



Stronger Charities.  
Stronger Communities.

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SUBMISSION TO PUBLIC  
CONSULTATION ON IRELAND'S  
NATIONAL RECOVERY AND  
RESILIENCE PLAN

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# Introduction

The community and voluntary sector is an essential element of, and a safety net for, Irish society and our economy. The COVID-19 pandemic has demonstrated the extent to which we rely on its services, as well as the integral role that it plays in supporting our people and communities. It is a vital part of our social infrastructure, a significant player in Ireland's economy, and will have an essential role in delivering the vision of an inclusive recovery for Ireland.

Charities, community and voluntary organisations, and social enterprises provide essential services and support advocacy work in every constituency in Ireland. Services and supports include health and disability, social care, education, housing, poverty relief, the arts, and sport, as well as international development. The sector is the unseen force powering our communities, driving positive social change, and supporting voice, while providing vitally important supports and services.

The sector has put great resources and effort into promoting and securing community engagement and ownership as well as empowerment of individuals and communities. It provides huge resources in energy, personnel, finance and commitment that can never be replicated by the State. It has developed flexible approaches and collaborative practices that are responsive and effective. The community and voluntary sector:

- Enables people to participate as active citizens in our democratic life and supports inclusion by all.
- Provides essential everyday health, social and community services to people and communities.
- Comprises 32,842 community, voluntary and charitable organisations, involves over 86,481 volunteer directors and trustees and directly employs 165,000 people (supporting a total of 289,000 employees).
- Is subject to the Governance Code for Charities and invests a considerable amount of time and energy to achieve highest governance standards. These are strengths that must be nurtured and supported, particularly in light of the challenges thrown-up by the COVID-19 pandemic.
- Plays a key role in the economy. According to the 2020 Benefacts report, the community and voluntary sector manages an income of €14.2Bn. This is 5.5% of the figure reported by the CSO for Ireland's GNI for 2018 (€254Bn). However, the Irish Government's five-year strategy to support the Community and Voluntary Sector, published in 2019, cites the total direct and indirect value of the Sector as €24bn or just over 9% of Ireland's GNI for 2018.<sup>1</sup> The sector raises over half of this income, representing a major subsidy to the cost of public services in Ireland.

In response to the COVID-19 crisis, the community and voluntary sector played a crucial role in supporting people and communities all across the country. Indeed, the crucial, and very positive, co-reliance of the state and the voluntary sector in supporting communities came to the fore. Organisations reorganised services to remotely deliver, responded to the need for socially distanced and safe services, cut costs and redirected resources to priority areas, and designed new service responses targeted at meeting emergent need. Additionally, many service providing organisations reported a positive experience during the early phase of the crisis working in partnership with their statutory counterparts (although worryingly many advocacy organisations reported a far less

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<sup>1</sup> Indecon Economic Consultants, in a report published by the Charities Regulator in 2018.

positive experience, with reports that they were not included in important decision-making). The sector responded in this way in the face of the single greatest ever reduction in earned/fundraised income, in a context where demand for their services, supports and advocacy increased very significantly.

Information from Benefacts (a part-Government-funded nonprofit data analysis service) and 2into3 (a fundraising consultancy) indicates that the loss in earned and fundraised income reported by charities amount to a projected €379m loss of earned/fundraised income per quarter of the crisis.

# Recommendations

The community and voluntary sector has a crucial role to play in continuing to support communities in general and in living with COVID in particular. If the sector is to maximise the role it can play in improving wellbeing in Ireland, then the sector needs to see:

- I. Greater recognition and respect afforded the sector and the thousands of organisations that comprise it.
- II. Provision of adequate and sustainable funding for the sector.
  - a. Despite carrying out essential and ongoing work on behalf of the state, many sector organisations in receipt of statutory funding face serious financial precarity problems. Statutory funders should restore funding reductions initiated in 2008/2009, and provide additional funds to meet the COVID-19 challenge and ensure budgets meet the full costs of services.
- III. Streamlined regulatory and funding-related compliance requirements with provision for the costs of compliance.
  - a. Many charities, community and voluntary organisations, and social enterprises are struggling to provide vital services and supports as resources are being diverted to fulfilling regulatory, service-agreement and compliance requirements for which no funding is provided. This is further exacerbated by the requirement of duplicate reporting information across state bodies
  - b. To address these issues we need funding bodies to
    - i. Commit to provide for the cost of compliance (and good governance) in funding agreements in recognition that these costs are necessarily incurred by funded organisations in the course of their work;
    - ii. Undertake a comprehensive review of all funding agreements and existing compliance and regulatory requirements, with the aim of simplifying agreements, respecting autonomy, and streamlining procedures to reduce duplication and make better use of resources;
    - iii. Facilitate improved information sharing and communication systems between state bodies to reduce duplication of information requests and increase efficiency

