would involve removal of VAT from the cost of making a will if a charitable bequest is included in that will. Charitable legacy gifts are a form of philanthropy open to all and provide a specific and sustainable income for charities. If just an extra 500 people added bequests annually (assuming an average of 2.5 charities in the will and an average bequest amount of €16,000), this could generate over €50m in new income for charities over the next decade (more information can be found at mylegacy.ie).

We recommend:

- **Increasing the VAT Compensation Scheme to €20m annually** to reflect a 50% rebate on the overall claims from the sector. This would greatly promote independent fundraising, although still only rebating half of VAT claims.
- Begin to promote a positive culture on philanthropic giving by the state by **removing VAT from the cost of making a will if a charitable bequest is included in that will.**

3.4. Introduce a Charities Compliance Matching Fund of €2.8m (equivalent to 60% of the budget allocated to the Charities Regulator in 2022)

The Government has recently published the General Scheme for the Charities (Amendment) Bill to update regulation and address anomalies in the 2009 Act. While these amendments are welcome and necessary, the detail may also have the impact of further increasing the regulatory burden on the sector. It draws attention, therefore, to the existing legal requirements on charity trustees and staff arising from enhanced regulation and governance of the sector.

The state rightly invested heavily in recent years in developing these regulations and compliance processes, including the Charities Regulator. However, there has been no equivalent investment to support the capacity of charities to comply. More pointedly, many funding programmes from state agencies **specifically exclude** use of any allocated monies for necessary compliance work associated with these contracts. In addition, expansion and duplication of reporting information across state bodies and agencies exacerbates the situation.

The Wheel's recent member survey shows that organisations across the sector must report a wide range of information to multiple statutory agencies and bodies. **Two thirds of respondents were required to report the same compliance data to multiple sources, but only 30% of these respondents have dedicated compliance staff,** demonstrating the significant challenge that these organisations face in meeting these requirements. There is a clear need for the streamlining of compliance requirements and dedicated funding for compliance costs by statutory funders.

We recommend:

- **Introduction of a Charities Compliance and Reporting Matching Fund of €2.8m – equivalent to 60% of the budget allocated to the Charities Regulator of €4.6m in 2022.** This would assist especially mid-sized charities where the pressure of compliance burden costs is most acutely felt.

3.5. Invest €5m annually for the next five years in a dedicated Workforce Skills and Training Framework for the Community and Voluntary Sector

The recent report, *Investment Appraisal of Upskilling Employees in the Nonprofit Sector (2020)*, by Indecon International Research Economists, indicates that investment in training in the nonprofit workforce in Ireland is low compared to other sectors in the Irish workforce and to nonprofits in other countries. The report concludes with a benefit:cost analysis that demonstrates a return of nearly €3 in productivity gains for every €1 invested in upskilling supports in the sector (an average benefit/cost ratio of 2.9 to 1).

We recommend:

- Increasing the level of **investment in skills-building of paid and unpaid workers in nonprofits** so that the entire labour market in the country has access to appropriate levels of skills-building resources.
- **Apply additional resources through the NTF** to support the crucial training and development needs of the 165,000+ employees and 300,000 volunteers in the sector.
- This investment and training must be 'culturally attuned', sector-sensitive, and be put on as secure a footing as mainstream academic and business training.

3.6. Increase funding for the Community Services Programme by €9m per annum

The Community Services Programme ensures that vital social, economic and environmental supports are provided across communities in Ireland. However, many of our member organisations who rely on CSP are currently struggling to pay the minimum wage to people employed on the programme and to adequately fund their projects and services.

We recommend:

- Increasing the budget for the Community Services Programme (CSP) by **€9m per annum** to enable programme sponsors/employers to pay the minimum wage to people employed on the programme and to adequately fund project management.

3.7. Increase funding for homeless services to meet increased demand

Over the last year, there has been a 24% increase in the number of people accessing emergency accommodation in Dublin. In April 2022, according to Dublin Region Homeless Executive figures, three times more families entered homelessness than exited it. There is urgent need to provide adequate and sustainable multi-annual funding to the homelessness sector. The fund should reflect the full cost of service delivery and remain flexible in order to meet increasing need and inflation. This would enable organisations to attract and retain highly-skilled, qualified and experienced staff for the challenging work involved.

