

When the Fees Dry Up



**Rethinking the role and funding of
threatened community spaces**

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Manchester Settlement is a 125-year-old charity striving to “Create Cycles of Community Change” through the provision of locality focused services in North Manchester.



At Manchester Settlement, from day one of lockdown, our income reduced by over £4k per week as we lost revenue from childcare provision and room rental. Along with all other similar organisations, no stone was left unturned applying for possible alternative sources of assistance: we explored the myriad strands of government funding such as furlough and rates related grants. However, due to the technicalities of the schemes, we have not been able to utilise them as fully as some organisations. Along with other organisations, we struggled with the shifting and contradictory guidance that accompanied the new funding streams – for example, could we furlough staff, as some of our income is from statutory childcare sources? Through the hard work and flexibility of staff and trustees, the charity will ride this storm for as long as there is a place for physical community settings in the world.

There is a great deal of talk about the new normal. Staff and volunteers have worked hard to establish emergency online service provision whilst at the same time wondering what implications digital strategies will have on our service. We already sense that partner organisations are reviewing their use of community buildings, balancing risks to staff and the needs of the community. Partners are not rushing to resume service delivery from community spaces, understandably so – but where does that leave the owners and managers of those community spaces who are trying to hang on until the revenues return?



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Not all services can be delivered online – sometimes people need to interact with real people, either emotionally or through their inability to access digital services. If we are to continue running services, in the new Covid-19 compliant mode, they will be different and probably more costly than they were before, thereby reducing further the income-generating potential of community buildings such as ours.

Multi-functional community organisations like Manchester Settlement bring people and organisations together in productive spaces which encourage the cross fertilisation of ideas and support. Commissioners, beneficiaries, service providers, trustees and others come together in a melting-pot of shared ideology, all intent on bringing benefit to the community served by the community building – in our case, the people of Openshaw. Large organisations might rent spaces which mean that rooms can be provided for community groups at a reduced rate, or even free, and fees may be earned from charity shops or other direct sales that enable the delivery of more targeted services. These community hubs are continually recycling local investments, large and small.



Community hubs are continually recycling local investments

“Diversify Income Streams”, “Don’t Rely on Grants”, “Gear Towards Earned Income” – have all been messages that have influenced the management of charities throughout the past decade or longer. The commercialisation of charities to look more and more like social enterprises has seen the development of some very enterprising organisations, of all sizes, increasing the amount of their earned income through infinitely variable and imaginative methods.

At Manchester Settlement, our trustee board has overseen a move to high levels of earned income during the past five years, such that 61% of all income comes from individual transactions with community members or organisations through the purchase of charitable services.

Until very recently, this shift has helped charities like ours to alleviate some of the funding cliff edges that cause small charities to lurch from one funding crisis to another. This shift has enabled better staff retention and organisational development, which allows for greater focus on long-term outcomes for our communities, and greater impacts than individual shorter-term projects.

Having a high proportion of earned income has meant that new sources and types of funding have become available to charities. At Manchester Settlement, for

example, we took advantage of a mixed grant and loan package which, at the time, was a well thought out investment, helping us create a better physical environment for our work with early years children and their families.



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Whilst effective governance can ensure that risks are assessed, I’m sure we were not the only charity that assessed the likelihood of such a cataclysmic event as the pandemic as negligible, despite recognising the impact that it would have upon our ability to earn income. Overnight, charities such as ours, that thought they had enhanced their resilience through increasing earned income, found that same resilience corroded, and their ability to fund core operations severely hindered due to their diligence in following what was, at the time, best practice advice.

In the coming months, as different organisations begin to review their operating models, taking opportunities to reduce costs by increasing home working and more online delivery, this is a call to commissioners, service providers and community organisations to take the opportunity for detailed discussion with their stakeholders about the role of community spaces such as ours. The only certainty is that if a shared vision for community buildings is not developed then the opportunities that many organisations currently take advantage of, when seeking to reach into communities, may not be there.

If there is going to be a role for community spaces such as Manchester Settlement in the near and middle future, we need to start planning now for how these spaces can be supported in a world where the potential to generate regular, reliable income from trading activities is going to be limited. Trading income was seen as a buffer against the uncertainty of reliance on grant income and the whims of funders. Perhaps now is a good time to rethink this wisdom and review our relationship with community buildings. For us, it is inconceivable that communities will want to exist without spaces in which they can come together for recreation, education or communication. Do Manchester City Council, local housing associations and health organisations share our vision?