



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

Communities and Culture Committee

The Funding of Voluntary Sector Organisations in Wales

May 2008

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Further hard copies can be obtained from:

Annette Millett
Communities and Culture Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Tel: 029 2089 8429

Fax: 029 2089 8021

E-mail: community.culture.comm@wales.gsi.gov.uk



Communities and Culture Committee



Janice Gregory
Chair
Ogmore



Peter Black
South Wales West



Paul Davies
Preseli
Pembrokeshire



Nerys Evans
Mid and
West Wales



Lesley Griffiths
Wrexham



Mark Isherwood
North Wales



Dai Lloyd
South Wales West



Lynne Neagle
Torfaen



Joyce Watson
Mid and
West Wales

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Chair's Foreword

This is the first scrutiny inquiry completed by the Communities and Culture Committee. We have received evidence from a cross-section of the 30,000 third sector organisations in Wales; and also from the Assembly Government, local government, various 'umbrella' organisations, those responsible for allocating funding from the National Lottery, and those acting as agents for the Assembly Government – including the Arts Council of Wales and the Sports Council for Wales.

The third sector encompasses voluntary organisations, community groups, self-help groups, community co-operatives and enterprises, religious groups, and other not-for-profit organisations. Volunteers within the third sector are united by a desire to help their fellow citizens and local communities; by giving freely of their time, experience and expertise. We were impressed by the enthusiasm and dedication of all those who presented evidence to this inquiry.

The Committee acknowledges the support currently provided by the Welsh Assembly Government and other funding bodies. Funding for the third sector from the Assembly Government has increased significantly over the past four years; from £79 million in 2002-03 to £174 million in 2006-07.

The Assembly Government recently published a strategic action plan; setting out its vision for the third sector to deliver over the next four years, in return for this substantial investment. Our purpose in carrying out this inquiry is not to duplicate or replace the action plan, but rather to highlight key areas where we consider activity should be focused.

The Committee is not calling for additional funding, other than the opportunity presented by the 'dormant accounts scheme' to be established in the United Kingdom. But we feel there are opportunities to help third sector organisations to make better use of their time and energy; for example, by improving access to information on funding and reducing bureaucracy in application procedures.

I am grateful to all those individuals and organisations who took the time to give us the benefit of their experience and advice; either in formal committee meetings or by responding to our call for evidence. I hope that our report will help the myriad of third sector groups to have easier access to funding; with consequent benefits to individuals and their local communities.

I anticipate that our report will be widely read within the sector and hope that our recommendations will be accepted by the Assembly Government. I look forward to receiving their response in due course.



Chair, Communities and Culture Committee

1. Introduction

This is the first scrutiny inquiry carried out by the Communities and Culture Committee. We chose this topic because the voluntary (or third) sector affects everybody in Wales; either as volunteers or as recipients of services.

The third sector plays a vital role in civic society; not only in the range of services delivered but also in providing opportunities for people to give of their time, experience and expertise for the benefit of others and the enrichment of community life. We are impressed by the enthusiasm and dedication of those we have met during the course of this inquiry.

We began this inquiry in October 2007 when **Dr Brian Gibbons AM**, the Assembly Minister for Social Justice and Local Government, presented a paper setting out the Welsh Assembly Government's strategy for supporting the voluntary sector. We finished gathering evidence in April 2008.

We acknowledge the valuable work carried out by the Assembly Government in funding the third sector in Wales, either directly or indirectly. We endorse the Assembly Government's strategic action plan for the third sector. Our purpose in carrying out this inquiry is not to duplicate this action plan, but rather to highlight key areas where we consider activity should be focused.

We are grateful to all those individuals and organisations who took the time to give us the benefit of their experience and advice; either in formal committee meetings or by responding to our call for written evidence.

2. Terms of Reference

To carry out a scrutiny inquiry into the Welsh Assembly Government's strategic approach to the funding of voluntary sector organisations in Wales.

The Committee will:

- Examine the Welsh Assembly Government's policy for funding voluntary organisations;
- Examine policy directions issued to relevant funding bodies;
- Examine procedures for monitoring the outcomes of such funding;
- Examine 'gender budgeting' issues with regard to such funding;
- Examine the ease or difficulty experienced by relevant organisations in assessing funding; and
- Submit a report to the appropriate Welsh Minister, with recommendations.

3. Background

Overview

There are over 30,000 third sector organisations in Wales. These include voluntary organisations, community groups, volunteers, self-help groups, community co-operatives and enterprises, religious organisations and other not-for-profit organisations.

The Wales Council for Voluntary Action (WCVA) database categorises groups by their main activities and by their area of benefit (national, regional or local). Most third sector organisations (87%) are local, working at local authority or a more local level.

There are more than 1.5 million adult volunteers in Wales, mostly working with voluntary organisations. This represents about 62% of the adult population. Each volunteer gives an average of nine hours a month; equivalent to some 90,000 full-time workers.

The third sector employs approximately 46,400 people; of whom 24,100 are full-time and remainder part-time. In addition, there are approximately 253,000 trustees or members of management groups involved in the sector.

In 2007, according to the WCVA funding survey, the total income for the third sector was about £1.2 billion. About 65% of voluntary organisations in Wales have an annual income below £10,000 and fewer than 2% have an income in excess of £1 million.

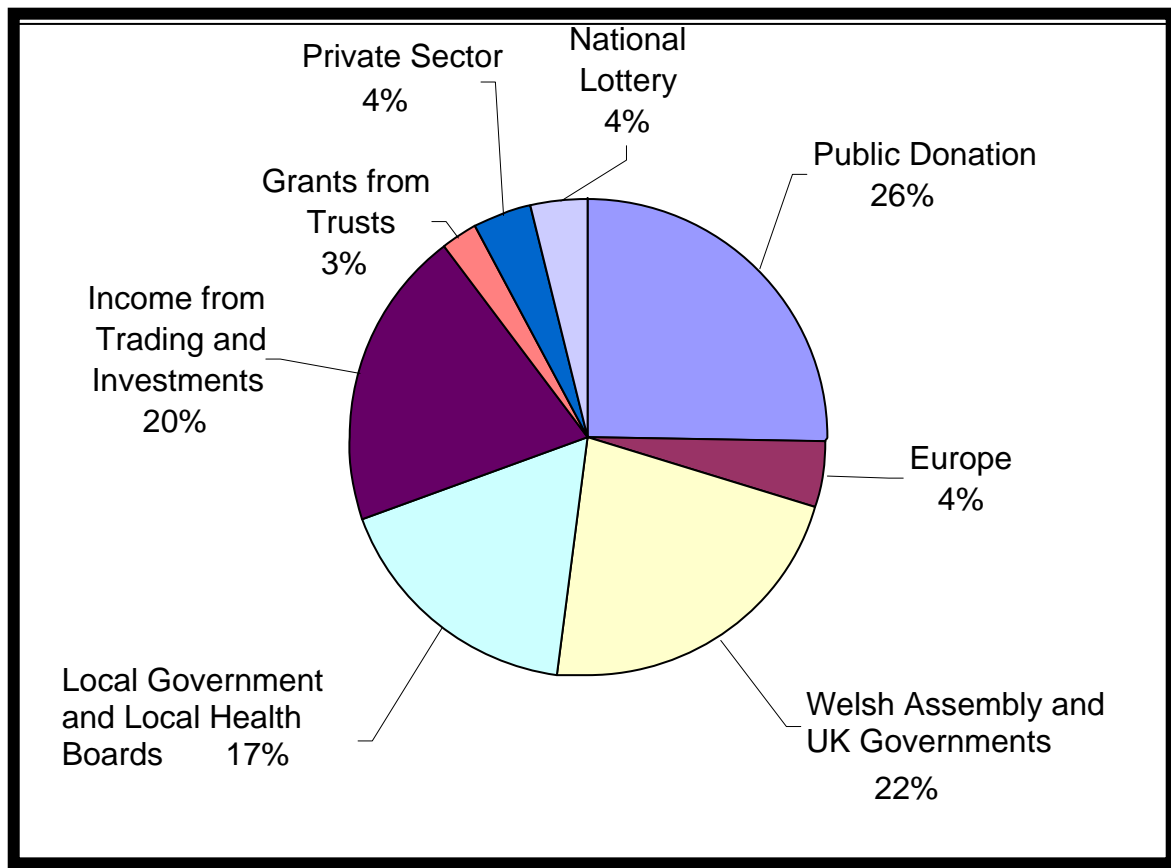
Public donations have historically been the main source of income for the third sector. But by 2005 this had changed, with the public sector becoming the largest source of income – representing some 43% of total income, including funding from the European Union.

Funding from the Welsh Assembly Government has increased significantly over recent years from £79 million in 2002-03 to £174 million in 2006-07.

Figures from the **Annual Report 2006-07** of the Voluntary Sector Scheme:

Funding Body	£million
Welsh Assembly Government	173.9
Local Health Boards	13.4
Assembly Government Sponsored Public Bodies	14.0
Total	201.3

Third Sector Income



Source: Wales Council for Voluntary Action

Welsh Assembly Government

The Welsh Assembly Government provides direct financial support for the third sector, as described below.

Support for the Generic Voluntary Sector Infrastructure: The Assembly Government has signed a five-year partnership agreement with the WCVA to provide support to voluntary sector infrastructure. The agreement provides core funding for the WCVA, for the County Voluntary Councils in each local authority area, and for the Wales-wide network of volunteer centres; formerly known as volunteer bureaux.

In addition to the partnership agreement, other elements of the infrastructure are supported by funding through the Partnership Capacity Building Fund (PCBF) and core funding for the Institute of Fundraisers. The total value of infrastructure support allocated in 2007-08 was £5.2 million.

