



COMMUNITY AND  
VOLUNTARY SECTOR  
PARTNERSHIP GROUP

*Working Together*  
**FOR A BETTER**  
*North Lanarkshire*

# North Lanarkshire Community and Voluntary Sector Fair Funding Charter

Launched November 2023



VANL (SCIO) is registered as Scottish Charity no. SC041224

## Purpose

This charter sets out the principles of Fair Funding for the community and voluntary sector (CVS) in North Lanarkshire and across Scotland.

The purpose of the charter is to increase understanding of the CVS' funding support needs and improve funding provision and arrangements by public and other bodies that provide grant and other funding to our sector.

## Local Endorsement and Support

We invite all public and other organisations which provide funding to the sector in North Lanarkshire to endorse the principles of this charter set out below, to demonstrate their commitment to implementing these fair funding principles within an agreed, reasonable timeframe.

Where Voluntary Action North Lanarkshire (VANL) manages distribution of funds to the CVS on behalf of other funders, VANL will work with these funders to comply with the principles in this charter.

## Background

### Community and Voluntary Sector

The CVS (also known as the Third Sector) consists of community groups, charities, development trusts and social enterprises. There are an estimated 45,000 CVS organisations across Scotland, with over 1,000 in North Lanarkshire, which provide a wide range of support and services for people of all ages and equality groups and for people and communities with diverse needs and issues.

Our CVS helps to prevent problems arising; provides early and crisis support, as well as longer term assistance. The sector delivers high-value, impactful, cost-effective services in every community in North Lanarkshire and across Scotland, complementing those provided by statutory bodies such as the NHS and local authorities. (See Appendix for more information about the CVS in North Lanarkshire.)

### Local and National Development

Our North Lanarkshire Fair Funding Charter was developed by Voluntary Action North Lanarkshire (VANL) in collaboration with the North Lanarkshire CVS Partnership Group and wider consultation with our local CVS.

The draft text for our North Lanarkshire Fair Funding Charter supported discussions on fair funding at national level through the [Third Sector Interface Network](#) \* and [SCVO](#).

The final text in our North Lanarkshire charter was informed by these national discussions and each TSI is now promoting the same Fair Funding principles in their area and this also supports [SCVO's](#) national Fair Funding campaign. This collective effort will help us achieve Fair Funding for our vital and essential CVS.

\*VANL is a member of the TSI Network, which is made up of 32 TSIs in Scotland - one for each local authority area. Each TSI supports their local CVS, volunteering and partnership working with the public sector.

# Principle One:

## A Strategic Investment Approach

Public sector organisations in North Lanarkshire should take a “strategic investment” approach to the North Lanarkshire CVS in recognition of its significant and cost-effective contribution to supporting improved quality of life and wellbeing; advancing equality and human rights; supporting community wealth building and action to tackle the climate and nature emergencies. And, through this contribution, supporting delivery of our [Plan for North Lanarkshire; Local Outcome Improvement Plans](#); and linked strategies such as our:

- [Action on Climate Together Plan](#)
- [Economic Regeneration Delivery Plan](#) and linked [Social Enterprise Framework](#)
- [Tackling Poverty Strategy](#)
- [Health and Social Care North Lanarkshire's Commissioning Plan](#) and linked Community Solutions Strategy and Investment Plan
- [NHS Lanarkshire Strategy](#)
- [Lanarkshire Mental Health Strategy](#)

A “CVS strategic investment” approach by the public sector involves the following:

- Pro-active, recurring and co-produced consultation and consideration as to whether certain public services could be effectively delivered by the CVS directly or in partnership with the public sector. Resource allocation decisions can be identified through effective public engagement and community planning processes, which must include CVS organisations;
- An appropriate commissioning process in accordance with Principle Two (below) – which, depending on the circumstances, may involve different approaches such as:
  - open, competitive commissioning
  - joint, partnership or collaborative commissioning involving several parties
  - direct commissioning from an identified provider to meet specific, unique requirements
- Service users/beneficiaries are involved in co-designing and evaluating the commissioned service or activity
- Appropriate evaluation and reporting arrangements are agreed to provide accountability to the funder and the public, in accordance with Principle Four (below)
- Ongoing learning is supported to inform improvements to the commissioned service and more widely
- The funding provided is sufficient and secure in accordance with Principle Three (below).