**Specifically, we propose:**

## **1. Provide adequate and sustainable funding for the sector.**

Despite carrying out essential and ongoing work on behalf of the state, many sector organisations in receipt of statutory funding face serious financial precarity problems. Many services remain impacted by reductions to service budgets initiated by statutory funders in 2008/2009, and these services require additional funds to meet the COVID-19 challenge and ensure budgets are adequate meet the full costs of services. Investments and actions required include:

- Introduce multi-annual (three- to five-year) funding arrangements in order 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;
- Make provision for sustainable terms and conditions for staff of (HSE Funded) Section 39 and (Tusla funded) Section 56 organisations that provide essential services;
- Extend the Charities VAT compensation scheme beyond its initial 3-years and funding increased to meet 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. However, there has been no equivalent investment in charities to support their capacity to comply. Many charities, community and voluntary organisations, and social enterprises are struggling to provide vital services and supports as resources are being diverted to fulfilling regulatory and compliance requirements for which no funding is provided. This is further exacerbated by the requirement of duplicate reporting information across state bodies.

- Commit to provide for the cost-of compliance (and good governance) in funding agreements in recognition that these costs are necessarily incurred by funded organisations in the course of their work.
- Undertake a comprehensive review of all existing compliance and regulatory requirements, with the aim of streamlining procedures to reduce duplication and make better use of resources.
- Facilitate improved information sharing and communication systems between state bodies, through the introduction of a charity-passporting system or equivalent, to reduce duplication of information requests and increase efficiency.

## **3. Comprehensively resource the new strategies for the community and voluntary sector and social enterprise.**

The Wheel welcomes the development by the Department of Rural and Community Development (DRCDD) of a suite of policies for the charity, community and voluntary, and social enterprise sector.

These comprise;

- *Sustainable, Inclusive and Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland 2019-2024 (published August 2019);*
- *The National Social Enterprise Policy for Ireland (published July 2019);*
- *National Volunteering Strategy (currently in development).*

Following the widely-acknowledged vital role the community and voluntary sector played, supporting and sustaining vulnerable people through the COVID-19 crisis, whilst simultaneously experiencing the largest ever decline in its income, now more than ever it is essential that meaningful Government support is delivered through the comprehensive resourcing of these strategies to develop and maintain a thriving and sustainable community and voluntary infrastructure.

- Dormant accounts funding should be further expanded and be accompanied by a dedicated budget line to support DRCD and provide additional funds for development of the C&V sector.
- Sufficient resources should be allocated 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.
- Additional funding support be applied through the National Training Fund to support the crucial training and development needs of the community and voluntary sector.

#### **4. Implement the recommendations of the Report of the Independent Review Group on the Role of Voluntary Providers in Publicly Funded Services (IRG Report).**

The Wheel believes that the report of the Independent Review Group established to examine the role of voluntary organisations in publicly-funded health and personal social services maps out solutions for a more efficient, effective and fruitful relationship, which will result in person-centred service provision across a range of fields.

In particular, we propose that the Government continues to engage the Dialogue Forum, which is working with voluntary organisations to build a stronger working relationship between the State and the voluntary healthcare sector, and implements the recommendations of the report around

- Creating a charter to underpin relationships;
- Agreeing a list of essential services;
- Reviewing and Simplifying service agreements so they respect and support autonomy;
- Avoidance of duplication in reporting;
- Multi-annual budgeting;
- A system to manage deficits; and
- Provision of governance training and supports for smaller organisations.