Support for Volunteering: The Assembly Government also supports a range of grant schemes which provide project funding, mainly to extend the number and range of volunteering opportunities. The grant schemes also seek to overcome barriers to volunteering. These competitive grant schemes are in addition to the core funding made available under the partnership agreement.

The schemes available include: Volunteering in Wales, Wales the Active Community, Millennium Volunteers, and the Russell Commission Youth Volunteering initiative. The current combined annual value of this funding is about £3 million. In addition, the Assembly Government meets the cost of Criminal Record Bureau checks for volunteers in Wales. The cost of this service in 2007-08 was £373,000.

Support for Community Development: The main focus of the Assembly Government's support for community development is the 'Communities First' initiative, soon to be taken to its next stage under the banner of 'Communities Next'. The third sector is closely involved in the operation of the programme at local level; as members of Community First Partnerships in their own right and also as grant recipient bodies for relevant Communities First funding.

Outside Communities First areas, the Assembly Government provides core funding to Community Development Cymru, to give specialist advice to groups across Wales and to take forward their 'strategic framework for community development'. The Assembly Government also operates the Community Facilities and Activities Programme (CFAP), and provides funding for the Coalfields Regeneration Trust and the Groundwork movement.

Support for Social Enterprise: The Assembly Government promotes social enterprise as an effective delivery model across a wide range of services; for example, recycling, childcare, community transport, crime prevention measures etc.

Specific Grant Schemes for the Third Sector: The Assembly Government provides a wide range of grant schemes aimed specifically at the third sector. Full details of these schemes can be found at Annex 3 of the paper presented to the Committee by the Minister.

The Minister for Social Justice and Regeneration established an Independent Commission to Review the Voluntary Sector Scheme in October 2003, and one recommendation was that a Strategic Action Plan should be prepared. The Strategic Action Plan Consultation Paper was published in January 2007.

The Strategic Action Plan for the Voluntary Sector Scheme and the Annual Report on the Voluntary Sector Scheme 2006-07 were debated in a plenary session of the National Assembly on 13 November 2007. The Strategic Action Plan identifies three main areas of influence for the voluntary sector:

- Building stronger communities;
- Delivering better public services; and
- Developing better policies.

4. Legislative Framework

Section 114 of the Government of Wales Act 1998 placed a statutory duty on the National Assembly for Wales to establish a “voluntary sector scheme” setting out how they propose to promote the interests of voluntary organisations in Wales. For the purposes of section 114 a voluntary organisation is a body other than a local authority, which carry out non-profit making activities that directly or indirectly benefit Wales. The scheme must specify how the Assembly proposes to fund these voluntary organisations. The “voluntary sector scheme” was first published on the 31st August 2000.

<http://wales.gov.uk/topics/housingandcommunity/voluntarysector/publications/volsectorscheme?lang=en>

Section 114 of the Government of Wales Act 1998 has now been superseded by section 74 of the Government of Wales Act 2006. This provision makes the review and renewal of the “voluntary sector scheme” the exclusive responsibility of the Welsh Assembly Government. Arrangements between the National Assembly for Wales and the voluntary sector are currently under consideration.

Under section 74(9) of the 2006 Act the Assembly Government must publish a report at the end of each financial year setting out how the proposals in the scheme have been implemented. The seventh annual report for the year 2006-07 has recently been published.

<http://wales.gov.uk/topics/housingandcommunity/voluntarysector/publications/annualreport0607/?lang=en>

The Assembly Government has also recently published a document entitled ‘The Third Dimension’ which sets out their strategic plan for the voluntary sector from 2008 to 2011.

<http://wales.gov.uk/topics/housingandcommunity/voluntarysector/publications/hethirddimension/?lang=en>

Local authorities in Wales can also provide funding to voluntary organisations which will in their opinion bring benefits to their area. The statutory authority for the issue of such funding is section 137 of the Local Government Act 1972 and the ‘well being powers’ contained in section 2 of the Local Government Act 2000. The power to grant such funding will depend on the circumstances of each individual case. A joint report between various Welsh public bodies and the Welsh Assembly Government entitled ‘For mutual benefit - Local government support for the voluntary sector in Wales’ was published in August 2005.

http://www.lgdu-wales.gov.uk/Documents/Project/VoluntarySector/LGD07010_For_Mutual_Benefit_Eng.pdf

The Welsh Language Board, the Sports Council for Wales and the Arts Council of Wales also provide financial assistance to the voluntary sector. These bodies are funded by the Welsh Assembly Government. The Welsh Language Board was established by the Welsh Language Act 1993 and section 3 of that Act gives the board the power to issue grants in relation to its functions. The Arts Council of Wales and Sports Council for Wales were established by separate Royal Charters, which provide the legal basis for them to issue funding conducive to their functions. A copy of both of these Charters can be found on the website of each body.

<http://www.artswales.org.uk/default.asp>

<http://www.sports-council-wales.org.uk/>

5. Evidence

Committee Meetings

The Committee received oral presentations at nine committee meetings. The organisations and individuals who gave evidence in person to the Committee are listed at Annex 1. References for papers and transcripts are at Annex 2.

10 October 2007

- Minister for Social Justice and Local Government
- Deputy Minister for Regeneration
- Wales Council for Voluntary Action

24 October 2007

- Merched y Wawr
- Clubs for Young People Wales
- Age Concern Wales

7 November 2007

- National Federation of Women's Institutes
- Arts Council of Wales
- Sports Council for Wales

14 November 2007

- Minister for Heritage

21 November 2007

- Citizens Advice Cymru
- Cymorth Cymru
- Welsh Local Government Association

12 December 2007

- Wales Trades Union Council
- Heritage Lottery Fund
- Big Lottery Fund

23 January 2008

- Pembrokeshire Association of Voluntary Services
- Gwent Association of Voluntary Organisations
- Community Enterprise Wales

6 February 2008

- Stonewall Cymru
- Black Voluntary Sector Network Wales
- Institute of Fundraising Cymru

14 April 2008

- Community Foundation in Wales

Call for Evidence

The Committee issued a call for written evidence to third sector organisations and funding bodies throughout Wales. We received 58 responses. A schedule of respondents is at Annex 3.

‘Rapporteur’ Visits

To supplement this evidence, individual Committee Members visited third sector groups in their constituencies:

- **Dawns Dyfed**; Nerys Evans AM and Paul Davies AM
- **Wales Council for the Blind**; Dai Lloyd AM
- **Wrexham Homework Club**; Lesley Griffiths AM
- **Greater Manchester Community Foundation**; Mark Isherwood AM

Equality

Although we have gathered evidence from only a small proportion of the 30,000 third sector organisations in Wales, the Committee considers that the evidence is a representative sample; including, national and local government, County Voluntary Councils, Assembly sponsored public bodies, women, children and young people, older people, ethnic groups, religious groups, lesbian, gay and bisexual people.

Sustainability

In order to reduce unnecessary use of paper, the written evidence and transcripts of committee meetings are not reproduced in this report – although we do include quotes from some of the contributors, to illustrate certain issues throughout the report.

Committee papers, meeting transcripts and consultation responses can be viewed on the Committee’s webpage on the National Assembly’s website: www.assemblywales.org

6. Key Issues

Introduction

A number of key issues emerged during this inquiry and these are discussed below. Wherever possible, we have indicated a timescale for action. We have highlighted our recommendations within this section; and they are listed also separately in Section 7.

Terminology

In the past, the sector was usually referred to as the voluntary sector because most people taking part were volunteers. This is still true but attitudes have changed and the term is now regarded as rather patronising; implying that work carried out by voluntary groups is somehow inferior to that undertaken by the public or private sectors. Many groups giving evidence told us that they would prefer the term 'third sector'. This term is described in paragraph 3.8 of the Welsh Assembly Government's Strategic Action Plan:

"It is vital to appreciate the considerable breadth of organisations and types of activity that the term embraces. There are community associations, self-help groups, voluntary organisations, charities, faith-based organisations, social enterprises, community businesses, housing associations, cooperatives and mutual organisations. They display a range of institutional forms, including registered and unregistered charities, companies limited by guarantee (which may also be registered charities), Community Interest Companies, Industrial and Provident Societies and unincorporated associations. Each organisation has its own aims, distinctive culture, set of values and way of doing things, but they all share some important characteristics in common:

- Independent, non-governmental bodies;
- Established voluntarily by citizens who choose to organise;
- Value-driven and motivated by the desire to further social, cultural or environmental objectives, rather than simply to make a profit; and
- Committed to reinvesting their surpluses to further their social, cultural or environmental objectives."

We feel that the use of appropriate terminology is important, and note that the Welsh Assembly Government has started to use the term 'third sector' in its policy documents and guidance.

Role and Perception

The third sector plays a vital role in civic society. The Assembly Government's strategic action plan identifies three key roles for the sector:

- Firstly, its role as “a catalyst and facilitator of self-help, citizen engagement and socially beneficial action in communities of place and interest”;
- Secondly, “the contribution the sector can make through its front-line experience to the design, evaluation and reshaping of policies, procedures and practices”; and
- Thirdly, its role in “helping implement Assembly Government programmes through the design and delivery of public services”.

The **WCVA** described these aspects of the sector as follows:

“Stronger Communities: The third sector is the route for community involvement for most people. It provides our “social capital” – the local activities and services organised by thousands of groups that are part of people’s everyday lives, and a vital ingredient of community regeneration. Volunteering and community involvement provide stepping-stones to building confidence, learning new and transferable skills, and overcoming economic inactivity.