## Principle Two:

### Accessible, Proportionate and Transparent Funding and Commissioning Processes

Public sector and independent funders should provide accessible, proportionate, and transparent funding and commissioning processes by ensuring:

- their funding and commissioning opportunities are publicised appropriately
- clear guidance is available on what is required for funding applications, service proposals or bids
- information on how and when decisions will be made is provided
- funding applications, proposals or bids only require a level of detail proportionate to the funding – for example, smaller funding awards requiring less detail
- sufficient time between the opening and closing dates is provided to allow organisations time to prepare and submit their applications, proposals or bid
- clear processes for managing the end of contracts - giving a minimum of three months' notice if funding is not to be continued to support fair and effective workforce planning.



# Principle Three:

## Adequate and Secure Funding

Public sector and independent funders - whether they are delivering grant or 'fee for service' funding - should provide adequate and secure funding based on full cost recovery.\* This should include the following.

- Sufficient funding to cover the full costs of the agreed work, including legitimate overhead costs and provision for annual increases in line with inflation; or an agreed contribution to the cost of the work if they are not the sole funder.
- Funding of sufficient duration.
  - At least three years for "core" grant funding and delivery of ongoing services,
  - or sufficient funding to cover the duration of fixed-term projects and activities.

\* Full Cost Recovery means recovery all the costs involved in running a project or service - direct costs such as staffing and indirect costs such as a proportion of the organisation's overheads. Funders should fund direct and proportionate indirect costs that a CVS organisation incurs in delivering a project or service. Where there is a cap on the level of FCR overhead costs, we would encourage 20%. CVS, volunteering and partnership working with the public sector.



# Principle Four:

## Proportionate Evaluation and Reporting to Funders

Public sector and independent funders should help the CVS organisations they fund to assess and report on the reach and impact of the work they are funded to do, in a proportionate and supportive way.

- The funding award should cover evaluation and reporting costs in addition to delivery costs.
- Evaluation and reporting requirements should be proportionate to the level of funding provided, with smaller awards requiring less in-depth reporting.
- Clear guidance should be provided on evaluation and reporting requirements - either at the application stage or once the funding has been agreed.



