



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cymunedau a Diwylliant
The Communities and Culture Committee**

Dydd Mercher, 23 Ionawr 2008

Wednesday, 23 January 2008

Cynnwys
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Inquiry into the Funding of Voluntary Sector Organisations in Wales

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg. Mae hon yn fersiwn ddrafft o'r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included. This is a draft version of the record. The final version will be published within five working days.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Janice Gregory	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Lesley Griffiths	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
David Lloyd	Plaid Cymru The Party of Wales
Lynne Neagle	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Simon James	Cyfarwyddwr Cynorthwyol, Cymdeithas Mudiadau Gwirfoddol Gwent Assistant Director, Gwent Association of Voluntary Organisations
Sue Leonard	Cyfarwyddwr/Uwch Swyddog Hyfforddiant, Cymdeithas Gwasanaethau Gwirfoddol Sir Benfro Director/Senior Training Officer, Pembrokeshire Association of Voluntary Services
Jennifer Render	Cyfarwyddwr, Cymdeithas Mudiadau Gwirfoddol Gwent Director, Gwent Association of Voluntary Organisations
Shannon Robinson	Prif Swyddog Gweithredol, Menter Gymunedol Cymru Chief Executive Officer, Community Enterprise Wales
Lorna Unwin	Swyddog Datblygu Cyllid, Cymdeithas Gwasanaethau Gwirfoddol Sir Benfro Funding Development Officer, Pembrokeshire Association of Voluntary Services

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Sarah Bartlett	Clerc Clerk
Claire Morris	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.04 a.m.
The meeting began at 9.04 a.m.

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introduction, Apologies, Substitutions and Declarations of Interest**

[1] **Janice Gregory:** Good morning, everyone, and welcome to the Communities and Culture Committee.

[2] I will make some housekeeping announcements now that we are all present. I understand that there is no fire drill today. So, if the fire alarm sounds, we will be required to leave the building in an orderly and safe fashion, following the instructions given by the ushers.

[3] For anyone who will need simultaneous translation, the equipment is in front of you. The translation is on channel 1, which is accessed by pressing the ‘On/Off’ button; the volume control is on the side. The headset can also be used to amplify the sound. There will be no break today, so we intend to finish by 11 a.m.. I welcome Claire Morris, who has kindly agreed to act as deputy clerk today, with Sarah Bartlett acting as clerk because Chris Reading is away on business.

[4] I thank Nerys, Paul, Lesley and Dai for agreeing to undertake the rapporteur visits—although Lesley and Dai are not here at the moment. If you could send a note to Sarah, that would be most helpful.

9.05 a.m.

**Ymchwiliad i Gyllido Sefydliadau yn y Sector Gwirfoddol yng Nghymru
Inquiry into the Funding of Voluntary Sector Organisations in Wales**

[5] **Janice Gregory:** Today we continue our inquiry into the funding of voluntary organisations in Wales, and I am delighted to welcome witnesses from the Gwent Association of Voluntary Organisations, or GAVO. Thank you for taking the time to come to committee today. Your submission is important, and will form part of our inquiry. Thank you also for providing the paper for Members to see before the meeting. I understand that you do not want to make a preamble, or a presentation on the paper, and that you are happy to go straight into questions. We appreciate that. I should introduce the GAVO representatives: Jennifer Render, the director, and Simon James, the assistant director.

[6] The first questions are from Peter Black.

[7] **Peter Black:** Thank you, Chair. I welcome the witnesses. Could you expand on the statement in your paper that local compacts are considered to be generally ineffective? How might they be improved and better applied?

[8] **Mr James:** Speaking from a Monmouthshire perspective, I have been in post for three years, and I do not think that I have heard the compacts referred to outside the voluntary sector liaison partnership in any way, shape or form. When we speak to colleagues at the council about the reasons for certain things not being implemented, it is usually for a very good reason. As we outline in the paper, generally speaking, if the council finds out about its level of funding at short notice, and then needs to make a decision about what to spend the money on, that usually ends up with the decision being based on which voluntary organisations they can afford to fund—so, somebody has to take the fall, in effect.

[9] From my point of view, the compacts sit outside the council system. Unless it is within the council system, whether as part of the scrutiny process, or whatever, then it never becomes a priority, and it is difficult to implement.

[10] **Ms Render:** We cover a larger area than most, so we see different experiences. For example, Caerphilly has an excellent compact—all parties are involved, and funding is discussed. Elsewhere, compacts seem to have been placed on the back burner; we have not met Blaenau Gwent for about two years, and we are just getting a new compact together with that council. However, Newport City Council has a less chequered history, if you like. On one occasion, when Newport council had not set a budget by the beginning of the financial year, it honoured the commitment in its compact to give three months' notice before ending funding to voluntary organisations. Newport honoured that three-month period while the budget was set, and, for many of us, that provided a great deal of comfort, because otherwise, on 31 March, we would not have known what the funding situation was for April, and whether any money would be available. So, the council honoured that commitment, and it was greatly appreciated.