Better Policy: The third sector has a central role in identifying, advocating for and representing the needs and priorities of different communities of place and interest. Many of these organisations have expertise and experience that can help to inform policy development, achieve citizen buy-in to new approaches, advance equalities and human rights, and achieve sustainable development at all levels of government.

Better Public Services: In many areas of public service delivery the sector can help to develop different and better models of service to meet changing needs. It is particularly interested in collaborative approaches to reshaping services rather than simply be considered as alternative providers of existing services – transformation rather than transfer. It has the potential for better user focus, better reach and better outcomes than the state.”

Some contributors felt that the third sector’s vital contribution to these areas of public policy was not suitably recognised or rewarded. There was a perception that the sector was regarded as a consultee, rather than as a strategic partner in planning and delivering public services.

We consider that this perception should be challenged, as it could lead to disillusionment and disengagement by volunteers. This is a matter for all three sectors to address, but we feel that the public sector should take the lead.

- **Chwarae Teg:** “The public sector is increasingly reliant upon service delivery procured from the voluntary sector. The current relationship does not always allow voluntary sector contractors security for stability and growth. The voluntary sector can be relied upon for innovation in policy and delivery but sufficient time and resource must be available to support this ‘thinking’ or consultation work. The voluntary sector must not be thought of as a ‘cheap option’ but as a valuable and cost effective resource. The relationship must be one of equals working together for the benefit of Wales’ citizens.”
- **NIACE Dysgu Cymru:** “We recommend that the inquiry highlights the importance of the voluntary sector, particularly in terms of recognising gaps in provision and its flexibility in responding to these.”

It is important that the third sector is consulted, when relevant policies are being reviewed. But the third sector is more than just a sounding-board; it is an active partner and should be treated as such.

Recommendation 1: The Welsh Assembly Government, local authorities and other public bodies should treat the third sector as a strategic partner when planning, commissioning and delivering public services.

County Voluntary Councils

There are 19 County Voluntary Councils (CVCs) covering the whole of Wales. They are funded by local authorities and provide advice and information to local voluntary and community organisations. They facilitate voluntary action by supporting volunteering, advising on good practice, providing information on funding sources and a wide range of other issues. They also represent the third sector on cross-sector partnerships. Charities, voluntary groups and community groups can become members of their local CVC.

Two CVCs presented evidence to the committee in person; the **Gwent Association of Voluntary Organisations** and the **Pembrokeshire Association of Voluntary Services**. Also, the **Bridgend Association of Voluntary Organisations** and the **Ceredigion Association of Voluntary Organisations** responded to our call for evidence. They raised a number of issues relevant to our inquiry; including access to funding, communication and networking between local groups and national umbrella bodies, funding criteria, and funding linked to specific geographical areas or target groups.

We learnt that there is a significant variation in the resources available to CVCs across Wales, with a consequent effect on their capacity to provide adequate support to local voluntary organisations. We feel that CVCs are playing an important role in supporting voluntary groups but that they could do more to help third sector organisations to become more self-sufficient. We consider that CVCs should be reviewed periodically; to assess their performance and to identify areas for improvement or where extra resources are required. Ideally, this review should be carried by an independent agency

rather than the relevant local authority, to avoid potential conflicts of interest. The WCVA would seem to be an appropriate body.

We consider that CVCs should help themselves by reviewing arrangements for publicising their services; with a view to developing links with smaller organisations and providing practical support; for example, in helping to complete application forms. We consider that pilot projects should be established; led by CVCs but also involving the private sector, to help build capacity in the third sector.

Recommendation 2: The Wales Council for Voluntary Action should review existing procedures for monitoring the performance of County Voluntary Councils; to include both quantitative and qualitative measures. The Wales Council for Voluntary Action should then review the performance of County Voluntary Councils against these criteria on a rolling programme. The review should be completed by April 2010.

Recommendation 3: County Voluntary Councils should review their arrangements for publicising their services; with a view to developing links with smaller organisations and providing practical support; for example, in helping to complete application forms. This review should be completed by March 2009.

Recommendation 4: The Welsh Assembly Government should sponsor four pilot projects in rural and urban areas, possibly using County Voluntary Councils, to provide training and practical support to help smaller organisations become more self-sufficient. The private sector should be encouraged to help; either by providing sponsorship or lending staff with specific skills for short-term secondments. The first two pilot projects should be up and running by March 2009.

Access to Information

Many third sector organisations emphasised the need for clear information on the availability of funding, and how to apply for it. Also, we were told that it is not always apparent which organisations are eligible to apply for specific grants.

There are a number of ways in which third sector organisations can access information on funding. There are a number of very useful websites; including those run by the Welsh Assembly Government, the WCVA and Community Enterprise Wales. In addition, most local authorities and CVCs will provide information for their locality. But there is no unified source of such information.

- **Welsh Scout Council:** “We have had no difficulty accessing the details once the opportunity is known. WCVA has organised conferences to communicate such information but some volunteers have a day job and so have difficulty in attending such conferences during the daytime.”
- **Ceredigion Association of Voluntary Organisations:** “In some cases the promotion of available funding needs to be more open and transparent. Many grant schemes which are distributed through third parties, such as local authorities, are often allocated to the partners which they already have close working relationships with, due to limited time and capacity. This can exclude the development of new partnerships and projects.”
- **All Wales Ethnic Minority Association:** “When consultations are undertaken and the exercise is complete, no attempt is made to feed back on the findings. When civil servants and funding bodies undertake consultation work, it must be a part of their remit to disseminate their draft reports before they are sent to politicians or policy makers for further consideration. This is absolutely necessary to ensure transparency and accuracy of reporting.”

Recommendation 5: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to develop and maintain a central portal providing information on funding; to include a searchable database of funding streams; including advice on applying for grants and how to become more self-sufficient by identifying opportunities to diversify funding. This portal should be web-based and well publicised; with links to local authorities, County Voluntary Councils and private sector organisations. This portal should be operational by March 2009.

Core Funding

Many third sector organisations felt strongly that the issue of core funding should be addressed; to help with staff recruitment, retention and motivation.

- **Ceredigion Association of Voluntary Organisations:** “It continues to be problematic for existing voluntary groups to access funding to support core activity and management costs. Much funding has an emphasis on supporting new activity when experienced groups have difficulty in sustaining their valued service.”
- **Rest Bay Lifeguard Club:** “It is very difficult to get funding for core activities, even if these activities have grown through ongoing projects. It would be great to be able to apply for help with core funding.”
- **Welsh Scout Council:** “It is timely to review the policy on providing core funding - often more measurable because of the objectives set for professional support services for those who deliver youth work at a local level.”

- **Countryside Council for Wales:** “One of the main concerns of third sector organisations is the way funding is directed at new projects or innovative approaches and not towards core support.”

Many other organisations expressed similar sentiments. It was felt that there was too much emphasis placed on funding innovative projects, often at the expense of those with a proven track-record; leading to staff frustration and time wasted in rebranding successful projects.

Recommendation 6: The Welsh Assembly Government should review its funding criteria; with the aim of increasing core funding for established projects, whilst recognising the need to encourage innovation. This review should be completed by December 2008.

Sustainable Funding

The Assembly Government ‘Code of Practice for Funding the Voluntary Sector’ states that three-year funding should be the norm. We found that voluntary organisations broadly welcome this policy; but it has not yet been fully rolled out across the sector, with many organisations still subject to annual funding.

Some respondents felt that three years is not long enough and that five-year funding or even longer would help them to better plan their activities. The counter-argument is that longer-term funding can lead to complacency and a loss of momentum.

- **The Countryside Council for Wales:** “Organisations would appreciate more practical support in capacity building; to help them become more self-sufficient and less dependent on grants.”
- **Welsh Religious Buildings Trust:** “The Trust has commissioned a review of its fundraising activities and is developing a new and more comprehensive funding strategy.”
- **Wales Council for the Blind:** “It is urgent that cross-section funding be established and that there are opportunities for both funder and fundee to plan work realistically and sensibly. This could be achieved by more joint-working by the Divisions within the Assembly or by more flexibility or by a special pot of funding.”
- **Voluntary Action Cardiff:** “The Welsh Assembly Government should continue the ‘Grassroots Fund’ at the end of the pilot and establish it as an ongoing and reliable source of funding for marginalised communities.”
- **Llamau:** “We receive ‘Section 180’ homeless prevention funding for our mediation and housing advice work. Much of this funding is now on a 3-year cycle which gives greater flexibility to the projects.”

- **Age Concern Swansea:** “We live with this short-term structure but it is not conducive to good value, or effective support in communities. We are happy to have 3-year pilot project funding - however once a good project is in place, effective, value for money, meeting needs etc - no-one wants to fund it.”
- **Solas Cymru:** “To overcome the short term nature of many grants, a tiered approach could be introduced wherein all projects received funding as a pilot and only if successful would this funding continue for a 5 year period or greater.”
- **Wales Council for the Blind:** “Applying to 22 local authorities is not efficient and often not effective for all-Wales organisations. Sometimes it makes inadequate reference to national strategies and standards.”
- **Fairbridge Cymru:** “The decision to financially penalise organisations that do not operate across the entire nation has a detrimental effect on their ability to sustain delivery in their local or regional areas.”

The Welsh Assembly Government prefers to fund national organisations; but there are sometimes local groups that are better able to provide this service in particular areas. Conversely, there is a problem with national organisations having to apply to all 22 local authorities for funding. We consider that there should be a mechanism for such groups to apply for one funding stream, to obviate the need for multiple grant applications.