We recommend:

- Introducing adequate and sustainable multi-annual funding to the homelessness sector.
- Benchmarking salaries and benefits for homeless sector staff with local authority/HSE rates.
- Providing for the necessary costs of HR, quality assurance and compliance with governance/regulatory requirements.
- Providing an immediate uplift in the value of Section 39 Service-Level Agreements and Section 10 homeless services of 10% (€8m and €10m, respectively), to cover inflationary costs and requirement to increase salaries.

3.8. Introduce a designated match-funding facility for European programmes

Community and voluntary organisations, charities and social enterprises in Ireland are largely discouraged from having reserves, with an expectation that every euro raised should go into the delivery of frontline services. This puts these organisations at a serious disadvantage in engaging in EU programmes, where matched funding is a requirement. Some programmes offer 100% funding, while others offer co-financing for between 50% and 80% of costs. This effectively excludes the majority of Irish organisations across the sector from applying. As such, **opportunities to draw down funding from the EU are being missed.**

A designated match-funding facility would enable more EU funding drawdown. With only a 20–50% investment into project costs from government, we would benefit hugely from the value that such projects bring to communities and to the social innovation ecosystem in Ireland. The ability to fully capitalise on the opportunities provided by EU funding is vital for delivering on key goals outlined in the Department of Rural and Community Development's strategies on social enterprise, volunteering, rural development, and the community and voluntary sector. It is also key to ensuring Ireland's role in fully realising the European Green Deal and the European Pillar on Social Rights.

Other EU countries have match-funding facilities that have worked very effectively and the Irish government has seen significant benefit from its own investment in match funding for the PEACE IV Programme (now PEACE Plus) in Northern Ireland and the border counties of Ireland. PEACE IV saw investment of €270m in the eligible region over the six-year period from 2014 to 2020. €229m was provided through the European Regional Development Fund with the Irish and UK governments providing an additional €41m in match funding.

The Wheel has developed a detailed proposal on European match-funding, which is supported by several Members of the European Parliament, as well as regional assemblies and civil society organisations.

We recommend:

- Establishing a **central match-funding facility of €1m** to provide co-financing to community and voluntary organisations, charities and social enterprises for EU funding applications. Funding should come from sources such as National Lottery Community Funding or Dormant Accounts and would provide sufficient co-financing for circa 20–25 approved EU projects. This would result in an overall investment through such EU-funded projects in Ireland of circa €10m over 3.5 years (assuming that the average project budget is €500k with a 3–4-year duration). This would result in an estimated multiplier effect of 8:1 based on OECD figures or €40m investment through such projects over the period.
- Ensure a streamlined process for presenting project plans and securing a guarantee of government co-financing so as not to add more of an administrative burden to the EU application process.
- Work with Access Europe to design the application system and publicise its availability to the sector, so that support and training can be provided in accessing match funding

4. INITIATIVES NEEDED FOR A SUSTAINABLE COMMUNITY AND VOLUNTARY SECTOR

4.1. Mainstream multi-annual funding and ensure adequate funding levels for services generally

During the pandemic, Irish charities have proven themselves an essential component of Irish society and the economy. Many services, however, remain impacted by funding uncertainty and reductions to service budgets initiated by statutory funders in 2008/2009.

In our own survey of members, **half of respondents reported that they do not have sufficient funding for their supports and services in 2022.** This stark figure reflects the serious position many members find themselves in as a result of both the pandemic and pre-existing challenges that have not been addressed. **30% of respondents told us that they currently or sometimes carry unfunded deficits from one year to the next,** while **a quarter of respondents hold no reserves.** This further emphasises the centrality of funding concerns across the community and voluntary sector, and the precarious financial situation in which myriad organisations currently exist. Many of these organisations are delivering what people would regard as essential public services, and this is certainly not the way in which such services should be funded.

As referenced in several of the workshops at this year's National Economic Dialogue, multi-annual funding models for community and voluntary organisations would result in better outcomes both for the organisation and for the state departments with which they collaborate. The pandemic has proved the urgency with which this reform is needed in order to achieve **truly efficient, effective and flexible service provision** that serves the whole population.

We recommend:

- **Multi-annual (three- to five-year) funding arrangements** to facilitate and better enable long-term planning, assist effective staff recruitment and retention, and deliver better and more sustainable services.
- **Funding of services and supports to be provided on a full-cost-recovery basis** to fund core costs, provide for adequate employee remuneration, provide budgets to train and develop staff, and make provision for pension contributions where appropriate.

