

## Grant funding and property costs

### WHY GRANT FUNDERS AND 'MR NOBODY' ARE BAD NEWS FOR BRITAIN'S CHARITIES

Now there's a provocative statement, when there isn't a charity CEO alive—myself included - who doesn't humbly thank God when the grant money bangs in the bank account, ensuring one less sleepless night about making pay roll.

But through our charity property advice service, we at the Ethical Property Foundation answer calls each day from worried and frequently frantic charity managers. And often in their stories, long before a problem became acute, there was a disconnection in their relationship with grant funders.

I believe this disconnection is ruining too many charities and charity managers' lives. Because there is always so much fear of rocking the boat in any funding relationship, it is my pleasure in this, my first column for Charity Times, to smash the conspiracy of silence.

We all know that most grant funders, with some far sighted exceptions, do not fund core costs. So, charity managers rob Peter to pay Paul and over time all that unglamorous stuff like property maintenance does not get done.

The Ethical Property Foundation encounters each week the endgame results of this disconnection. If grant funders only fund the nice stuff, the project costs and the front line service delivery, then bit by bit, the risk to their investment increases. Yet who really wants to fund new door handles and dry rot, when grant funders - both trustees and grant officers - can get passionate about helping sink new water wells in Africa or support riding for the disabled? And I write as someone who - *mea culpa* - served for some years on a major grant-giving committee and I confess never once thought about the property costs of the applicants. Why would I, when social justice floated my boat, not dilapidations bills?

Grant funders are not the only ones for whom the term property maintenance is a cure for insomnia. People who work in charities want to change the world not the light bulbs. So it is too often, right up until when things get desperate and they end up calling us, that these charities' premises have been apparently funded and cared

for by a magical Mr Nobody. Throw in a full repairing lease and with all that property maintenance unfunded and skimped you end up with a direct threat to front line service delivery and to grant funders' investment. Not to mention a threat to the charity's board of trustees' own pockets, if landlords can prove negligence in court.

A recent case we handled involved a long established mental health charity which had to slash services and was in breach of both grant funders' and local council service agreements - because they had untreated dry rot in two of their three counselling rooms. They had no money to treat the dry rot nor could they meet the £60,000 dilapidations bill if they moved. They became insolvent, which meant hundreds of local people with mental health problems were left untreated and the charity's grant funders were left unlucky creditors - including some of the biggest names in mental health funding which had invested six figure grants.

So with the third sector already stretched to breaking point to meet ever greater need, I urge grant funders to make property management training a condition of grants; demand evidence of property maintenance planning and spending. And always include some measure of core cost in your funding decisions - if for no other reason, to protect your investment and the front line delivery of the services you care about.

Our latest *Charity Property Matters Survey*, in partnership with the Charity Commission, found property is the number two item in charity budgets but the number one reason charities fear going bust. Almost half fear it is the biggest threat to their sustainability - and over one third had not been able to pay for any property advice in the last three years.

Grant funders have a great opportunity to help the sector grow up. Give us some tough love over property maintenance and make every grant holder understand that bricks and mortar are vital components in a charity's front line delivery.

Frankly, for Britain's hard pressed charities, it's time Mr Nobody left the building. ■



Photo by Simon Olmetti

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