We consider that it is vital to maintain a diversity of funding streams, to cover capital and revenue expenditure. Revenue funding is often needed to support social engagement activity; getting people involved. Without this element of funding, there is a risk of inefficient use of resources; for example, newly refurbished buildings being under-utilised due to lack of staff or equipment.

We consider that there should be a clear link between strategic planning and the commissioning of services. Currently the voluntary sector invests a lot of time and effort participating in planning partnerships. There is a perception within the sector that there are too many individual sources of funding, with consequent scope for rationalisation. This would seem to be a matter for the WCVA and CVCs to examine.

Timing of grants is another issue, particularly at the beginning and end of projects. The **Gwent Association of Voluntary Organisations** argued that grants managed by local authorities, on behalf of the National Assembly, are a significant barrier to a thriving voluntary sector in Wales. The National Assembly generally gives year-on-year grant funding to bodies such as Community Safety Partnerships; but often the amount of funding is not known until well into the financial year.

We feel it is important that grant awards are made in a timely manner; to minimise the risk of losing staff due to late funding; and to facilitate strategic planning.

- **Countryside Council for Wales:** “A key principle of the Assembly Government’s Code of Practice is that grants should be payable in advance - where clear need is established. Our current approach is that we pay third sector organisations in advance if they can provide evidence of need.”
- **Age Concern Swansea:** “Timing is vital; we abide by application dates then often the results are not known when expected, throwing planning out of the window. Everyone in any organisation is driven now by time demands; it is only fair that those providing funds act responsibly. Being aware of funding application outcomes means that service delivery is not hindered and new developments to meet current needs can be considered.”
- **Fairbridge Cymru:** “The scheduling of grant rounds and the time allowance for application has been adequate to collate the required information. We would welcome prompt responses to applications, to ensure that adequate time remains towards the end of the financial year, in order to seek alternative funds. The importance of a prompt response to applications for the CVCs be recognised at all levels. It is of particular importance in the latter half of the financial year.”
- **NIACE Dysgu Cymru:** “Differing funding criteria and periods make it particularly challenging for providers to develop and implement long-term strategies. Funding is seldom available beyond an annual cycle, and delays in securing funding from year-to-year can have a number of knock on effects; not least the leakage of experienced practitioners and other staff away from the voluntary sector.”
- **BIG Lottery Fund:** “There should be an audit of current funding programmes to rationalise initiatives and standardise the funding arrangements, in line with the code of practice for funding the third sector.”

Pembrokeshire Association of Voluntary Services proposed setting up local Community Foundations and using these as a vehicle to draw in funding and investment from a variety of sources; including the Welsh Assembly Government; local government; corporate giving; and contributions from private individuals. These pooled resources would then provide flexibility to provide longer term core funding for projects with a proven track record.

We received evidence from the **Community Foundation in Wales**, which is an independent charity; established to provide a permanent source of funding for community-based projects throughout Wales. Grants are funded through donations from individuals, families, businesses, other charitable trusts, and by income from endowments. Uniquely amongst Community Foundations in the United Kingdom, the Welsh Foundation does not distribute any National Assembly or local authority grant programmes. All its grants are funded from private sources, many of which are from outside Wales.

➤ **Community Foundation in Wales:** “Drilling down to meet local needs is vital: grant programmes should ensure that they acknowledge the importance of local – and even neighbourhood – priorities and needs. Moreover, we recommend that future programmes should increasingly accommodate the need for flexibility and risk-taking and for backing people in their own neighbourhoods who show the energy, drive, commitment and determination which underpins our sector.”

“Since 1999, the Foundation, working in partnership with local and national businesses, charitable trusts and individuals, has distributed more than £3 million in grants throughout Wales. In the last financial year, we distributed £816,000 to 183 Welsh community organisations, projects and charities.”

“Collectively, the 56 Community Foundations in the United Kingdom are the fifth largest funders of voluntary organisations and community groups.”

Mark Isherwood AM visited the Greater Manchester Community Foundation and reported on his findings. The Foundation raises money from wealthy benefactors and local businesses, working through private sector ‘wealth managers’; for example, Coutts Bank. The Foundation also manages ‘flow through money’, mostly from business donations, to be spent in the donor’s name in the local community projects. Community Foundations work with local authorities and CVCs to supplement public sector funding for the third sector. The Foundation has proposed that local authorities should use Section 106 of the Town and Country Planning Act 1990 to provide a proportion (initially 5%) of ‘planning gain’ funding from private developers to third sector infrastructure projects.

Community Foundations in England not only raise money from the private sector but also distribute grants to the voluntary sector; whereas in Wales, grant allocation is managed by the WCVA and the CVCs. Another difference is that English Community Foundations have typically been in existence for twenty years or more, and so have had more time in which to develop links with wealthy donors and to build up significant endowment funds.

The Community Foundation in Wales is still developing these networks and building its resources. We were impressed by the enthusiasm of the Chair and Chief Executive of the Foundation in Wales and the potential for it to emulate the success of its counterparts in England. We consider that the Community Foundation is ideally placed to act as a gateway for community groups to access funding.

Recommendation 7: The Welsh Assembly Government should endorse and support the Community Foundation in Wales as an appropriate vehicle to steward, and maximise the value of, unclaimed assets and dormant and inactive funds from varied sources. The purpose would be for the Foundation to create endowment funds to provide a sustainable long-term, independent source of funding for the third sector; with the

added value of the Foundation leveraging in additional private sector funds (businesses, individuals and trusts) to enhance this investment in local community groups, projects and charities across Wales.

We feel that there is potential to expand the activities of the **Community Foundation in Wales**; to include distribution of funding from the National Assembly, local authorities and from the private sector to sustain existing well-proven and worthwhile community projects.

We heard from **Community Enterprise Wales (CEW)**, which is a not-for-profit organisation undertaking trading activities by providing business planning and development support to organisations in the third sector. They offer advice to help voluntary organisations become more self-sufficient.

- “To be successful in securing grant income, new social enterprises are required by funders to demonstrate how the grant will be used as investment income, and to demonstrate how they will develop income streams to become sustainable. To move an organisation from a grant mindset to a business and trading culture requires funding that is realistic and long term – the average social enterprise will take 5-7 years to become fully established and achieve acceptable levels of sustainability – you cannot plan and develop a business if funding is short term, or if service delivery is not funded at full cost recovery.
- Procurement offers opportunities for social enterprises to move to more formal contractual arrangements and become more in control of their own futures, however many have little expertise in the procurement process, may not understand how to commercially cost their service and because they have historically been viewed as voluntary organisations, are often seen as a ‘cheap option’. There are several issues that need to be addressed to ensure social enterprises are able to fully engage in procurement:
 - ❖ Tender notices on ‘Sell to Wales’ and other sites ask for evidence of delivery of contracts of a similar size and scale – how do social enterprises with no previous experience break through that barrier and gain experience.
 - ❖ Social enterprises have to demonstrate an added value that private sector organisations do not, where quality of delivery is equal, weighting should be given to organisations who demonstrate community benefit.
 - ❖ Discrimination against organisations who have previously provided ‘free’ services under a grant and donation regime needs to be addressed – there is evidence that if these organisations start to charge for their services they will cease to be referred to.
 - ❖ Size of contracts and payment arrangements still seem to be an issue despite undertakings to break down the contracts. Cash flow

for social enterprises is a major problem when securing a new contract, and delays in payments, or the need for upfront expenditure can deter management committees made up of volunteer directors from entering into contractual arrangements. CEW has managed a fund for Carmarthenshire County Council for 8 years, which provides interest free loans to ease cash flow problems to social enterprises who have secured funding which is retrospective. There is a quick turnaround process and this fund has allowed many projects to progress which otherwise would not have been completed. A similar fund for social enterprises who have secured a contract would remove the initial investment barrier many organisations face. Further development support could be offered to help with cash flow and financial planning and to establish robust management accounting systems and financial reporting.”

This may not be appropriate for every group but we feel there is potential for more third sector organisations to become less reliant on grants. The WCVA website provides practical advice and guidance to organisations that want to develop an entrepreneurial outlook to funding in order to achieve long-term financial sustainability through income diversification. This part of the site is called ‘Sustainable Funding Cymru’ - www.sustainablefundingcymru.org.uk - This should be given due prominence in the new information portal referred to at Recommendation 5.

Recommendation 8: The Welsh Assembly Government should monitor the extent to which three-year funding is becoming the norm, in accordance with the funding code of practice; and identify types of projects where longer term funding might be more appropriate. A report on this monitoring exercise should be published by March 2009.

Recommendation 9: The Welsh Assembly Government should review the various funding streams provided either directly or through its agents, to identify the scope for consolidation; and to assess whether the balance between revenue and capital funding achieves the most efficient use of resources. This review should be completed by March 2009.

Recommendation 10: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to review the means of providing funding to organisations providing an all-Wales service, to obviate the need for multiple grant applications. This review should be completed by December 2009.

Recommendation 11: The Welsh Assembly Government should review its code of practice on funding, to enable third sector organisations to plan their activities more strategically. This review should be completed by December 2009.

Local Government Funding

We received evidence from the Welsh Local Government Association (WLGA), on behalf of the 22 local authorities in Wales. Local government is not covered by the Welsh Assembly Government's policies for funding the third sector, set out in its Voluntary Sector Scheme; nor does the Assembly Government issue local authorities with policy directions regarding third sector funding. However, as one of the major funders of the third sector in Wales, local government seeks to follow many of the principles which underpin the Assembly Government's code of practice for funding.