#### **5. Develop a framework for collaborative working and provide resources and supports for mergers.**

Commissioning-based approaches and the use of Service Level Agreements can run contrary to the spirit of partnership-working approaches and generate a large compliance demand on charities and community and voluntary organisations.

- Develop and publish a formal framework for collaborative/partnership working between voluntary organisations and their statutory counterparts (similar to the Charter referred to at 4 above).
- Establish a partnership mechanism to review effectiveness.

Many charities actively consider merging following collaborative initiatives. However, there is a significant cost associated with mergers, in addition to potential risks such as loss of fundraising income. This could result in a reduction of such organisations' ability to deliver services and supports.

- Establish a dedicated budget of €2m to incentivise and cover the costs of mergers and collaborative work in the charity, community and voluntary sector, similar to the model which facilitated trade union mergers in the past.
- Make commitments to merging organisations that their overall level of statutory funding (where relevant) will not be reduced following merger.
- Provide additional supports and guidance for charities seeking to merge or collaborate.

## **6. Increase investment in skills development for the sector.**

The 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, in comparison with other sectors in the Irish workforce and with comparable nonprofit workforces in other countries. Specifically, it identifies barriers that impede the necessary investment, such as the cost of training and lack of time available to engage with training amongst workers, and points the way towards the solutions needed in this regard.

The research also includes a cost benefit analysis which demonstrates a clear net benefit to investing in nonprofit workforce development. On average, for every €1 invested, there will be a return of €2.86, in terms of increased quality and impact – demonstrating clearly the positive return that would follow from increased investment in training in the non-profit sector, including increased innovation in work practices, productivity benefits and lower operating costs.

Therefore, it is imperative that the level of resources invested in the skills-building of paid, and unpaid, workers in non-profits be significantly increased so that all of the labour market in the country has access to appropriate levels of skills building resources. This investment must be targeted at “culturally attuned” and streamlined models of delivery. Funding for sector-sensitive training and development must be put on as secure a footing as mainstream academic and business training.

We believe that investment in skills development for the sector represents good value for money and will lead to a more resilient workforce and sustainable employment opportunities nationally and regionally.



## Relevance to EU Guidance and Country Specific Recommendations for Ireland

In this submission, we have outlined how the community and voluntary sector through promoting civil participation, its provision of essential services, and its role in the economy is relevant to each of the six pillars of the Recovery and Resilience Facility: “green transition; digital transformation; economic cohesion, productivity and competitiveness; social and territorial cohesion; health, economic, social and institutional resilience; policies for the next generation.”<sup>2</sup>

In regard to the country specific recommendations for Ireland in 2019 and 2020, our sector:

- Played an essential role in the national response to the pandemic, despite extreme cuts to funding and obstacles in service delivery, and must be an essential part of any successful pandemic recovery. It will also be integral to a recovery that is fair, inclusive and in line with EU RRF priorities.
- Is a major employer in which staff are urgently in need of skills development (see Recommendation 6 above). Moreover, the sector itself promotes employment by working with the most marginalised and socially excluded in our communities to promote independence, access and equality in opportunities. By supporting the sector, vital employment services are also supported.
- Includes social enterprises, many of which are dedicated to tackling societal challenges like the green and digital transition, that are in need of support to survive the economic consequences of the pandemic.

There is no fair or inclusive recovery for Ireland without a thriving Irish community and voluntary sector. Not only is the sector vital to our economic and social recovery, it is also an essential conduit to communities around Ireland. Support for the sector filters down to even the most hard-to-reach communities and citizens, and conveys a message of a government that is hearing, understanding and responding to their needs.

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<sup>2</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_423](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_423)

# About The Wheel

The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises. We are the **representative body** for this vibrant and diverse sector, and together with our members, we shape and promote conditions in which people and their communities thrive.

We passionately believe that community and voluntary action improves and enriches communities and society. Our simple but ambitious mission is to make Ireland a fair and just place for all by strengthening the capacity and capability of community and voluntary organisations, charities and social enterprises to play their part. We do this by representing these organisations; supporting these organisations to do their work; and, promoting the importance of the voluntarism and community values that power these organisations.

The Wheel has over 1,800 members and provides support services and representation on behalf of its members relating to matters that reflect their collective interests.

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