

Not for Profit? Not for Brexit?

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The financial headlines around Brexit continue to dominate UK media, with sensationalist titles focusing on the divorce bill, the loss of European companies with sites in Britain and the on-cost to the supply chain within areas such as the automotive industry.

Whilst it's true to say that we do pay a fair amount into the EU, we also receive a lot in return through the European Regional Development Fund (ERDF) for our towns and cities and the European Social Fund (ESF) for less developed regions [1]. We also receive a substantial amount of funding for our UK based charities.

Prior to working at the Centre, I worked within the charity and education sector at another institution, and so it is for this reason that I decided to take a closer look as to what these organisations currently receive from the EU and how this might change following Brexit.

Charities in the UK were estimated to have received around £258.4 million worth of funding from the European Union in 2015 [2], via various direct and indirect funding streams such as the European Structural and Investment Funds. (This figure doesn't include non-profit organisations such as universities, who might benefit from EU funding for research grants).

After Brexit, it is predicted that the sector will potentially lose these EU funds, causing a detrimental knock on effect to vital research into cancers and heart disease, along with projects such as Save the Children and the Woodland Trust [3].

Whilst it's true to say that not all of the funding for these projects is made up of EU contributions, it does have a significant impact. Running costs may be made up of block grants, in the case of Students' Unions and public goodwill through fundraising and Corporate Social Responsibility schemes from larger companies.

So what can charities expect to receive in the future? Are there plans for a monetary plug to help bridge the gap? Whilst the idea of a Shared Prosperity Fund has often been referred to by the UK government, there are still no guarantees as to what exactly this will support. Statements have been made that projects currently receiving EU funding will continue to be financially sustained following Brexit, until the project end. This is only 'guaranteed' provided that these jobs are deemed to be 'good value for money' and 'in line with strategic priorities' [2]. One would assume however, that given that they will have already gone through a stringent decision making process that such terms will have already been met.

Working within a charity means that every pound must be spent well; that isn't to say that this is not the case for businesses, but within a not for profit, you're often subject to constraints on agreed upon limits in terms of income generation [4].

Funding streams from the EU are not the only current method of support, resources may be counted in terms of specialists from other European countries and the sharing of data and findings in order to further other projects. Collaboration is vital to continue the positive impact of such organisations in both the UK and the rest of the European Union.

So what's next? There are aspects that the government needs to address now, in order to minimise any negative impact. Consultation will need to take place in order that the aims and needs of these organisations are fully understood. How will they decipher exactly what makes a project or cause value for money and how and when will the missing sums be made up?

With the deadline for negotiations now pushed back to November, can the details of how and when not for profit funded organisations will receive a replacement to the vital funding streams they depend on be agreed in time? Especially with so many other topics of concern vying for attention.

Details of Researcher David Hearne's and Centre Director Alex de Ruyter's thoughts on the prospect of a Shared Prosperity Fund can be found [here](#).

Foot Notes

1. European Union (2017), 'EU Funding' Available from: https://europa.eu/european-union/about-eu/funding-grants_en
2. Directory of Social Change (2017), 'What does Brexit mean for UK Charities' European Union Funding' Available from: <https://www.dsc.org.uk/wp-content/uploads/2017/11/here.pdf>
3. Ferrell-Schweppenstedde, D., The Guardian (2017), 'UK charities will lose £258m of EU money after Brexit. Where's the plan?' Available from: <https://www.theguardian.com/voluntary-sector-network/2017/dec/07/charities-lose-at-least-258m-after-brex-it-no-government-strategy>
4. UK Charity Commission (2017) 'Charity finances: trustee essentials' Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/602509/CC25.pdf