In 2003, the WLGA and WCVA produced 'A Future Together?' - setting out guidance on how to strengthen relationships and partnership working between local authorities and the third sector. This good practice guide covered issues such as community planning, compacts, and policy agreements; and included a voluntary code of practice for funding the third sector. A copy of this guidance is at www.wlga.gov.uk

A survey carried out in 2007 by the WCVA, found that ten local authorities had a funding code of practice in place, and a further five local authorities were in the process of developing them. However, the WCVA found that these codes of practice were not applied consistently within all local authorities.

Whilst not wishing to impose a prescriptive 'one size fits all' approach, we feel that the Assembly Government should commission the WCVA to carry out an audit of local authority funding codes, to identify and disseminate good practice; and to compare them with the Assembly Government's own code of practice. Local authorities should also raise awareness of these codes amongst their own staff and their partners in the third sector.

Given that local government is a major funder and commissioner of third sector services in Wales, it is vital that its relations are underpinned by principles of partnership and good business management.

The WLGA / WCVA joint guide referred to above includes the following core aims, which we endorse:

- Early and constructive dialogue;
- Respect for the sector's independence;
- Security of funding;
- Fair funding levels;
- Payment in advance;
- Fair and reasonable treatment;

- Joint approach to monitoring and evaluation;
- Collaborative procurement; and
- Who does what best?

We are pleased to learn that the WLGA is currently undertaking a detailed review of local government relations with the third sector, and we look forward to receiving a copy of their report, in due course.

Local government provides funding to the voluntary sector in two ways; allocation of grants and procurement of services. We agree with the WCVA that local authorities should be much clearer about the purpose of their funding; and decide whether they are shopping (buying or procuring services), giving (contributing to the overall aims or mission of an organisation) or investing (focusing on a longer-term relationship of mutual interest and support).

More third sector organisations are willing to compete with those in the public and private sectors. We feel that the Assembly Government should ask local authorities to review their procedures for assessing the balance of risks, value for money and the extent to which potential providers can place the wider interests of citizens/service users at the heart of their service.

- **The Prince's Trust:** "Local authorities are criticised for wanting new and innovative ways of working with young people rather than continuing funding programmes that are shown to work."
- **Age Concern Neath Port Talbot:** "Their emphasis on capacity-building of intermediary organisations (such as CVC's) whose purpose is to provide services and support to voluntary sector organisations has significant implications for the sector - not all of which are positive."
- **Shelter Cymru:** "We receive significant funding from the Assembly Government for its network of independent specialist housing services....These services also receive funding from the Legal Services Commission and some local authorities, but it is vital that they are independent, and are seen to operate as such by clients and potential clients....In this respect, we would endorse the point made by Citizens Advice Cymru in their evidence, over the potential conflict of interest faced by local authorities commissioning in-house advice services and the capacity of these to adequately represent the interests of clients."
- **Clybiau Plant Cymru:** "The services to be commissioned should be openly available to all...If the procurement is only for some services, which involve the voluntary sector, then some kind of mechanism must be put in place, that is open and transparent to all, on what are the criteria on which decisions could be made and how the voluntary sector will be involved."

- **Bridgend Association of Voluntary Organisations:** “Concerned that procurement, tendering and commissioning will substantially replace grant giving and we would welcome clear procedures for determining when grants or procurement should/could apply.”
- **Age Concern Swansea:** “We do a full cost recovery (for which we are grateful for the support of the Assembly) and have had enormous 3-year sponsorship from Barclay Bank.”
- **Fairbridge Cymru:** “We believe that full cost recovery models should be employed where project grants are concerned, recognising that small grants make up a significant part of organisational income.”
- **Torfaen Citizens Advice Bureau:** “The biggest difficulty is the funding is rarely based on full cost recovery and does not extend to inflationary increases. Even if the project is meeting all targets and is therefore assisting to meet the core strategic objectives that underpin the scheme, organisations are obliged to subsidise the project, cut it back or end the service, in order to address the funding restraints.”

Recommendation 12: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to carry out a review of existing public sector codes of practice on funding the third sector; to identify and disseminate good practice by March 2009.

Recommendation 13: All relevant public sector organisations (including local authorities, local health boards and other statutory funding bodies) should develop and implement codes of practice for funding the third sector (both the allocation of grants and the procurement of services) by December 2009. These should ensure that procurement procedures allow the third sector to compete for contracts on a comparable basis to those in the public and private sectors; and should take account of full cost recovery. The Welsh Assembly Government should issue guidance and monitor the implementation of this recommendation.

Application Procedures

Application forms for funding are generally perceived to be poorly drafted and difficult to understand. This can discourage third sector groups from applying, waste precious staff resources, and result in organisations missing out on funding through failing to complete the forms correctly.

We consider that application forms would benefit from a plain English / Welsh audit; to reduce the amount of jargon, make the forms easier to understand and easier to complete. Several examples of good practice were drawn to our attention, including the Assembly Government’s Community Facilities and Activities Programme (CFAP) and the ‘Awards for All’ scheme run by the National Lottery.

We feel that the application process should be tailored to the size of grant applied for; so application forms for small grants should be simpler than those for larger grants. Some small organisations have only two or three staff, and so would benefit significantly from practical help in completing application forms; we feel that this support should be provided by CVCs.

Application forms should contain information on how applications are to be assessed; both in terms of criteria to be used and the likely timescale in reaching a decision. Also, the decision process should be transparent, so that unsuccessful applicants can learn how to raise their game. We suggest that a simple flow-chart illustrating the assessment process should be included with the application form.

- **Welsh Border Community Transport:** “The availability of grants for capital purchase (such as vehicles) is generally satisfactory but the work involved in applying for them can be vast.”
- **The Prince’s Trust:** “The Trust delivers a wide range of programmes and projects but finds difficulty in obtaining funds from the Welsh Assembly Government. The Trust believes that part of the problem lies in the departmentalisation of funding routes within the Assembly, where organisations have to fit neatly into grant schemes or not obtain funding at all. This can create problems when dealing with issues that span several ministerial portfolios.”
- **Countryside Council for Wales (CCW):** “More support could be given to third sector organisations in preparing complex bids which draw down funds from several sources. CCW is seeking a third option for collaborative funding of partner organisations that is mid-way between a grant arrangement and a competitive tender (which restricts the ability to develop meaningful partnerships and share capacity).”
- **Girlguiding Cymru:** “Our youth workers are all volunteers, as are our trainers, advisers and executives. It therefore means that their first commitment is to the young person rather than to the completion of application forms, especially when the time they are able to offer to Guiding is limited by full-time employment and family obligations etc. Whilst we are experts in completing our own forms, we do not always find it easy to supply the required information in a timely manner.”
- **Solas Cymru:** “Solas believes it has become increasingly difficult to access funding from statutory sources, not excluding Welsh Assembly Government, due to feedback which suggests that there is increasing competition from paid professionals and consultants, applying successfully for funding on behalf of sometimes National Charities.”
- **Wales Environment Link:** “The level of work required by voluntary organisations to submit an application for funds is increasing; therefore there is a high risk that delivery capacity of organisations will be adversely affected if they are not successful.”

- **All Wales Ethnic Minority Association:** “There is a lack of capacity or depth of understanding different concepts or jargon when completing funding application forms. We recommend that human and financial resources are made available to an umbrella organisation which provides dedicated support to race equality organisations when they are preparing and completing funding applications.”

Recommendation 14: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to review:

- **All application forms, to ensure that the language is clear and easy to understand, with a minimum use of jargon.**
- **Application procedures, with a view to tailoring the process to the size of grant applied for, and also to reducing bureaucracy by making use of information already supplied. For example, applications to renew a grant should need to include only changes that had occurred since the original application.**
- **All application forms to ensure that they contain information on how applications are to be processed; for example, assessment criteria, time until a decision will be made, and a simple flowchart illustrating the whole application process. It is important that the application process is transparent, with an opportunity for feedback.**

These reviews should be completed by March 2009.

European Union Structural Funds

We found widespread concern that delay in awarding European Union grant funding in the current round is jeopardising third sector projects. We consider that the Welsh Assembly Government, via the Welsh European Funding Office, should do more to expedite this process, facilitate continuity of funding and keep the sector better informed of progress and current activity.

Pembrokeshire Association of Voluntary Services contrasted the difficulty of obtaining funding through the European Union Convergence Programme with the relative simplicity of accessing funding from the Community Facilities and Activities Programme.

Recommendation 15: The Welsh Assembly Government should publish information on the availability and allocation of European Union funding regularly; this should be disseminated via the Welsh European Funding Office and the web-based information portal. This information should be published quarterly, starting in August 2008.

Recommendation 16: The Welsh European Funding Office should establish an advice centre to assist third sector organisations in their applications for European Union funding. This should be established by March 2009.

Dormant Accounts Scheme

We are not calling for additional funding to be allocated to the third sector from the National Assembly budget. At the start of this report, we acknowledge the significant increase in funding for the third sector provided by the Assembly Government over recent years. However, the Dormant Accounts Scheme offers an opportunity to inject more financial support into the third sector, at no additional cost to the Assembly Government.

HM Treasury has prepared the Dormant Bank and Building Society Bill, which has just begun its passage through Parliament. The Dormant Accounts Bill will set the framework for a scheme under which money in dormant bank and building society accounts can be distributed for the benefit of the community for social or environmental purposes, whilst ensuring the right of owners to reclaim their money is protected.

The Bill will:

- Establish a framework for the scheme;
- Define a dormant bank account;
- Name the Big Lottery Fund as the distributor of funds;
- Require the Big Lottery Fund to distribute money for social and environmental purposes;
- Give Welsh Ministers the power to set more detailed spending purposes for distribution of the funding in Wales;
- Allow the Secretary of State to set out the apportionment of the dormant account money; and
- Retain the right of owners to reclaim their money at any time.