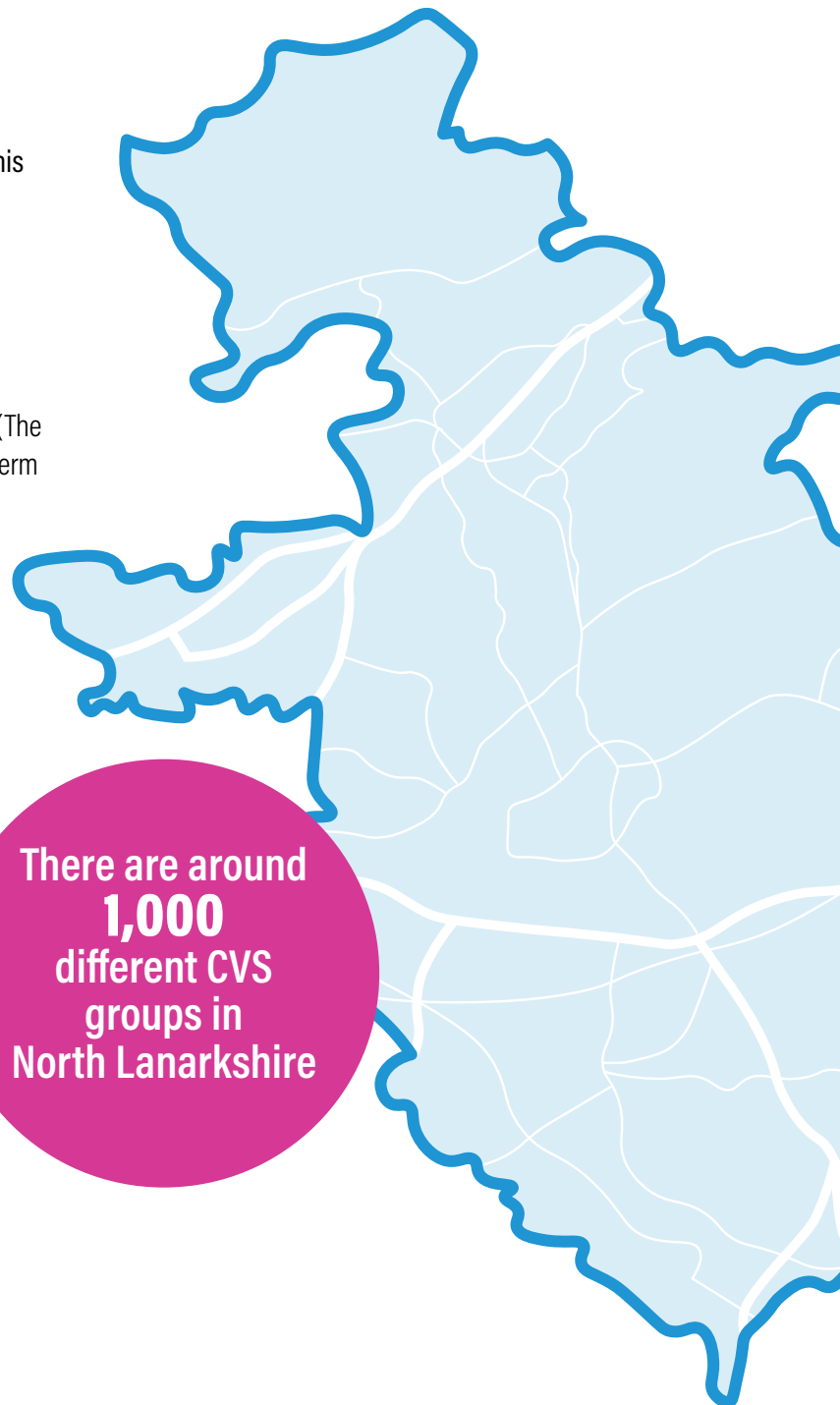
# Background

## Understanding the Community and Voluntary Sector

### What is it?

The community and voluntary sector (CVS) refers to organisations that have a social purpose, do not operate for profit and are not the public or statutory sector. CVS organisations may generate a surplus and own asset but this must be used to support delivery of the social purpose of the organisation.

The CVS is also known in Scotland as the “third sector” or “charity sector”. The term community and voluntary sector is used here as it is more descriptive and does not imply a hierarchy between the CVS, statutory and business sectors. (The latter being the first and second sectors – even though this term is not used for these sectors!)



There are around  
**1,000**  
different CVS  
groups in  
North Lanarkshire

The CVS in North Lanarkshire is large and diverse with around 1,000 different groups and organisations of different types and sizes, which provide a wide range of support and services.



Local community groups, many run entirely by volunteers, often with little funding and often not registered as a charity. Despite their small size, such groups provide vital support to local people including:

- community lunch clubs; larders and food banks
- community sports groups
- play and toddler's groups
- children and youth groups – some of which are branches of national charities such as Guides and Scouts.



Small, medium and larger charities, which usually employ staff, involve volunteers and rely on regular and adequate funding, some of which may come from trading. This includes local charities and branches of regional and national charities. Churches are often registered charities. Further Education Colleges are also registered charities but are also funded by government and must operate within government regulations and guidance.



"Social enterprises" – which are effectively "not-for-profit businesses" providing socially useful products and/or services. Some trading charities are effectively social enterprises but may not refer to themselves in this way. Housing associations and co-operatives are also a type of social enterprise but may not use this term and are regulated by specific legislation.

Despite its diversity, the CVS is mostly small and local – it is of and for the community and supports "community wealth building", community empowerment and participation.

The term "voluntary" can be confusing as many CVS organisations employ paid staff as well as involve volunteers - as trustees and in service delivery or support roles. Also, all CVS organisations require some level of income to enable them to deliver their activities and achieve their purpose even if they do not employ staff.





## Strengths and Assets

The CVS in North Lanarkshire provides highly cost-effective “public services,” complementing those provided by public or statutory bodies such as the NHS and the council.

The CVS provides a wide range of support and services for all ages and equality groups; and on diverse needs and issues. The sector help to prevent problems arising; provide early and crisis support when problems arise as well as longer term support.



### Employability and financial support

for example through specialist employability charities like Routes to Work and Citizens Advice Bureaux



### Education and learning

through New College Lanarkshire, community groups and charities



**Affordable goods**  
 through charity shops



**Community support**  
 through churches and faith-based charities



**Environmental action**  
 for example through community environmental groups



**Social housing**  
 through housing associations and co-operatives



**Health and social care services**  
 including residential and home care and community support such as befriending and community transport

## Mission-led and value-based

CVS organisations are set up by passionate, committed citizens who want to address a challenge and help make things better. Whilst CVS organisations' mission and focus vary, they have a positive purpose of improving either human, environment and/or animal wellbeing.

