



Quick guide to challenging funding cuts

Civil society organisations are bracing themselves for another tough year ahead with the next round of funding cuts to services and grant programmes set to bite from April 2012. As NCVO's [Counting the Cuts](#) research shows, the voluntary and community sector is set to lose around £911 million in public funding a year until 2015-16.

With local authorities and government departments under pressure to save money, it is essential that any decisions made are fair and follow due process. Following the introduction of new Best Value Guidance last year, voluntary sector organisations are better placed than ever to challenge unfair decisions made by public bodies. This guide briefly sets out the three main options that you could potentially use if funding to your organisation is set to be cut.

1. Best Value Guidance

In 2011, new [Best Value Guidance](#) was introduced by the Department for Communities and Local Government. It has statutory force, which means that the guidance must be taken into account by local authorities when they are making funding decisions. It applies to all local authorities.

What you need to know:

- At least three months' notice needs to be given to an organisation and service users when funding is to be withdrawn or reduced
- A local authority should actively engage the organisation and service users as early as possible before making a decision on the future of the service
- Authorities should seek to avoid passing on disproportionate reductions - i.e. they should not make larger reductions to the voluntary and community sector than they take on themselves
- Authorities should be responsive to the benefits and needs of voluntary and community sector organisations of all sizes (honouring the commitments set out in Local Compacts)

The introduction of this guidance marks a significant step, setting out clear expectations of the way that local authorities should act when making decisions on funding to the voluntary sector. Organisations are already using this guidance to challenge decisions made by local authorities - 16 organisations in Derby had their [funding extended](#) after Community Action Derby warned council representatives that the guidance had not been followed.

2. The Compact

[The Compact](#) is an agreement aiming to ensure that the Government and civil society organisations can work most effectively in partnership. Clear expectations and undertakings of what each partner will do are set out and committed to.

What you need to know:

- The Compact is a national agreement, renewed by the coalition government in December 2010 and covers central government departments
- Nearly all local areas have their own Compact agreed between the local authority and voluntary and community sector – often using the national Compact as their basis, they are shaped to reflect the particular needs of the local area
- Key undertakings common to nearly all Compacts are a recognition of the need to give at least three months' notice of funding cuts; conduct consultations for a 12 week period; and respect for the independence of voluntary sector organisations

Although Compacts are not in themselves legally enforceable, they are often used successfully to challenge unfair funding decisions. [NCVO's Compact Advocacy programme](#) has helped many organisations use the Compact to change a funding decision and can advise you if you feel that a public body has breached their Compact commitments. Local Compacts also often have a dispute resolution process which can be followed.

3. Public Law

Public bodies, including local authorities and central government departments have to abide by a set of legal rules which regulate their public functions. Public law is a complex area, but in the context of funding cuts there are some key points which can help you.

What you need to know:

- A public body must ask itself the right questions and take into account relevant information when making a decision – when considering whether to make a funding cut, this means that they must have consulted groups that will be affected
- The Public Sector Equality Duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. When deciding whether to reduce or cut funding the public body must show how they have understood how different people will be affected by their decision – this is often done through an Equality Impact Assessment

An unfair decision by a public body can be challenged through a judicial review process in the courts, although there are strict guidelines and timescales that must be followed. The example of this [court case](#) last year demonstrates how the city council's decision to withdraw £1 million from advice agencies was deemed unlawful because of a lack of consultation and consideration of the equality duties.

Tips on challenging unfair funding cuts:

- When talking about 'unfair' funding cuts remember the focus is on *how* the decision has been made, not *what* the decision is – you may be unhappy about a decision that has been made, but it is only 'unfair' if it has not been made in the right way.
- Make sure you've looked at your local Compact and understand the Best Value Guidance – if a decision is made to reduce or withdraw your funding then it's best to know in advance what will make a decision unfair so you are prepared
- If you think a decision is unfair then act quickly – write to the public body setting out your concerns with the decision and asked for it to be looked at again
- ...and if you are unsure whether a decision is unfair or would like some further advice **contact the Compact Advocacy programme** on 020 7520 2460 or daniel.fluskey@ncvo-vol.org.uk