Recommendation 17: When the Dormant Accounts Scheme has been established, the Welsh Assembly Government should ensure that Wales receives an appropriate share and that a significant amount is directed towards the third sector.

Lottery Funding

We received presentations from four distributors of National Lottery funding; the **BIG Lottery Fund**, **Heritage Lottery Fund**, **Arts Council of Wales and Sports Council for Wales**. Matters related to the National Lottery are not fully devolved. But the Welsh Assembly Government issues policy directions, setting the strategic outcomes required.

The **BIG Lottery Fund** distributes about £50 million each year in Wales to the third sector; and will distribute funds from the Dormant Accounts Scheme.

The **Heritage Lottery Fund** distributed about £20 million in Wales in 2006-07.

The **Arts Council of Wales** distributed some £26 million to the third sector in 2005-06 (last year for which figures are available).

The **Sports Council for Wales** distributed some £14 million to the third sector in 2005-06.

Lottery funding in Wales will reduce by about £8 million per year as a result of the United Kingdom government's decision to allocate £2.2 billion of National Lottery money to the 2012 Olympic Games.

Rhodri Glyn Thomas AM, the Assembly Minister for Heritage has made representations to his counterpart in Westminster, urging him to resist any further reduction in lottery funding in Wales. The Committee endorses this position.

- **BIG Lottery Fund:** “The arrangements for agreeing policy directions between the Welsh Assembly Government and BIG provide a good balance between public accountability and the flexibility to respond to community needs. It is commended as a model for other non-departmental bodies.”
- “BIG’s outcomes approach to funding provides a robust basis for assessment and active management of projects. It includes a range of flexible models for delivering grant aid, combined with effective support measures for applicants. Recent legislation has enabled us to deliver funding programmes for other organisations and we would welcome the opportunity to discuss how our expertise can contribute to the Welsh Assembly Government’s proposals for improving funding arrangements for the third sector.”
- “There is a need for a cohesive response from all funders of the third sector to streamline and simplify their programmes and procedures. As part of our remit to promote good practice in grant funding, we would welcome the opportunity to discuss how this might be achieved with the Welsh Assembly Government and other third sector funders.”

The Committee welcomes this constructive approach and considers that the Assembly Government should accept this offer to discuss simplification of procedures and dissemination of good practice.

Recommendation 18: The Welsh Assembly Government should hold discussions with the BIG Lottery and other National Lottery distributors; with a view to learning from them how to simplify funding procedures and disseminate good practice. These discussions should be held by December 2008.

Dialogue between the Third Sector and Funding Bodies

We learnt that third sector organisations having direct contact with Assembly Government officials are generally very satisfied with the service they receive from individual departments. But due to normal staff turnover, they often have to build new relationships from scratch. Similar issues apply to dialogue with local authorities, WCVA, CVCs and local health boards.

Some third sector organisations, particularly the smaller ones, feel that they do not have sufficient opportunities to be represented through networks and umbrella bodies.

We consider that national and local government should review procedures to maintain a consistent level of service in their dealings with the third sector; with knowledge being shared with colleagues when members of staff dealing with third sector groups leave, for whatever reason.

- **Girlguiding Cymru:** “In our 100 year history, we have developed administrative areas tailored to Guiding's specific needs. These may be geographical or traditional (e.g. along road, railways or grouped around parishes or diocese). Although we work hard to ensure that we are involved in partnerships; sharing one local authority with three Guiding Commissioners (Powys) or covering five local authorities with one Guiding Commissioner (Gwent), we sometimes find it difficult to provide all the information required within the timeframe allotted.”
- **Shelter Cymru:** “Multiple funders can cause problems; including, differing aims or priorities of funders, multiple reporting requirements and accountability.”
- **Chwarae Teg:** “The lack of clear communication with the voluntary sector has created further difficulties in forward planning. The sector needs to be involved at the very heart of these decisions.”
- **Merched y Wawr:** “As an organisation, we would appreciate local meetings that promote funding sources that become available by the Welsh Assembly Government. We believe that it is better to have direct contact with the main funding body, rather than an intermediary organisation such as the Wales Council for Voluntary Action, to act as an agent administering the funding. We ask you not to neglect mid and

north Wales, as it is easy to do this from the perspective that there are so many more resources and funding opportunities available in south Wales.”

- **National Federation of Women’s Institutes - Wales:** “NFWI-Wales has had problems in trying to establish any meaningful communication with the Divisions within the Assembly. As previously mentioned, as an organisation that deals with a diverse range of issues, NFWI-Wales does not fit neatly into any one Division and as a result the organisation is constantly overlooked and passed around. If a relationship is established with a Division, experience tells us that this is short-lived as personnel are moved around, without notice to the organisations that they have been dealing with; and consequently communication breaks down and files and paperwork are lost leading to the loss of knowledge, rapport and ultimately funding.”

Recommendation 19: The Welsh Assembly Government should review its staff procedures to maintain accessible channels of communication between relevant departments and the third sector; for example, to ensure that knowledge of contacts and background is shared when relevant officials leave or take up a new post. This applies also to the Wales Council for Voluntary Action, County Voluntary Councils, local authorities and local health boards. This review should be completed by January 2009.

Equality Issues

A number of matters were brought to our attention during the inquiry, which can be broadly classified as equality issues. These include issues of ethnicity, gender, sexual orientation, age and religion.

We heard a plea from **Stonewall Cymru**, the only organisation championing the needs of lesbian, gay and bisexual people, that they would appreciate a platform for discussing their specific needs with funding bodies; with a view to mainstreaming these issues in the application process.

We learnt that some ethnic minority groups feel that there is often a lack of understanding of their specific needs, when applying for funding; leading them to try harder to get their views across, which can sometimes be misinterpreted as being too aggressive and so counter-productive.

- **The All Wales Ethnic Minority Association:** “We ask that human and financial resources are made available to an umbrella organisation which provides dedicated support to race equality organisations when they are preparing and completing funding applications.”

- **The Wales Council for the Blind:** “The place of work on equality issues and on rights and entitlements has not yet been properly seated in Assembly funding. Through the National Assembly’s Voluntary Sector Partnership Council, requests have been made for an open and transparent grant scheme for work in this area. So far this has resulted in the excellent Disadvantaged Groups scheme but this travels through local authorities so fulfils only a part of the need.”
- **The National Federation of Women’s Institutes – Wales** in their evidence referred to previous concerns about the funding of women’s organisations.
- “In addition, other concerns include funding for women’s organisations, effective communication and complying with 'constraints or conditions placed on funding'. In 2004, the last time NFWI-Wales lost its core grant the organisation raised its concerns about funding for women’s organisations generally. **The Minister for Social Justice and Regeneration** at that time said that NFWI-Wales was right to raise the issue and agreed that women fared badly in terms of funding and would be addressing this issue following a review of voluntary sector funding.”
- “In the plenary session of 19 May 2004 in answer to a question given by **Helen Mary Jones AM** seeking assurance that all Assembly funding streams to the voluntary sector will be monitored for their impact on gender and other equality issues, **the Minister replied** "I am delighted to give you that assurance and I am grateful that you raised these matters. There are issues about organisations that we need to look at and I will take this into account when I draft new guidelines on distribution.”
- “WCVA also agreed to raise the issue of gender during the review after also admitting that funding for women’s organisations was difficult. However, gender was overlooked again and three years down the line NFWI-Wales has lost all its core funding and the situation appears to be getting worse for women’s organisations generally.”
- “Whilst NFWI-Wales is pleased to note that the Communities and Culture Committee will be 'examining gender budgeting issues with regard to such funding' as part of this review there are still concerns that funding for women’s organisations is not easily available or accessible.”

Gender budgeting, which is also an equality issue, is dealt with later in the section on monitoring and evaluation.

Recommendation 20: The Welsh Assembly Government should ensure that third sector organisations, including the Wales Council for Voluntary Action, are aware of the Assembly Government’s Code of Practice on Complaints.

Recommendation 21: The Welsh Assembly Government should hold regular equality training sessions for members of staff responsible for communicating with and supporting third sector organisations.

Bilingual Issues

We learnt that some third sector organisations that prefer to work through the medium of Welsh sometimes experience problems in being able to communicate with funding bodies in their preferred language. Also, other groups require more practical support in trying to operate bilingually. Some examples are given below.

- **Merched y Wawr:** “As a voluntary organisation that works through the medium of Welsh we often find it difficult to discuss our needs or worries with someone through the medium of Welsh - there are many discrepancies...we would ask the committee to ensure fairness for both the Welsh and English languages and that both are treated equally in the process of grant applications.”
- **Clubs for Young People Wales (CYP Wales):** “Considering that CYP Wales has the second largest number of young people involvement, most of its members are non-Welsh speaking yet we receive no specific funding to engage bilingually with our members. For example, I applied for £750 from the Welsh Language Board to translate and produce a Welsh version of our main purpose leaflet and received £25; CYP Wales is committed to a total bilingual policy within four years. Support is essential.”

We feel strongly that there should be no barriers to third sector groups wishing to apply for funding through the medium of Welsh. But first there should be an assessment of the scale of the problem.

Recommendation 22: The Welsh Assembly Government should collate statistics on the number of grant applications processed through the medium of Welsh, both by its own staff and external agencies; and ensure that sufficient resources are allocated to meet anticipated future demand; including staff recruitment and training. This review should be completed to allow sufficient funding to be allocated in the next National Assembly budget round.

Monitoring and Evaluation

We consider that monitoring and evaluation of the performance of third sector organisations is important in ensuring that resources are used effectively.