4.2. Provide for the cost of compliance and streamline regulatory and funding-related compliance requirements

As noted above, two-thirds of respondents to our recent member survey reported that they were required to report the same compliance data to multiple sources, but only 30% of these respondents have dedicated compliance staff, demonstrating the significant challenge that these organisations face in meeting these requirements. So, in addition to introducing the Charities Compliance and Reporting Matching Fund noted above, there are a range of additional actions that need to be taken to support charities to meet compliance requirements.

We recommend:

- **Comprehensively review all existing compliance and regulatory requirements** to streamline procedures and reduce duplication, benefitting the sector, government departments and agencies.
- **Establish a working group** involving the Department of Finance, DPER, DRCD and the sector, with input from other departments as required, to recommend how unsupported compliance requirements and costs can be sustainably provided for.
- **Provide in all funding agreements for costs** of compliance and good governance.
- Ensure improved information-sharing and communication systems between state bodies to reduce duplication of information requests and increase efficiency.

4.3. Dedicate resources to deliver the three strategies for the community and voluntary sector, social enterprise, and volunteering

Three important strategies to support development of the broad community and voluntary sector are currently being implemented by government: *Sustainable, Inclusive and Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland; The National Social Enterprise Policy for Ireland;* and the *National Volunteering Strategy.* We recommend:

- An increase of €16.3m (5%) in the Budget 2023 allocation to DRCD to enable full implementation of the commitments contained in the suite of policies for the charity, community and voluntary, and social enterprise sector.
- Continued commitment to funding to ensure the overall effectiveness of these strategies including adequate resourcing for reviews and updating of work and initiatives.
- **Funding supports to encourage volunteers** in the important work that they do across society. In the wake of the pandemic, many volunteer-involving organisations are reporting challenges re-engaging certain cohorts of volunteer.
- **Expansion of dormant accounts funding,** accompanied by a dedicated budget line to support DRCD initiatives.

4.4. Support and resource the work of the Health Dialogue Forum (IRG Report); increase investment in the Sláintecare Integration Fund and Section 39s; invest in Tusla-funded organisations

We welcome the progress being made through the Health Dialogue Forum following the COVID-19 pandemic. In the National Economic and Social Council's (NESC) 2021 report Building a New Relationship *between Voluntary Organisations and the State in the Health and Social Care Sectors*, the Forum emphasises the importance of a stronger relationship between the State and the voluntary healthcare sector. The Health Dialogue Forum has made significant progress on identifying measures to support positive relationships and needed changes to support essential services, reviewing and simplifying service agreements so that they support autonomy and accountability, avoiding duplication in reporting, and moving to multi-annual budgeting.

We recommend:

- **Significantly increased budgets for community and voluntary organisations that provide HSE and Tusla services, as detailed in section 3.2.**
- **Continuation of the Sláintecare Integration Fund 2019–2021** to support innovative practice in partnership working between funded organsiations and the HSE/Department of Health.
- **Increased funding for healthcare reform through Sláintecare,** which suffered a decrease in funding of 21% in 2022.
- **€5m fund for innovation** to be introduced to support collaborations as part of Tusla's work to advance commissioning.
- **€500,000 in Tusla budget to support good-governance training and advice** for Tusla-funded organisations in the community and voluntary sector.
- Generalise the approach developed in the Health Dialogue Forum to develop a new formal framework for collaborative working between voluntary organisations and their statutory counterparts. As part of this process, **establish a dedicated budget of €2m to incentivise and cover the cost of mergers and collaborative work in the charity, community and voluntary sector** (similar to the model used in trade-union mergers in the past). Mergers should not be linked to reductions in overall statutory funding.

4.5. Support community and voluntary organisations engaging in social enterprise and the social economy

Social enterprise is at the heart of the wider social economy in Ireland. In December 2021, the European Commission published the Social Economy Action Plan. For the first time, the EU Commission has provided a fully-inclusive definition of social economy, which comprises associations (including charities), social enterprises, cooperatives and mutual benefit societies. This reflects the existing diversity of the sector and describes a great many of The Wheel's members.