[11] It all depends on the extent to which local compacts are looked at in the area. Some authorities are very good—Caerphilly being a brilliant example. Perhaps it is about how much pressure is brought to bear on local councils, telling them that compacts are a good idea, and that they enable us to work together as in the Caerphilly model. That is my opinion.

[12] **Mr James:** We are probably looking at the traditional voluntary sector liaison partnership becoming a thing of the past, and therefore, we must ask what will replace it. For us in Monmouthshire, it is likely to be that one of the scrutiny committees will have a responsibility to overview the voluntary sector. If we make that part of the compact, that will suit us very well, because it will come within the council system, and will not be something that we will have to push—it will naturally be part of the system.

9.10 a.m.

[13] **Peter Black:** In your paper, you recommend a national compact to improve medium-term financial planning and to support stronger and more consistent local compacts. What specific issues would you like to see addressed in the national compact?

[14] **Mr James:** It would be similar for everyone; it is about longer-term agreements. We need to be strict about the terms of notice that some voluntary organisations have; some organisations are finding out after the start of the financial year that they do not have funding for the financial year in which they are currently working. I have looked it up on the web, and most voluntary organisations coming to the end of the financial year are not given much more than a month or two's notice about the end of a contract. So, for us it is about building it in, and saying forcibly, 'You must give people decent notice so that they can plan ahead to sort out redundancies and talk to their clients'. For example, the Alzheimer's Society in Monmouthshire found that its funding had mistakenly been cut and it was already operating, and in that situation we cannot let service users find out that next week the service cannot come to see them. It is not acceptable. I understand why everyone is operating in that way, but we need to have longer-term financial planning so that people do not have these very short-term deadlines.

[15] **Ms Render:** The example of the partnership agreement with the Wales Council for Voluntary Action is very comforting and good. It appears to be a three-year rolling programme. That gives people a great deal of security. Not this year, but the year before, when the Assembly itself was not able to set a budget, we were not able to know what funding we had, which caused us problems. We had a meeting with your officials and made the point that we needed to have some indication of where we were going, and things have greatly improved since then.

[16] **Mr James:** It is just as important, because a huge amount of voluntary sector funding

comes from local government, for local government to be aware of what its funding streams are. If it does not have long-term agreements, it is pointless to pretend that we will have long-term financial planning for the voluntary sector.

[17] **Peter Black:** That is my concern, because you have a partnership agreement in place with the Wales Council for Voluntary Action, and you have quite a lot of guidance from the Assembly Government, yet you are still having these problems. You cannot tell local authorities how to operate their local compacts, and you cannot avoid issues where you have no overall control, and a budget cannot be set within time. How would this national compact be different from what we have at the moment? How would it be more enforceable or more easily applied?

[18] **Mr James:** It has to have two things. It is coming in in any case, but the local authority needs to know its long-term financial planning. Then those compacts must be based on local scrutiny—whatever way it is organised locally, it must be part of an existing process; it is not an add-on. So, it does not matter whether that is through the local service board or a scrutiny committee, as long as there is strong guidance saying, ‘This is how you do it, and you need to have a system in place to monitor it’. At the moment, we agree things, but because there is no place for those things to be reviewed, everything else will take priority. Therefore, it is about ensuring that it is part of the existing structure, whether through a scrutiny committee, the local service board or both. Either way, that would help us and would make sure that it was reviewed regularly.

[19] **Lesley Griffiths:** The Assembly Government has indicated a commitment to longer-term funding, and several of the witnesses who have come before the committee have stated that that would be beneficial in terms of providing a more sustainable service. Are you satisfied with this commitment, and, other than inflation proofing, what else would you like to see to ensure greater funding stability?

[20] **Ms Render:** It would be nice to know for what period that something will be funded. For example, with the Russell volunteering programme last year, we were told towards the end of 2006 that we were getting money for that programme, which we knew was to be funded for the back end of that year and this financial year. We did not know until recently that that funding would be continued. It was small amounts of money, which can sometimes be quite useful—we had about £13,000 per area, which enabled us to employ part-time staff and start with the programme. However, it is difficult if you can only offer someone such a short period of time. To set up a new system like the Russell volunteering system takes a bit of time. I am relieved to see that it is ongoing. It would have been nicer to have said, ‘Here is a programme that will last for however long’, because once you get to the end of the final year, you have staff wondering what will happen to them and we are hoping that the programme will continue, because it has been useful and helpful as far as we can see. We know that it is all about money—stability of money and knowing where we are going with that.

[21] **Mr James:** We are guilty of accepting some bids, I suppose, but for a pilot programme to be established, worked through and evaluated, it takes three years. That is true of almost any project. So, every time we run pilot projects, they only start to work at the end of the first year, and you cannot evaluate that. This is about being aware that, to evaluate things properly, you need to give them time. Once they are properly evaluated, you could fund some proper programmes. However, at the moment, the danger for the voluntary sector is that, when we do not know whether things are working properly or not, we are telling you that they are working, because we have not had time to evaluate them ourselves.

