

Big growth in community funds

By Emma Rigby, Third Sector, 5 December 2007

The money available to community foundations has doubled over the past four years.

The Community Foundation Network revealed last week that its 56 members now hold endowments, pledges and legacies worth more than £200m.

It attributed the increase largely to record endowments, but warned that a withdrawal of government funding posed a threat to continued growth.

The figures showed the changes between 1 April 2006 and 31 March 2007, during which time the network took a more active approach to engaging potential donors.

The network said endowments could rise to £500m over the next five years if the Office of the Third Sector asked community foundations to deliver the endowment challenge programme, which the Government announced in this year's third sector review.

Under the programme, the Government will invest £50m in "local independent foundations" in order to build endowments that will provide income to front-line organisations.

A spokesman for the Office of the Third Sector said: "The £50m endowment programme will be managed by a lead national partner, which will be responsible for running a selection process to appoint local funders to administer the scheme locally. Community foundations are well placed to deliver this kind of function, so we anticipate that they will be well represented among the organisations that apply to manage the programme locally."

Despite the projected increase in endowments, the network predicts a decrease in revenue from government funding of up to £30m over the next two years, mainly as a result of the impending closure of the Local Network Fund for Children and Young People, in April 2008.

The fund, backed by the Department for Children, Schools and Families, has delivered grants through voluntary organisations for young people.

The network received £26m through the fund between March 2006 and April 2007, partly as matched donations.

Grants 2006/07

- Programmes to combat disadvantage received nearly £11m from community foundations
- Community development programmes, including crime prevention, attracted grants in excess of £7.6m
- Environmental schemes, including animal welfare, attracted under £1m
- The Community Foundation Network made 17,000 grants last year totalling £75m.