**Most CVS organisations in North Lanarkshire are community-based with a focus on helping local people and support key values such as:**



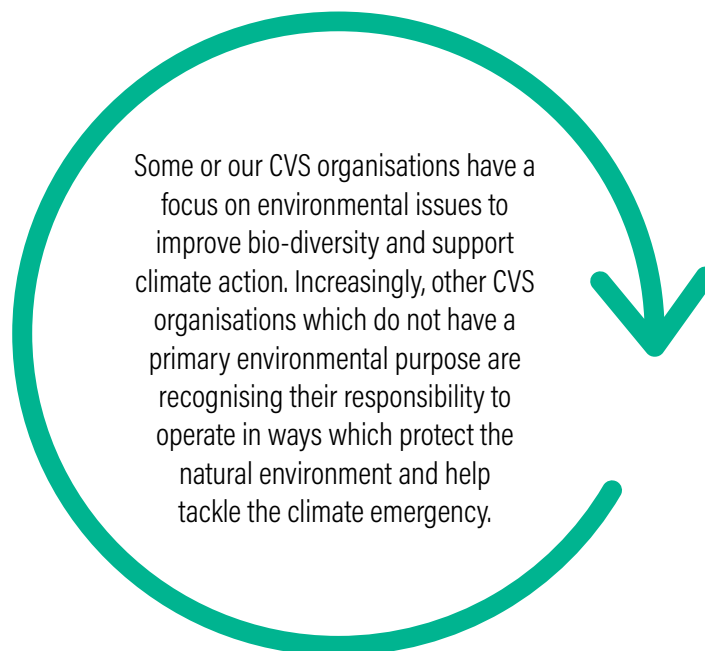
Person- and  
community-centredness  
and responsiveness



Community and  
user empowerment



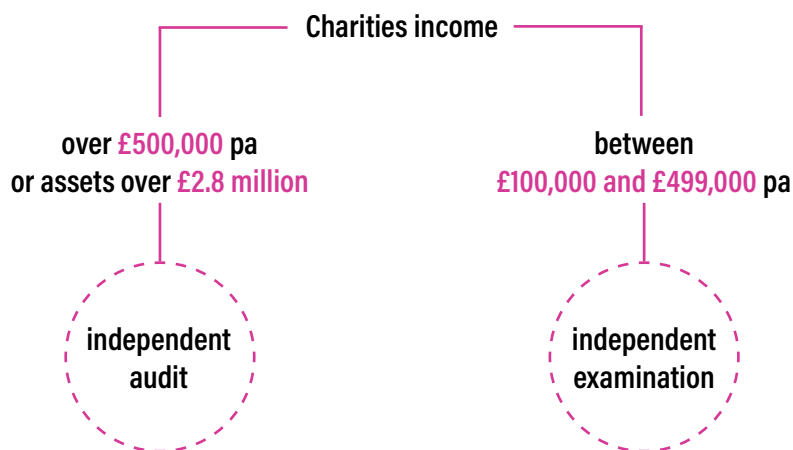
Inclusion, equality and  
human rights



## Reach and Benefits

CVS organisations provide positive social benefits and great value for money. The majority are well-run - with many fulfilling a range of legal and regulatory requirements and providing clear publicly accountability. Indeed, charities are more heavily regulated than many business organisations!

All registered charities in Scotland must be run in accordance with charity law and other legal requirements and provide annual reports with financial information to the Office of the Charity Regulator (OSCR). Charities with income over £500,000 a year and/or assets over £2.8 million must have an independent audit whilst those with income between £100,000 and £499,00 must have an Independent Examination. Also, most social enterprises in Scotland support the Scottish Social Enterprise Charter.



The CVS is committed to achieving positive outcomes for service users, communities and wider society and many evaluate and report on the reach and benefits of their activities and services. For example:

- Many CVS organisations capture and share evidence to demonstrate their impact – in North Lanarkshire for example, all CVS organisations receiving funding through the Community Solutions programme are supported to provide regular evaluation reports
- CVS organisations providing formal health and social care services such as home or residential care, must be registered and assessed by the Scottish Care Inspectorate and regularly receive high assessment scores – commonly higher than public or private sector providers
- Increasing numbers of Scottish Charities follow the Scottish Code of Good Governance Practice
- Further Education Colleges are assessed through Education Scotland
- Increasing numbers of CVS organisations that employ staff are accredited through Investors in People and those that involve volunteers are increasingly accredited through the Volunteer Friendly scheme
- Increasing numbers of Scottish Charities follow the Scottish Code of Good Governance Practice.

Our sector's values mean most CVS organisations are keen to support fair work practices, however, our sectors' long term funding challenges have prevented many from formal adoption of the living wage.