[22] **Ms Render:** With the Russell programme, however much I tried to tweak that budget, I could not get more than 15 hours per person out of it. If someone is coming into

work for so few hours and they want to claim other benefits, my understanding is that they have to work 16 hours a week. There was no way that I could do that and provide them with travelling expenses. That little bit of extra money would have been beneficial.

[23] **Lesley Griffiths:** In your paper, in relation to the timing of grants, you state that often local authorities and local health boards have limited information on their financial planning. Do you have any practical suggestions for how the timing of grants may be improved?

[24] **Ms Render:** I think that it is funding from you that causes the problems. It is the same as when your budget is set, it has a ripple effect all the way down the line. So, they are delayed in setting their budgets and working out what they can do with them. That is what seems to happen.

[25] **Lesley Griffiths:** So, it is our fault.

[26] **Ms Render:** They may have a wonderful budget set for the year, but when reality bites, they have to start to reevaluate what they can afford just like we and you do.

[27] **Mr James:** I think that it is about consistency. If you take the example of community safety partnerships, at one stage we were told that we would have an increase in funding over the next three to five years and that it would be quite significant. So, we had funding during that year and we set up some projects that we could fund in the future and know that they could grow. However, a year later, we find out that we have standstill funding and it will not increase, but probably decrease. So, the planning that went into that year was a waste of time, in effect, because of the wrong information.

[28] This is about getting quite clear information about what will happen. We have these rolling programmes, with community safety, year on year—and it does change every year—and no-one is sure of the settlements. I was with a group yesterday that is doing a project for which it still does not know if it will have funding for 1 April. Yet, the programme that it is running is vital to young people. So, not having that clarity in terms of what and when something will happen and not having that consistent approach has an effect on service users. The messages need to be clear that, whatever the project, the funding must be consistently applied. So, if we are going to increase funding for three years, let us do it. We need to know much earlier, because it is difficult to plan.

[29] **Janice Gregory:** In your paper, you talk about social enterprises and about premises, which is close to my heart in my constituency. You say that, when a local authority hands over premises, that takes away from the authority the worry and concern about running and maintenance costs and so on. So, while you refer to the need for infrastructure and premises, what would you like to see in terms of how local authorities provide or, indeed, enable voluntary sector organisations to find suitable premises? We have heard about the city; we know, from finding our own constituency offices, the difficulties that can arise. So, what are your thoughts on that?

9.20 a.m.

[30] **Mr James:** If we are going to have community development strategies across Wales and social enterprise strategies, much of what I see is based on revenue funding. For social enterprise, when you are talking about revenue funding, it is no different from any other part of the sector. If we are serious about social enterprise development, we need to talk about infrastructure. If they are going to do that, local authorities and the voluntary sector need to be clear about what kind of things might be available and plan that out. At the moment, it is very ad hoc, waiting for a building to come up—and it does not happen in places such as

Monmouthshire, because the buildings are so expensive. The problem with social enterprise is that there is a lot of talk about it, but unless you talk about the real issue, which is long-term sustainability—and for most social enterprises, that is about having some kind of building on which they can base their trading—it is all hot air. It is important that there is either funding to support that kind of infrastructure development and that voluntary organisations are given the funding, or that local authorities are giving the steer, whether in the form of funding or something else. There needs to be a value added element to the local authorities to provide those buildings. At the moment, every time I get involved in a discussion with a local authority, it gets so legal that the local authority bamboozles the voluntary sector. I do not know whether what they say is right or wrong, because we do not have access to advice on that—they say, ‘We cannot do that without the agreement of the Minister’ or whatever. It is too complicated at the moment. There needs to be some work on the way in which local authorities and the voluntary sector can work on things like property, where they can have joint ownership. The voluntary sector is at a disadvantage, because we do not have the expertise to be able to compete on a level playing field with the local authorities in terms of legal issues.

[31] **Janice Gregory:** Speaking for your own area, which covers several local authorities—you said when you came in, Jennifer, that it is the largest—do you find that although local authorities have this sort of psyche or are some better than others at realising that, within that sector, some thought needs to be given to community social enterprises and to the voluntary sector for premises? Or, is there just no involvement?

[32] **Ms Render:** We have had lots of discussions with different local authorities about premises. At one time, you could quite easily get lottery funding to refurbish them. For this, the organisation had to have something like a 27-year lease. Some local authorities are not particularly willing to give groups that length of lease. You can understand that they might wonder whether a group will be around in 10 years’ time and what would happen to the building then. We were going to try to purchase a building from Caerphilly County Borough Council in Aberbargoed. We had a bit of money, and the building was not very expensive, although it would have cost a lot of money to renovate. However, it was a minefield due to the legal issues, such as who owned a corner of land. In the end, I think that the building practically fell down, because it was becoming derelict. So, there are a range of issues.

