

ANNEX 14

Voluntary sources of funding

Charities

A number of national charities (often covering Wales, as well as England) raise income from the general public (through direct marketing, collections, events and other means of fundraising, often enhanced by Gift Aid), which are then used to fund the provision of advice, either by the charity itself (as in the case of Shelter and Macmillan Cancer Support) or through contracts or grants to advice agencies. For example, the Royal British Legion fund Citizens Advice to provide benefits advice to war veterans.

National charities that provide advice include the Royal National Institute of Blind People (RNIB), Stroke Association, British Heart Foundation, Rethink Mental Illness, Independent Age and many others, as well as the members of the Advice Services Alliance (Citizens Advice, Law Centres Federation, AdviceUK, Age UK, Shelter, Scope and Youth Access). The scale of resources they allocate to advice can be very significant. For example, Macmillan spend over £15m voluntary income pa on one-off grants and advice services.

One particular type of charity that often provides advice on debt and benefits is benevolent societies – mutual associations that provide financial and social services to individuals, often according to their religious, political or trade affiliation. Occupational benevolent societies, such as Perennial, the horticulturalists benevolent society, are increasingly giving advice on benefits to ensure that their clients are getting the benefits they are entitled to, before allocating grants to them from their own funds. Perennial also provides debt advice and has a total of 12 benefits caseworkers and five debt advisers across the country, dealing with over 1,000 clients pa at a cost of £800,000 pa. In its latest member survey, the Association of Charitable Organisations found that over 50 per cent of its members now provide advice (mainly on debt) to its members. Many are linked to Turn2us, who help people in financial need gain access to welfare benefits, charitable grants and other financial help – online, by phone and face-to-face through partner organisations.

By targeting advice services at particular sections of the community, these charities can often reach people who might not normally access generalist advice provision. For example, there are over two million people living with cancer in the UK (this is likely to double in the next 20 years); in addition, there are one million carers and potentially over 17 million people who are affected in some way through knowing a person with cancer. Most people with cancer would not consider themselves as disabled and would therefore not consider themselves eligible for disability benefits. Arguably, a well-known charity like Macmillan is

better placed to reach out to this section of the population than other types of advice agencies – partly because they are already in touch with people with cancer, and understand their needs, and partly because they can provide advice more quickly and in more appropriate settings, such as hospitals. Similar considerations apply to other specialist charities.

An alternative approach is for a charity to fund a post in a specialist advice agency – for example, the MS Society funds a post at the Disability Law Service to advise people with MS on benefits and other issues. The post-holder also trains MS Society nurses to spot legal problems and to refer people to the post-holder. Another approach is for charities to buy units of advice for its own beneficiaries from an advice agency.

Some charities will also have contracts with government to provide advice (eg Shelter's legal aid contracts) and may sometimes use their voluntary income to top-up the contract. This raises important issues about whether, and in what circumstances, it is appropriate to use voluntary income in this way. In the past, the norm in the voluntary sector has been to use voluntary income to provide added-value over and above the contracted service, or, sometimes to get a service started, which the public sector is then encouraged to take responsibility for (as is the case with some of Macmillan's advice services for cancer patients). However, it is harder to maintain this policy when public sector funding is being cut back; Shelter, for example, are now appealing to the public for funds to maintain parts of their services.

Local advice agencies find it much harder to raise voluntary income, because they lack the fundraising capacity and the donor base that the larger national charities have. Those private sector companies that are forming Community Interest Companies – in part so they can access philanthropic funding – are also likely to find this.

According to the NCVO Almanac data for 2009/10 there were 3,907 organisations in their 'Law and Advocacy' category (which includes CABx, Law Centres and advice agencies) with incomes over £500,000 pa; their total income was £1.131m.

Outlook

National charities are likely to be able to grow their voluntary income, given their fundraising capacity, but there is little prospect of local organisations being able to do this. There is likely to be a growth in advice provision by benevolent societies as they modernise and move from a paternalistic model of grants and annuities to a more proactive approach of helping people to be more independent.

Trusts and foundations

Trusts and foundations are an important source of funding for advice services, but most will focus their funding on helping develop new services, rather than providing ongoing core funding for current services. However, at the Low Commission's consultation event with funders (January 2013), there were some trusts and foundations who felt they may have to be more open to providing core funding in the current financial context – at least in the short term.

The Access to Justice Foundation, the London Legal Support Trust and six other legal support trusts around England and in Wales exist with a particular brief to support free legal advice:

- The Access to Justice Foundation was set up to receive funds awarded by the courts for pro bono costs. This amounted to about £100,000 in 2012, with additional funds of around £80,000 from other sources. The funding is then distributed to national organisations and projects, such as Advice Services Alliance as well as to the Legal Support Trusts. The Foundation has been promoting a number of other lawyer fund generation schemes (see para 8.30 of our report for details).
- The London Legal Support Trust raises voluntary funds from the legal profession through a series of fundraising initiatives, such as sponsored walks and other events. The Trust distributed around £700,000 last year to specialist legal advice agencies in London and the South East. The Trust describes itself as a 'League of Friends' for the legal system. There are also six other smaller, regional Legal Support Trusts in other parts of England and Wales.
- The newly formed Legal Education Foundation (LEF) has an endowment of c£200m following the sale of the College of Law. This will yield an annual net sum of £6m for grants, including some grants for advice and legal support. LEF's charitable object is to promote and advance legal education. LEF intends to make a few grants over the next few months in order to demonstrate the kind of initiatives it is interested in supporting. It wants to support innovative ways of delivering legal education to different groups through different mechanisms.
- The Money Advice Trust is another specialist charity working in the field of debt advice, which has income of c£10m pa from a combination of endowment interest, corporate sponsorship and income generation from training and from fees for debt management plans and individual voluntary arrangements. The major part of its income (£6.3m) is spent on the National Debtline.

The Baring Foundation estimates that trusts and foundations provided at least £7m funding to the advice sector in 2011/12.

Wales

Foundations have a very low profile in Wales. The Waterloo Foundation (set up by Admiral Insurance) is the biggest Wales-based foundation. Lloyds TSB Foundation funds a number of advice service projects across Wales. There are also some church-based foundations. Wales Council for Voluntary Action (WCVA) led an initiative to try to interest England-based foundations in providing more funding in Wales, but the response was that there was very little demand and the quality of applications was low. WCVA has tried to address this ‘chicken and egg’ problem through its own work, but without much success. The Baring Foundation, Esmée Fairbairn Foundation and Sainsbury trusts are the ones that showed most interest.

Outlook

Many trusts and foundations have been taking a close interest in the challenges advice agencies are facing and, so, there is some prospect of a modest growth in their funding in the future. Funding research, given the loss of the Legal Services Research Centre (which closed 1 April 2013), will be particularly important.