CVS organisations often work collaboratively with other organisations to achieve common goals more effectively - within the CVS and/or with the public sector and business sector.

**The Community and Voluntary sector is effective, efficient and the foundation of civic society.**

## CVS Income

### Income Needs

As for any organisation, CVS organisations need sufficient income to function and achieve their purpose. For smaller community groups this may be relatively modest funding to support volunteers and pay for facilities, activities and goods.

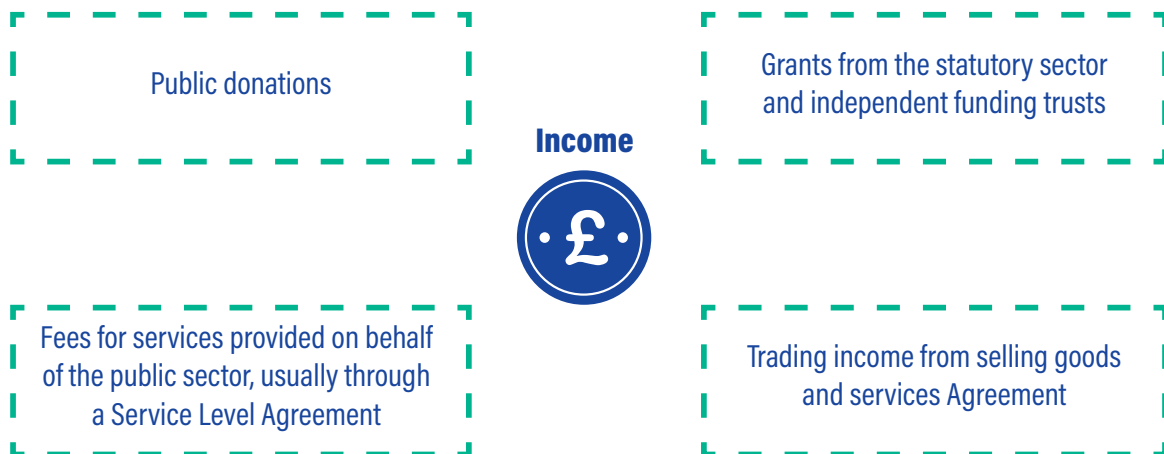
**For example a volunteer lunch club will need to find income to cover:**



Larger CVS organisations will usually need a higher level of income to cover ongoing, core operating costs such as office costs and key staff costs and also - depending on their purpose and activities - may need income to support the direct costs of providing services or running activities.

### Income Sources

**CVS organisations secure their income from one or more of the following sources:**



### Local Good Practice Highlight

The North Lanarkshire Community Lottery was set up in 2022 to help raise public donations for our local CVS, especially for smaller, organisations which can find it very difficult to raise income given they are usually run entirely by volunteers and their profile is smaller.

## Income Challenges

The CVS has to work very hard to secure its income which - for the majority of CVS organisations - is fragile and inadequate.

Most CVS organisations struggle with insecure and inadequate income - made worse by the current cost of living crisis, with expenditure increasing and income falling.

### Grant Income

Grant income remains an important source of income for the CVS and this comes from two main sources:

- the public sector – for example the Scottish Government, local councils and NHS
- independent funders such as charitable trusts

Securing sufficient grant funding is very challenging for all CVS organisations due to three major challenges.

#### ● Insufficient availability of grant funding

- public sector grant funding for the CVS has remained static or reduced over the last decade
- applications to funding schemes are often massively over-subscribed with many CVS organisations competing for access to the same source of funding, with many unsuccessful despite good funding applications

#### ● Inadequate grant awards

- Even where a CVS organisation is successful in securing a grant award, the amount is often insufficient to fulfil or contribute to legitimate delivery costs; the duration of the funding is often only for one year; and where a grant is for more than one year, provision for inflation is rarely made

#### ● Burdensome application and reporting requirements

- Many CVS organisations spend a great deal of time applying for funding and reporting to funders, using scarce resources to do so, which takes time away from providing their services and activities to achieve public benefit.

## Income for Commissioned Services

Some CVS organisations receive “fee for service” income from the public sector to provide public services through a contract or “service level agreement” (SLA). SLAs are usually secured through a competitive tendering process although some are directly commissioned. SLAs usually cover a three- or five-year period with annual review. However, they may not always provide sufficient income to cover real delivery costs or cover inflationary costs over the duration of the contract.

Also, public bodies often use competitive tendering when a strategic, collaborative commissioning approach may be more appropriate.