[33] Getting access to any premises, even to rent, is very difficult. Monmouthshire is difficult, but we were looking for a number of years to buy somewhere in Blaenau Gwent, but we could find nowhere that was suitable. This was around 10 years ago. We had money in the reserves to buy, but finding somewhere suitable was nearly impossible. We must have fully accessible premises. Many premises have a couple of steps, which means that you cannot get into them. We cannot do that. Therefore, premises are an issue. Over the last two years, we have managed, through a lottery grant, European funding, and our reserves, to purchase a building in Newport and refurbish it. It was not an easy task and it took us a number of years to do it. We received much assistance from the former leader of Newport City Council, Sir Harry Jones, who decided that he would make everyone pay the market value in rent; that gave us a kick in the right direction.

[34] **Mr James:** All local authorities are the same. In order for them to be able to do this properly, they need to ensure that they are getting value for money. If they can see that someone is going to be able to access money to look after things, and the process is easy internally in terms of the legal issues with the Assembly, I think that they would be willing to do it. However, it has to be much easier for local authorities to be able to do it, and they have to see its value.

[35] **Janice Gregory:** Some vision may also be needed.

[36] **Ms Render:** Yes. There is also a problem with the national lottery, regarding giving money for premises. We have just sold premises in Newport for which we had had money granted to us 43 years ago from the Development Commission for England and Wales. We had to get approval to sell those premises, which took me a long time. Believe it or not, it was the English countryside council that managed to allow me to sell those premises. The lottery now has something like an 80-year condition on any grants that it gives, to get permission to sell, which is ridiculous. I put a clause in to say that they had to name the successor bodies, so that we would not be wasting time finding out who had the right to approve that.

[37] **Janice Gregory:** Thank you, that is interesting. Nerys has the next questions.

[38] **Nerys Evans:** Diolch am eich papur. **Nerys Evans:** Thank you for your paper. Soniwch bod y broses gystadleuol o dendro yn cael ei hanelu at sefydliadau mawr. A gredwch fod y broblem oddi mewn i'r system dendro, neu a allai hyn gael ei oresgyn drwy gael hyfforddiant gwell ar gyfer sefydliadau bach, neu unrhyw ffyrdd eraill? You mention that the competitive tendering process is aimed towards larger organisations. Do you believe that the problem is within the tendering system, or could this be overcome by better training for smaller organisations, or via any other methods?

[39] **Mr James:** It is both. It is different for various organisations. The national voluntary organisations, such as Age Concern, are good at tendering, and they employ the personnel to do it, so I would not count them in this. Local community organisations, or local branches of larger organisations, do not have the expertise or the skills to successfully tender. All local authorities should have a duty to ensure that they have the systems in place to train and develop organisations. That is not just through the tendering process; they need to ensure that they have proper performance indicators and governance structures.

[40] So, when you are coming to a tendering process, if that stuff is not already in place, it is already too late. There is more onus on us and local authorities to work together to ensure that all those organisations have that performance and governance structure in place, because without that the tendering process will not work. The tendering process needs to be more flexible for most people. Timescales are usually tight, and small organisations usually have to take staff off front-line duties to be able to undertake the tender process. So, they just need some more time and support to be able to do it.

[41] It is about having community-friendly policies to ensure that we have some time to get our things ready, and a long-term development strategy for the sector, not just for tendering. So, there needs to be a holistic approach to tendering. I believe that that will come. Local authorities want people to be able to tender better, so I do not believe that they would be unwilling to take part in all this. They just need some support to be able to see what is out there and what they should do; again, that longer-term development and preparing organisations before the tendering process is more important than just the tender itself.

[42] **Janice Gregory:** Thank you. Joyce has the next questions.

[43] **Joyce Watson:** Good morning. I am sorry that I was late, Chair; I got unavoidably held up.

[44] You refer to several small grant schemes in your submissions. You say that you would like to see such schemes being administered under the same grant, and that they could be applied with more flexibility by county voluntary councils. Do you have any suggestions of how to balance the simplification of the application process against the targeted aims of those grants?

[45] **Mr James:** If they are umbrella grants it does not really matter how they are administered, you just need to have agreed the outcomes. There are always new systems to go with new grants, but, with umbrella grants, they should just be lumped on, and say, 'Listen, these are the outcomes that we expect you to achieve through the grant'. That is fairly easy for us to do, in terms of criteria. What is difficult is setting up different application forms, different timescales and different grant panels. In effect, your money—it is usually your money—is being spent on administration, and we do not want to spend any more money on administration than we have to. So, either bringing things together or having things more longer term, so that we do not have to continually invent new systems, will be helpful. Jenny has an example of what we plan to do with the young people's grant, because that was for each local authority area. We are planning to do that across GAVO, so that would be easier.

9.30 a.m.