While this recognition is important, **the need for supports and financing** remain pressing concerns for many social economy organisations. The *National Social Enterprise Policy* acknowledges the need for a range of policy measures to assist with finance and business development for social enterprise, and there have been many learnings from the policy to date.

Ensuring that its objectives are achieved and that the social economy in Ireland thrives relies on a series of the recommendations included elsewhere in this submission: developing long-term sustainable funding models (with multi-annual funding) that make a proportional contribution to the costs of compliance, providing additional recovery funds to organisations still dealing with the ongoing impact of COVID-19, supporting fundraising to recover post-COVID by extending and providing greater funding to the Charities

VAT Compensation Scheme, and bringing down the cost of insurance.

In addition, we recommend:

- Providing access for social economy organisations to general business supports for SMEs (and any special COVID-19 business supports). Enterprise Ireland and the Local Enterprise Offices providing the same supports to all enterprises – whether private or social – and to ensure that the special features of social business models are understood and accommodated.
- Enabling funded social-enterprise organisations to pay the minimum wage to employee support schemes like Community Employment and the Community Services Programme.
- Diversifying funding opportunities for social enterprises beyond the current reliance on the Dormant Accounts Fund.
- Improving access to finance for social enterprises by scaling up impact investment in social economy through tailored financial instruments: increasing public investment in social infrastructure (European Regional Development Fund, national funds); developing investment readiness programmes to support green innovators and entrepreneurs in social economy (e.g., ESF+ ERDF, National Recovery & Resilience Plans); ensuring a level playing field for social economy platforms and business models (e.g., energy sector); setting up project pipelines combining EU funds (e.g., Recovery & Resilience Facility and Cohesion funding) with national, regional and private funding.

4.6. Continue to engage the community and voluntary sector in the Shared Island/iCommunity initiative

iCommunity is a joint initiative of The Wheel and NICVA (Northern Ireland Council for Voluntary Action), and is supported by the Shared Island Unit in the Department of the Taoiseach, the Department of Foreign Affairs' Reconciliation Fund, and the Northern Ireland Department for Communities. The project brings people, organisations and community groups together to explore key themes, make plans to work together, and showcase what works in communities across the island. iCommunity has identified emergent local, regional, and all-island responses to challenges such as transitioning fairly, rural connectivity, social enterprise, digital inclusion and remote work, and the impacts of COVID-19 on already vulnerable or marginalised groups.

Preliminary indications from the project are that, while there is a long history of existing practice, and an appetite to work together on pressing issues impacting communities today, significant barriers exist and have been exacerbated by the political changes brought about by Brexit. There is also **a lack of specific funding to support staff to allocate time for partnership building and collaborative work as distinct from specific programme delivery.**

We recommend:

- **Continuing to fund the iCommunity initiative** to develop a dedicated collaborative networking hub, in order to support all-Ireland community responses to the most pressing issues that we face – such as climate justice, the biodiversity crisis, digital poverty, just recovery – through increased social innovation.
- **Specific grant aid for partnership development.**
- Training and capacity building in collaborative practice.

4.7. Continued government action on insurance costs

The unsustainable rise in insurance costs has had and continues to have a very serious effect on many charities, community and voluntary organisations, and social enterprises. The Wheel acknowledges the reforms introduced and proposed by government, having worked as part of the Alliance for Insurance Reform (AIR) to ensure that community and voluntary organisations can continue to carry out their vital work.

We recommend:

- Enactment of new legislation to rebalance the duty of care.
- Meaningful reform of the Personal Injuries Assessment Board.
- Seeking continued clear commitments from insurers to deliver price reductions based on all the reforms listed in the Government Action Plan on Insurance Reform.
- Ensuring that An Garda Síochána has the resources necessary to pursue insurance fraud.
- Increasing insurance competition.

4.8. Enable community and voluntary organisations to continue taking climate action

The *Climate Action Plan* acknowledges that climate justice must be a key priority for government and for all society as a matter of urgency. For many years, community and voluntary organisations have led the way on both advocacy and action in relation to climate issues and the UN Sustainable Development Goals (SDGs). Tackling climate crisis has been and will continue to be a ground-up movement led by communities who understand the necessity of drastically changing the way our economy and societal structures work. We must apply the "furthest-behind first" principle in line with the SDGs' aims. This is the only way to prevent further loss of local resilience, erosion of long-term sustainability and equality in communities, and catastrophic climate chaos for the most vulnerable now and in future generations.