However, there is a perception that the process is too bureaucratic and is not necessarily measuring the correct parameters. We are encouraged that the Welsh Assembly Government is moving towards outcome based monitoring and evaluation.

We feel that monitoring and evaluation should be appropriate to the size of the organisation and the funding expended; and the process should be transparent. Decision letters should give clear reasons for the outcome of an application. In addition, monitoring and evaluation programmes should investigate any systemic bias in funding allocated to groups catering mainly for men or mainly for women.

- **Welsh Scout Council:** “Scouting welcomes the approach to reporting the outcomes of funding and monitoring progress on an approved project. Our experience is that the support and advice given has been excellent during and following the submission of the monitoring reports.”
- **Countryside Council for Wales:** “CCW has traditionally approached post-payment grant monitoring. We are often constrained by the need to measure physical outputs or the costs incurred, as per the project plan; whether the infrastructure is still in place rather than whether it is being regularly used, and how people may benefit.”
- **Fairbridge Cymru:** “In some instances the inflexible nature of grant schemes has meant that additional work has needed to be carried out to ensure enough signed documents are secured or enough boxes are ticked to avoid reduction of grant monies. There is a need to ensure that the nature of the beneficiary groups is taken into account during the monitoring of grants and contracts. The requirements for monitoring of work should reflect the sums allocated and be proportionate to the capabilities of the receiving organisation; the work involved in monitoring should not reduce the capacity of the delivery organisation.”
- **Royal National Institute for the Blind:** “Monitoring thus far (particularly equalities monitoring) has been process-driven and assessed by volume, and not necessarily outcome, of actions. The implementation/outcome gap is an issue across the public sector. Clear evidenced based evaluation methods need to be devised and operated jointly by both the public and voluntary sector. The additional costs of effective monitoring should be factored into budgets.”

Recommendation 23: The Welsh Assembly Government should review monitoring and evaluation procedures; with the objective of making them more appropriate to the size of grant and more focused on measuring outcomes rather than activity. The review should be completed and revised guidance issued by December 2009.

Gender Budgeting

There is a risk in policy making that it is assumed that initiatives affect everyone equally; that such initiatives are 'gender neutral'. However, in reality those initiatives may affect different genders in different ways.

A way of avoiding such 'gender blindness' when applying budgets to policies is to apply gender budgeting. This approach does not aim to apply separate funding streams for men and women; rather, it is a process of analysing allocation in order to assess the impact and implications of policies on both sexes.

For example, if applying free public transport policy, gender budgeting would consider the impact of factors such as the difference between genders in holding driving licences, the different propensities to use public transport, or different commuting patterns, as determined by the differences between men and women in their working lives.

Hence, the gender budgeting process enables us to see the extent to which the different needs of men, women, boys and girls are being met; and whether the policy aims are being appropriately targeted.

We were disappointed that so few respondents commented on this issue.

- **Welsh Scout Council:** "There should be no distinction today in voluntary organisations. Scouting welcomes boys and girls from six years old and they are helped to develop their full physical, intellectual, social and spiritual potentials regardless of gender. Similarly, leaders are both female and male and gain a variety of skills through undertaking the adult training scheme."
- **Chwarae Teg:** "We welcome the inclusion of gender budgeting in the enquiry. We suggest that all funding allocations require evidence of differential benefits in both application and outcome (at minimum beneficiary assessments. For example, the Department for Enterprise, Innovation and Networks provided £19,611,622 funding to the voluntary sector in Wales in 2005/6 (WCVA paper to committee). It is not known how many women benefited or what qualitative difference to their lives they derived from this budget."
- **Sports Council for Wales:** "There is also differentiation in terms of gender: 15% of men in Wales belong to a club, compared to only 9% of women. This gender gap does, however, differ widely by local authority: Carmarthenshire, for example, has a gender gap of only 2 percentage points, and has the highest rate of female club membership in Wales (14%). Torfaen, which also records higher than average membership overall, has a much larger gender gap: 20% of adult males are members of a sports club, compared with 8% of females."

"Comparable to the Sports Council's survey data, National Governing Bodies (NGB) club membership also shows differentiation in terms of

gender. Disaggregating total NGB club membership, the majority of club members are senior men (51%), followed by 30% of members being junior boys. Only 19% of women and girls are members of a NGB sports club (11% senior women, 8% junior girls). The gender profile of NGB sports clubs is predominantly male.”

Recommendation 24: The Welsh Assembly Government, local authorities and other funding bodies should include ‘gender budgeting’ as a specific issue in their codes of practice and in their monitoring procedures. This should be achieved by March 2009.

Marketing and Branding

The ultimate source of funding for the third sector is not always apparent; leading to misconceptions as to who is funding what – and why. We found that even those working within the sector were sometimes unaware of the source of their particular grant.

In addition to improving access to information on sources of funding for those seeking it, dealt with earlier in this report, we feel it would be helpful if the Welsh Assembly Government conducted a review of the marketing and branding of third sector funding. The purpose would be to make the general public more aware of the funding provided to the sector by national and local government, the European Union and other funding bodies; and also to publicise the benefits resulting from this funding.

Recommendation 25: The Welsh Assembly Government should review the marketing and branding of third sector funding; and produce a strategy to raise public awareness of the source, allocation and outcomes of such funding. This strategy should be produced by January 2010.

7. Recommendations

Recommendation 1: The Welsh Assembly Government, local authorities and other public bodies should treat the third sector as a strategic partner, when planning, commissioning and delivering public services.

Recommendation 2: The Wales Council for Voluntary Action should review existing procedures for monitoring the performance of County Voluntary Councils; to include both quantitative and qualitative measures. The Wales Council for Voluntary Action should then review the performance of County Voluntary Councils against these criteria on a rolling programme. The review should be completed by April 2010.

Recommendation 3: County Voluntary Councils should review their arrangements for publicising their services; with a view to developing links with smaller organisations and providing practical support; for example, in helping to complete application forms. This review should be completed by March 2009.

Recommendation 4: The Welsh Assembly Government should sponsor four pilot projects in rural and urban areas, possibly using County Voluntary Councils, to provide training and practical support to help smaller organisations become more self-sufficient. The private sector should be encouraged to help; either by providing sponsorship or lending staff with specific skills for short-term secondments. The first two pilot projects should be up and running by March 2009.

Recommendation 5: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to develop and maintain a central portal providing information on funding; to include a searchable database of funding streams; including advice on applying for grants and how to become more self-sufficient by identifying opportunities to diversify funding. This portal should be web-based and well publicised; with links to local authorities, County Voluntary Councils and private sector organisations. This portal should be operational by March 2009.

Recommendation 6: The Welsh Assembly Government should review its funding criteria; with the aim of increasing core funding for established projects, whilst recognising the need to encourage innovation. This review should be completed by December 2008.

Recommendation 7: The Welsh Assembly Government should endorse and support the Community Foundation in Wales as an appropriate vehicle to steward, and maximise the value of, unclaimed assets and dormant and inactive funds from varied sources. The purpose would be for the Foundation to create endowment funds to provide a sustainable long-term, independent source of funding for the third sector; with the added value of the Foundation leveraging in additional private sector funds (businesses, individuals and trusts) to enhance this investment in local community groups, projects and charities across Wales.

Recommendation 8: The Welsh Assembly Government should monitor the extent to which three-year funding is becoming the norm, in accordance with the funding code of practice; and identify types of projects where longer term funding might be more appropriate. A report on this monitoring exercise should be published by March 2009.

Recommendation 9: The Welsh Assembly Government should review the various funding streams provided either directly or through its agents, to identify the scope for consolidation; and to assess whether the balance between revenue and capital funding achieves the most efficient use of resources. This review should be completed by March 2009.

Recommendation 10: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to review the means of providing funding to organisations providing an all-Wales service, to obviate the need for multiple grant applications. This review should be completed by December 2009.

Recommendation 11: The Welsh Assembly Government should review its code of practice on funding, to enable third sector organisations to plan their activities more strategically. This review should be completed by December 2009.

Recommendation 12: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to carry out a review of existing public sector codes of practice on funding the third sector; to identify and disseminate good practice by March 2009.

Recommendation 13: All relevant public sector organisations (including local authorities, local health boards and other statutory funding bodies) should develop and implement codes of practice for funding the third sector (both the allocation of grants and the procurement of services) by December 2009. These should ensure that procurement procedures allow the third sector to compete for contracts on a comparable basis to those in the public and private sectors; and should take account of full cost recovery. The Welsh Assembly Government should issue guidance and monitor the implementation of this recommendation.

Recommendation 14: The Welsh Assembly Government should commission the Wales Council for Voluntary Action to review:

- All application forms, to ensure that the language is clear and easy to understand, with a minimum use of jargon.
- Application procedures, with a view to tailoring the process to the size of grant applied for, and also to reducing bureaucracy by making use of information already supplied. For example, applications to renew a grant should need to include only changes that had occurred since the original application.

- All application forms to ensure that they contain information on how applications are to be processed; for example, assessment criteria, time until a decision will be made, and a simple flowchart illustrating the whole application process. It is important that the application process is transparent, with an opportunity for feedback.

These reviews should be completed by March 2009.

Recommendation 15: The Welsh Assembly Government should publish information on the availability and allocation of European Union funding regularly; this should be disseminated via the Welsh European Funding Office and the web-based information portal. This information should be published quarterly, starting in August 2008.

Recommendation 16: The Welsh European Funding Office should establish an advice centre to assist third sector organisations in their applications for European Union funding. This should be established by March 2009.