[46] **Ms Render:** Yes, rather than having little committees everywhere, we would have one committee comprising people from each area looking at the grants. The money is not that great, but we have a grant for people leaving mental health hospitals, going back a number of years. It is only a small amount of money, but we have decided that we will let the service users make the decisions, which they found to be helpful to them and they felt valued by doing that. We know that it is not always possible to do that, but it is helpful if you can involve people and they can see why decisions are made.

[47] **Mr James:** The small grants are the most amazing things in the world to me. They are just such good value for money, they get things going and developing and do not cost that much in the end. For me, they are very important and it is just about making the system a bit easier. As long as we say, as a guideline, that we want you to target this group this year, or spend at least £10,000 on this, it is really easy to do. Yes, it needs the publicity, I understand that, but all we need to do is to manage it ourselves, because, in GAVO, we are pretty well experienced in doing that.

[48] **Joyce Watson:** That leads me on to my next question. We are aware that there are a number of funders who are aiming to streamline the applications process and there have been calls for more standardised application processes. What would you like to see in a standardised approach?

[49] **Mr James:** Every time someone speaks about this I believe that it will never happen, but maybe I am a bit cynical. I think that you have to talk about the small groups. The application process is not a big issue for me and Jenny and other professional workers, because we are paid to do it, we are used to doing it, and have done it for the last 10 years. I would not worry about the Lottery and other big grants. I think that we need to concentrate on small grants that community groups can apply for. If you are going to give out a small amount of money, there should not be a large application form and there should not be onerous monitoring and evaluation: what is important is to get that small amount of money into the hands of the people who need it on the ground. So, small grants should have small application forms that are easy to complete, and there should be plenty of time, advice and support offered to help groups during the process. In Monmouthshire, for a small grant, groups would not need much in the way of advice and support. For me, it is not about the application forms for big grants, but it is about ensuring that the application process for small grants is easy. As with the umbrella grant, let us make it much easier for small groups to access cash on the ground, and for that not involve administration, so that they can get the money and get on with what they want to do.

[50] **Paul Davies:** You recommend in your paper that national umbrella groups should clearly demonstrate how they are adding value through any funding that they receive. Considering the Assembly Government's approach of working through umbrella bodies and

networks, how do you think that the Welsh Assembly Government could better engage with smaller organisations?

[51] **Ms Render:** I suppose that it would be through the partnership agreement between ourselves, the Wales Council for Voluntary Action and the Welsh Assembly Government. We are one of the groups that reach the grass-roots organisations. Some national organisations are excellent, and I do not want to criticise them in any way, but every now and again you get something springing up and someone doing something—maybe one secretary or development officer—but at ground level, we see very little impact, if any. There is a fund in Wales that gives money to coalfield areas, which has had an impact. We have had European grants to distribute to organisations, and so did those organisations, but they also had £400,000 for development workers to distribute that money and to help the groups. That has to be some kind of duplication of what we are doing. The groups themselves could have benefited more from having the £400,000. All of our network of CVCs have local—I am not saying that we are the only organisation to help groups, not by any means. However, we all have networks, and people who are employed to do that anyway.

[52] **Mr James:** Nearly all the groups that you give money to end up coming to us to help deliver the service. Certainly, the good ones would do so—they come and talk to us about how best to work in their area, because we have the local knowledge. I have worked in Torfaen, Blaenau Gwent and Monmouthshire, and a lot of the national organisations that you are funding provide no services in those areas. It might be different in Rhondda Cynon Taf, where you are in the middle of the Valleys, but certainly in the areas I mentioned, the things that were being funded had no effect on local people whatsoever. For me, if you are to fund national umbrella bodies, they must have the capacity to deliver at a local level. I am not giving you advice on that, but they should either work within an existing network that enables them to deliver the necessary outcomes, or they should be funded on a big enough scale to be able to deliver locally. The danger is that some of these organisations say that they will deliver outcomes, but will not deliver them—the organisations know that they will not be able to get a certain level of funding, and if they receive less, they will not be able to achieve what they aim to do.

[53] I could run through a list of dozens of national organisations that I never see, and which have no impact on our local groups. To give an example, there is a community development strategy for Wales, but it did not involve Monmouthshire; no-one came to see us, and no-one talked to us. You fund social enterprise groups, but they do not provide any support. I only know one organisation that has been to Monmouthshire, and the list of those who have not is almost endless. We work with the Community Transport Association, and although I would not criticise it now, when it started up, its infrastructure was abysmal. It just did not have the staff to do the work that it was expected to do. So, for me, it is about being aware that, if you are to have an effect on the ground, that usually involves a substantial amount of money, and if you do not have that much money, you probably need to have a further discussion with the sector about funding. It is a difficult area because these initiatives sound great but, unless they have an impact, and you have some really clear outcomes, it is difficult for the Assembly. The approach is a good idea—providing more expertise—but personally, I do not usually see results on the ground.