Increasing support for robust participatory approaches is the only way to ensure the scale of the societal response will meet the scale of the challenge. This necessitates that community-led climate action is given a **corresponding increase in the level of innovative and flexible funding, along with significant capacity-building resources.** Such an approach can release the latent potential in communities, which has already become visible in responses to the pandemic and the Ukraine crisis.

The approach will result in community-owned social enterprises and cooperatives that will need to be linked to targeted procurement and community wealth-building policies. A partnership approach to delivery of climate justice is essential.

The *Climate Action Plan* acknowledges the role played to date by community organisations in a range of areas. For example, it notes that at least 500 MW of renewable energy will be delivered through local community-based projects, subject to competition as appropriate. The proposals in 11.3.3 of the *Plan on Microgeneration and Community-Based Projects* have the potential to empower and drive engagement and participation, creating opportunities for "domestic, community, farming, and small commercial customers" to take **the first steps towards investment in renewable technologies on a community basis.**

The *Plan* also commits to further **strengthen the community energy framework**, including consideration of community-benefit funds and community ownership provisions and a Microgeneration Support Scheme (MSS). A small-scale Generation Scheme is proposed to support communities and others to maximise their participation in the energy transition.

Finally, Action 104 of the *Plan* seeks to "ensure communities benefit from renewable energy projects." A proposed National Dialogue on Climate Action (NDCA) led by the Department of the Environment, Climate and Communications, with a Secretariat based in the EPA, includes an aim of "Funding, supporting, and enabling active engagement in climate action at a local and national level ... by empowering the public to adopt more sustainable behaviours".

Going forward, it is vital that community and voluntary organisations are enabled continue in their work to tackle the climate crisis and to ensure that economic justice is achieved for those disproportionally affected by this change.

We recommend:

- A sub-heading in Budget 2023 ensuring **climate-proofing supports for small-scale interventions at community level.**
- Full inclusion of relevant community and voluntary organisations in national platforms and engagements on climate policy and budgeting/fiscal decisions relating to the environment.
- **Ensuring that community and voluntary organisations can access the funding coming on stream to be directed to** communities taking climate action.
- Taxation policy that focuses on clear and specific incentives for community-based initiatives. The Citizen Engagement process outlined in the Climate Action Plan include discussion in its agenda on this area. It should request advance guidance from Revenue and Department of Finance on how suitable taxation models might be applied for community-based energy projects.

5. SUMMARY OF CASH ASKS

Provide funding of **€10m** to sustain the sector's work post COVID-19 and through the impact of the Ukraine war
Increase funding for HSE-funded (section 39 health Act) (**€100m**), Tusla-Funded (Section 56) (**€18m**), Housing Act (section 10) homeless services (**€8m**) and other statutory-funded services
Invest **€5m** annually for the next five years in a dedicated Workforce Skills and Training Framework for the Community and Voluntary Sector
Retain the VAT Compensation Scheme and increase the fund to **€20m** annually
A direct tax incentive should be introduced for major gift donations, capped at **€1m**, and VAT be removed from the cost of making a will if a charitable bequest is included
Introduction of a Charities Compliance and Reporting Matching Fund of **€2.8m**
Increase funding for the Community Services Programme (CSP) by **€9m** per annum
Increase funding for homeless services to meet rising demand
Provide in all funding agreements for **costs of compliance** and good governance
Funding increase of **5%** (**€18.9m**) to the Department of Rural and Community Development to enable full implementation of the commitments contained in the suite of policies
Expansion of **dormant accounts funding**, with a dedicated budget line to support DRCD initiatives
Establish a dedicated budget of **€2m** to incentivise and cover the cost of mergers and collaborative work in the charity, community and voluntary sector
Funding increase of **5%** (**€1.2bn**) to the Department of Social Protection to protect the incomes of vulnerable people in the year ahead
A sub-heading in Budget 2023 ensuring **climate-proofing supports for small-scale interventions** at community level
Improve access to finance for social enterprises

6. ABOUT THE WHEEL

The Wheel is Ireland's national association of charities, community groups and social enterprises.

As a representative voice, we provide leadership to the sector and we advocate on behalf of our growing community of members.

As a supportive resource, we offer advice, training and other opportunities to people working or volunteering in the sector.

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