Recommendation 17: When the Dormant Accounts Scheme has been established, the Welsh Assembly Government should ensure that Wales receives an appropriate share and that a significant amount is directed towards the third sector.

Recommendation 18: The Welsh Assembly Government should hold discussions with the BIG Lottery and other National Lottery distributors; with a view to learning from them how to simplify funding procedures and disseminate good practice. These discussions should be held by December 2008.

Recommendation 19: The Welsh Assembly Government should review its staff procedures to maintain accessible channels of communication between relevant departments and the third sector; for example, to ensure that knowledge of contacts and background is shared when relevant officials leave or take up a new post. This applies also to the Wales Council for Voluntary Action, County Voluntary Councils, local authorities and local health boards. This review should be completed by January 2009.

Recommendation 20: The Welsh Assembly Government should ensure that third sector organisations, including the Wales Council for Voluntary Action, are aware of the Assembly Government's Code of Practice on Complaints.

Recommendation 21: The Welsh Assembly Government should hold regular equality training sessions for members of staff responsible for communicating with and supporting third sector organisations.

Recommendation 22: The Welsh Assembly Government should collate statistics on the number of grant applications processed through the medium of Welsh, both by its own staff and external agencies; and ensure that sufficient resources are allocated to meet anticipated future demand; including

staff recruitment and training. This review should be completed to allow sufficient funding to be allocated in the next National Assembly budget round.

Recommendation 23: The Welsh Assembly Government should review monitoring and evaluation procedures; with the objective of making them more appropriate to the size of grant and more focused on measuring outcomes rather than activity. The review should be completed and revised guidance issued by December 2009.

Recommendation 24: The Welsh Assembly Government, local authorities and other funding bodies should include 'gender budgeting' as a specific issue in their codes of practice and in their monitoring procedures. This should be achieved by March 2009.

Recommendation 25: The Welsh Assembly Government should review the marketing and branding of third sector funding; and produce a strategy to raise public awareness of the source, allocation and outcomes of such funding. This strategy should be produced by January 2010.

Organisations and individuals who gave evidence in person to the Committee

10 October 2007

<ul style="list-style-type: none"> • Dr Brian Gibbons, Minister for Social Justice and Local Government • Leighton Andrews, Deputy Minister for Regeneration • Dr Caroline Turner, Director of Communities Directorate • Peter Owen, Head of Voluntary Sector Team 	Welsh Assembly Government
<ul style="list-style-type: none"> • Graham Benfield, Chief Executive • Andrea Powell, Funding Advice Co-ordinator 	Welsh Council for Voluntary Action

24 October 2007

<ul style="list-style-type: none"> • Tegwen Morris, National Director • Mary Price, National President 	Merched y Wawr
<ul style="list-style-type: none"> • Dave Evans, Chief Executive • Joff Carroll, Director of Finance 	Clubs for Young People
<ul style="list-style-type: none"> • Sarah Stone, Head of Public Affairs, Age Concern Wales • Rachael Rowlands, Director, Age Concern Morgannwg • Jane Reeks, Assistant Director, Age Concern Wales 	Age Concern Cymru

7 November 2007

<ul style="list-style-type: none"> • Huw Jones, Chief Executive • Philip Carling, Chair 	Sports Council for Wales
<ul style="list-style-type: none"> • Peter Tyndall, Chief Executive • Professor Dai Smith, Chair 	Arts Council for Wales

<ul style="list-style-type: none"> • Rhian Connick, Head of National Federation of Women's Institutes Wales • Marylyn Haines Evans, Chair of the Federations of Wales Committee 	National Federation of Women's Institutes
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14 November 2007

<ul style="list-style-type: none"> • Rhodri Glyn Thomas, Minister for Heritage • John Howells, Director - Culture • Jonathan Jones, Director Tourism & Marketing • Jeff Jenkins, Head of Corporate Services, CADW • Sian Andrews, Business Unit - Heritage 	Welsh Assembly Government
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21 November 2007

<ul style="list-style-type: none"> • Alun Gruffudd, Public Affairs Officer • Alan Chesters, Consultancy Services Manager 	Citizens Advice Cymru
<ul style="list-style-type: none"> • Joy Kent, Director of Cymorth • Barry Gallagher, Chair of Cymorth and Chief Executive of Drive • Adrian Roper, Cymorth Member and Chief Executive of Cartrefi Cymru • Frances Beecher, Chief Executive, Llamau and past chair of Cymorth Cymru 	Cymorth Cymru
<ul style="list-style-type: none"> • Steve Thomas, Chief Executive • Daniel Hurford, Interim Head of Policy (Improvement and Governance) 	Welsh Local Government Association

12 December 2007

<ul style="list-style-type: none">• Peter Short, Regional Officer	Wales TUC
<ul style="list-style-type: none">• Dan Clayton-Jones, Chair of the Wales Committee• Jennifer Stewart, Manager for Wales	Heritage Lottery Fund
<ul style="list-style-type: none">• Huw Vaughan Thomas, Chair of the Wales Committee• Ceri Doyle, Director for Wales	Big Lottery Fund

23 January 2008

<ul style="list-style-type: none">• Jennifer Render, Director• Simon James, Assistant Director	Gwent Association of Voluntary Organisations
<ul style="list-style-type: none">• Sue Leonard, Director/Senior Training Officer• Lorna Unwin, Funding Development Officer	Pembrokeshire Association of Voluntary Services
<ul style="list-style-type: none">• Shannon Robinson, Chief Executive Officer	Community Enterprise Wales

6 February 2008

<ul style="list-style-type: none">• Liz Morgan, Director	Stonewall Cymru
<ul style="list-style-type: none">• Maria Constanza Mesa, Acting Director• Manjit Mahil, Information and Communications Officer	Black Voluntary Sector Network Wales
<ul style="list-style-type: none">• Roy Norris, Wales Manager	Institute of Fundraising Cymru

16 April

<ul style="list-style-type: none">• Kim Brook, Chair• Liza Kellet, Chief Executive	Community Foundation in Wales
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Schedule of Committee Papers

Date	Name of Organisation	Paper Reference Number	Transcript Paragraph Reference
10 October 2007	Welsh Assembly Government, Minister for Social Justice and Local Government and Deputy Minister for Regeneration	CC(3)-03-07 (p1)	7-96
10 October 2007	Welsh Council for Voluntary Action Written	CC(3)-03-07 (p2)	97-172
24 October 2007	Merched y Wawr	CC(3)-04-07 (p1)	3-86
24 October 2007	Clubs for Young People	CC(3)-04-07 (p2)	87-176
24 October 2007	Age Concern Cymru	CC(3)-04-07 (p3)	177-233
7 November 2007	Sports Council for Wales	CC(3)-05-07 (p1)	3-73
7 November 2007	Arts Council of Wales	CC(3)-05-07 (p2)	75-144
7 November 2007	National Federation of Women's Institute	CC(3)-05-07 (p3)	146-206
14 November 2007	Welsh Assembly Government, Minister for Heritage	CC(3)-06-07 (p1)	3-69
21 November 2007	Citizens Advice Cymru. Written Paper	CC(3)-07-07 (p1)	4-54
21 November 2007	Cymorth Cymru	CC(3)-07-07 (p2)	55-111
21 November 2007	Welsh Local Government Association	CC(3)-07-07 (p3)	112-160
12 December 2007	Wales TUC	CC(3)-09-07 (p1)	2-48
12 December 2007	Heritage Lottery Fund	CC(3)-09-07 (p2)	49-109
12 December 2007	Big Lottery Fund	CC(3)-09-07 (p3)	110-157
23 January 2008	Gwent Association of Voluntary Organisations paper	CC(3)-01-08 (p1)	5-57
23 January 2008	Pembrokeshire Association of Voluntary Services	CC(3)-01-08 (p2)	64-148
23 January 2008	Community Enterprise Wales	CC(3)-01-08 (p3)	149-187
6 February 2008	Stonewall Cymru	CC(3)-02-08 (p1)	5-39
6 February 2008	Black Voluntary Sector	CC(3)-02-08 (p2)	40-111

6 February 2008	Institute of Fundraising Cymru	CC(3)-02-08 (p3)	112-163
16 April 2008	Community Foundation in Wales	CC(3)-06-08 (p4)	134-198

Copies of all papers and transcripts can be found at:
[Assembly | Busnes | Communities and Culture Committee](#)

Respondents to the Call for Written Evidence

Age Concern Neath Port Talbot
Age Concern Swansea
All Wales Ethnic Minority Association
Black Environment Network
Brecknock and Radnor Crossroads
Bridgend Association of Voluntary Organisations (BAVO)
British Heart Foundation
Ceredigion Association of Voluntary Organisations
Chwarae Teg
Clybiau Plant Cymru Kids' Clubs
Crossroads – Caring for Carers
CWVYS – Council for Wales Voluntary Youth Services
Cyfanfyd
David Salter
Fairbridge Cymru
Farm Crisis Network
Girlguiding Cymru
Groundwork Wales
Kenfig Hill, Pyle and Cornelly Youth (KPC Youth)
Llamau
NIACE Dysgu Cymru
Rest Bay Lifeguard Club
RNIB
Shelter Cymru
SOLAS – Cymru
The Countryside Council for Wales (CCW)
The Federation of Museums & Art Galleries of Wales
The Prince's Trust Cymru
The Society for the Prevention of Solvent and Volatile Substance Abuse
The Welsh Scout Council
Torfaen Citizens Advice Bureau
Voluntary Action Cardiff
Wales Council for the Blind
Wales Environment Link
Welsh Border Community Transport
Welsh Religious Buildings Trust

Please note that the above list does not include any organisations or individuals who indicated they did not wish their details to be published.