[54] **Janice Gregory:** Are you saying that, with the large, umbrella organisations, such as the one that Jennifer mentioned, there is no contact at all with you as a county voluntary group, to try to find out what you are delivering and how that can be used? I know that, in my own constituency, we have benefited hugely from money from the Coalfields Regeneration Trust; that is very visible on the ground and in communities, especially the ex-mining communities. However, I would not know, if I am honest, whether there is any contact with the local voluntary group, such as yourselves; but certainly we have seen delivery there. I wonder if there is a requirement for certain groups to at least talk to each other to see what is

being delivered.

[55] **Mr James:** That is good evidence—you have seen a group such as the Coalfields Regeneration Trust deliver good work on the ground. I just think that, with some other groups, if you talked to local people, they would not even know that they exist, let alone notice any impact on the ground. So, if there was some decent evaluation of some of these schemes, you would find that the outcomes were very limited. That might be because of the length of funding, in terms of getting things off the ground. If you start a small national organisation and you want an impact throughout Wales, that takes a long time to set up, and it is difficult to achieve outcomes in three years from that kind of work. That is why the CVC network is so valuable.

[56] So, that is important. If you can get local people to agree that it is value for money, I would like to see more of that. How do you check that other groups are delivering that value for money? Many of them are not.

[57] **Janice Gregory:** That brings us to the end of this evidence session. Thank you for your answers. As I said, your evidence will form an important part of this inquiry. Thank you both for taking the time to come to committee this morning. I hope your cough gets better, Jennifer.

[58] Now we move on to our second group of presenters. I will just mention that, if anyone has a mobile phone, you should turn it off. I just realised that I did not say that at the beginning of the meeting.

9.40 a.m.

[59] **Joyce Watson:** I am a member of Pembrokeshire County Council, Chair, and I think that it funds the Pembrokeshire Association of Voluntary Services.

[60] **Janice Gregory:** Do you want to declare an interest?

[61] **Joyce Watson:** I do not know how tenuous it is, but I just feel that I need to mention it.

[62] **Janice Gregory:** Having read the paper from PAVS, and your questions to it, I do not think that there would be an interest to declare. However, if you would be happier not to ask a question, that is fine.

[63] **Joyce Watson:** I just want to highlight the fact that Pembrokeshire County Council funds that organisation, and that, as a councillor, I would take part in the decision to fund it.

[64] **Janice Gregory:** It is on the record now. I introduce Sue Leonard, director and senior training officer of the Pembrokeshire Association of Voluntary Services and Lorna Unwin, the funding development officer. Thank you for coming this morning, and for the paper that you have submitted to committee. I understand that you would like to speak to your paper. However, if you would prefer to go straight into questions, that is fine, because Members have received your paper. However, if you would like to highlight certain points in the paper, that is fine.

[65] **Ms Leonard:** Yes, I would like to do that.

[66] **Janice Gregory:** That is lovely, Lorna.

[67] **Ms Leonard:** Sue.

[68] **Janice Gregory:** I beg your pardon; it is early in the morning. Your names are right on the name plates, it is just that my eyes have crossed. I will just let you know that you can use the headsets for translation and for the amplification of sound if you cannot quite hear, because this is a big room.

[69] **Ms Leonard:** We have submitted a paper, but there are a few key points that I want to stress and bring to the attention of the committee. As we are a county voluntary council, the paper has been prepared on the basis of our experience of working with third sector organisations, particularly in the area of securing funding that is linked to development activity, which is very important. We have also had a lot of experience of bringing together multi-agency partnerships to distribute small grants programmes in particular, over the past seven or eight years, which have been very successful. We are currently working directly with the local authority and the local health board around service commissioning, and a lot of work has gone on in the past at local authority level to establish a local funding code of practice.

[70] In putting this paper together, we have taken feedback from the sector, our trustees, our whole staff team and also from other chief officers of county voluntary councils. That just gives you a bit of background in terms of where this paper has come from. Taking into account all of the feedback that we have had, there are some key things that we wish to stress. In terms of the duration of the funding, development activity is long-term by its nature, and long-term development activity requires long-term funding. The short-term funding regime mitigates against success in development activity. We think that that needs investment in the future, and we would urge the Assembly to consider making endowments and to look at the potential for independent community foundations as a way of investing in sustainable posts and grants that will endure, and not relatively short-term revenue grants.

[71] You will be aware that the sector is very diverse, and we need diversity and flexibility in funding so that people can use the money to best meet the needs of their members, service users and the communities that they serve.

[72] Monitoring is a huge issue. As a county voluntary council, we have about 20 funding streams and we are spending an increasing amount of our time and resources measuring and not doing, and it is detracting from service delivery. I am not convinced that we are even measuring the right things; in fact, I am convinced that we are not. We measure how busy we are, but not how effective we are, and we need to consider moving towards an outcomes-focused approach to monitoring wherever possible.

[73] The convergence programme—and I do not know whether this is within the remit of the committee—is currently causing huge problems in terms of funding. We are more than a year into the programme and technical assistance is not yet sorted out. The amount of time, effort and energy that is going into sitting in local, regional and national partnerships, developing projects, is costing Wales a lot of money. There are also opportunity costs. Staff are leaving posts and we are losing expertise and experience. I cannot impress upon you strongly enough the difficulties that this is causing us on the ground. It is huge.

[74] I think that, in the paper, I refer to March madness. We get to a stage in the year when phones ring and people say, ‘We have got £4,000 to spend, so can you do it by the end of March?’. It is ridiculous. We have to be able to do something more creatively with that funding.

[75] I mentioned codes of practice—there is a funding code of practice; we have worked on one locally. However, there is still quite a lot of work to do to turn the rhetoric into reality and put the funding codes of practice into practice. If we could achieve that, much of what is embodied in the code of practice is perfect in terms of funding for the sector.

[76] We need to try to keep things as simple of possible. We seem to be trapping ourselves in webs of complexity, particularly around these partnerships and planning groups and so on. We need to try to keep things simple. It is public money and we must be accountable. We have to know how it is being spent, but we have to be realistic and not make things unnecessarily complex. We need to value plain language, rationalise the planning partnerships—please—and look towards encouraging delivery partnerships, which would be useful.

[77] Finally, as a county voluntary council, we very much welcome the investment that the Assembly Government is making in the infrastructure partnership. It provides a good platform for delivery of support to the voluntary and community sector—to third sector organisations—and through that infrastructure partnership, we can make a great difference to how funding is delivered to the sector to deliver benefits to individuals and communities.

[78] **Janice Gregory:** Thank you, Sue. There will now be a series of questions from Members; do not worry—there are no trick questions. This is a genuine attempt to try to draw out some of the points that you have made in your paper. I will start and I will take you back to your last comment about the funding code of practice. In your paper, you talk about the fact that you work closely with the local authorities and the local health boards. Can I tease out from you a little more about how you feel, because you have developed these positive working relationships? How can they be improved? What actions can be taken to improve these?

[79] **Ms Leonard:** We have put a lot of energy and effort into our local funding code of practice. I know, Lorna, that you were very involved in that process. We consulted the sector widely on it and we put together the local funding code of practice, which the local health board is also looking at in terms of adopting it. So, at a certain level in the authority, and certainly when we go to voluntary sector liaison group meetings with the director of finance and so on, it is there and it is a key achievement of that partnership approach. However, it is proving to be extraordinarily difficult to roll out that code of practice across all the heads of service across the local authority. So, when you look at it in terms of a Wales-wide perspective, it is magnified. The trouble with it is that it does not seem to have any teeth. If it is not followed, there does not seem to be any comeback. Perhaps it needs to be audited in some way.

9.50 a.m.

[80] If the Assembly Government gives money to local authorities, for example, to distribute on its behalf, it should ensure that it is delivered via the local funding code of practice, or the national funding code of practice if a local compact does not exist. It is about being upfront. I will not use the word 'enforce', but it should be strongly encouraged, or it should be required of local authorities. We find that we do not have the clout to be able to force it to happen, although we try our best.

[81] **Janice Gregory:** You said that you have expended a lot of energy on this. Do you feel that this should be part and parcel of the situation for all local authorities and their voluntary organisations? If it appears, as you said, that there is no comeback, do you think that that should be strengthened?

[82] **Ms Leonard:** I think that it should be, at the local authority level and where the public sector commissions services at a local level—local health boards as well, perhaps. So, where the public sector commissions services at a unitary authority level, there should be some kind of compact, a funding code of practice that is derived from the national code.

[83] **Ms Unwin:** There should also be a mechanism to make that fair across Wales. It is very important that it is not just done in certain local authority areas.

[84] **Janice Gregory:** As you said, you found it easier to work within that local code of practice.

[85] **Ms Leonard:** Yes. You bring the sector in on the consultation, so there is shared ownership of the practice of giving out money and funding. It adds to the feeling that there is a transparent approach to the funding of the sector. It should be strongly encouraged at the local level. It needs to be acted upon, so that it becomes high profile and not something that can just be put on a shelf and forgotten. The difficulty is that quite a lot of activity goes into developing the code of practice, and when it is done, everyone draws breath and thinks, 'That is it; it is finished'. However, that is the start.

[86] **Ms Unwin:** We are hoping to have a calendar detailing the different grants that are available. However, as Sue said, it is more challenging to look at it across all of the heads of services.

[87] **Janice Gregory:** Thank you; that is interesting.

[88] **Nerys Evans:** Diolch yn fawr am y papur a'r dystiolaeth. Mae gennyf gwestiynau ynglŷn ag arian cydgyfeirio Ewrop. Bu ichi ei grybwyll yn y papur ac yn eich cyflwyniad. Beth sy'n gwneud arian cydgyfeirio Ewrop mor anodd ei gyrraedd? Sut mae gwella hynny? Pa wersi gweinyddu y gellid eu dysgu o gyllid y rhaglen cyfleusterau a gweithgareddau cymunedol?

Nerys Evans: Thank you for the paper and the evidence. I have a couple of questions about European convergence funding, which you raised in your paper and mentioned in your presentation. What makes European convergence funding so difficult to attain? How could this be improved? What administrative lessons can be learned from the community facilities and activities programme funding?

[89] **Janice Gregory:** Sue, are you leading on this?

[90] **Ms Leonard:** How long do we have? I will do the bit about convergence, and Lorna will answer the bit about CFAP, as she has had more direct experience of the scheme.

[91] We learned a lot of lessons when we were involved in Objective 1. Some very positive things came out of Objective 1 from our perspective. One thing that was developed at the local authority level was the Pembrokeshire partnership management board. This brought with it, for the first time, the three-thirds principle. This was enshrined within it, and gave the voluntary community sector an equal number of seats at the table. From rocky beginnings, it became stronger and became a good partnership. We had good systems in place to look at local and regional projects. I will not pretend that I look back on everything as if wearing rose-tinted spectacles, as this is not the case. However, over time, the relationship between the statutory, private and third sectors was strengthened. It made people realise that the third sector had something to contribute to the mix, and that has been good.

[92] Convergence has come along and, from the start, we were told that it was going to be a much more strategic programme. However, there seems to have been a complete lack of strategic lead, and I do not know where the fault lies for that; I suppose that it has been a turbulent year, politically. There needs to be someone who will take the strategic lead. We have strategies for virtually every aspect of life in Wales. The strategies are there, and they have been consulted upon and developed, and we need strategic leads on convergence.

[93] At present, there is a vacuum. There are strategic framework co-ordinators and there

are project development officers in the Welsh European Funding Office. People were encouraged to put project ideas up on a website, which was not a very strategic approach, and many ideas went out—from small community ideas costing £35,000 to the Youth and Adult Learning Opportunities Division's £200 million, or whatever, and everything in between. Many regional partnerships have been established, because no-one knew what a strategic partnership was; we sit on many regional partnerships on behalf of the sector. National partnerships are being established, and a lot of time is being spent sitting around tables working up ideas. Those people sitting around tables are not lowly paid members of the staff—they are chief executives, leaders and heads of service. So, it is costing, in real terms, a great deal of money. We are one year into the programme and there is not even technical assistance yet. We know that the sets are going to be established, but they are not there yet.

[94] Our members tell us that they are at a loss to understand how they can engage with the convergence programme—they do not see how it will work. They will, undoubtedly, benefit when it starts rolling, because they will benefit indirectly through it, and they might even want to bid to become delivery organisations for national or regional projects. Therefore, it will happen, but it is taking an awfully long time. Meanwhile, as I say, in terms of the real costs of losing staff and expertise, once the money starts flowing, we are almost going to be starting from scratch again, and we have lost the impetus of the last seven years.

[95] It is problematic to engage in convergence, because it is so complex—no-one quite knows which horse to back, and which one will pass the winning post first; to keep the analogy going, we just have to hedge our bets. To make it better, we just need some strategic direction, which has to come from the strategic framework co-ordinators. YALO started to talk about the reaching-the-heights stuff and looking at ways of perhaps drawing down a significant amount of money, and then allowing people to bid into that, to show how they would contribute to outcomes. That has not been entirely popular, but only because much work has already been done by 14-19 networks to develop their own programmes. Someone just needs to grab hold of it, give the strategic lead, and be clear in the processes, and then people will give their time willingly, because they will know that it is of use.

[96] **Ms Unwin:** In terms of the lessons that could be learned from the community facilities and activities programme, which was the second part of your question, as a county voluntary council we see that programme in a positive way. There is a clear application process, clear deadlines, and groups are informed about when they will hear of the outcome of that funding. There is good support from officers; we have received comments from groups who have had support, before applications are made, as well as once applications have been considered. That full, holistic approach is taken.

10.00 a.m.

[97] We have also seen the commitment from the CFAP programme to support county voluntary councils with the provision of small grants to local groups in that kind of key-fund approach. We had experience of delivering an Objective 1 key-fund programme in Pembrokeshire, which was highly successful. So, those are some of the lessons that could be transferred.

[98] **Peter Black:** In your paper you talk about jargon and technical language as a barrier. I have huge sympathy with that, and suggest that all application forms should be written in plain language. Do you have any examples of best practice in terms of plain-English application forms and fair assessment of applications?

[99] **Ms Unwin:** One example of best practice in terms of plain English would be the Awards for All scheme, which is Lottery funded. It is a constant challenge, because you do not want to be using jargon, you want to use plain English, but, at the same time, there are

some things that we want to raise awareness about in order to support groups in their development. The Awards for All scheme is a good example of the use of plain English, and the community facilities and activities programme application forms are good as well.

[100] **Peter Black:** What opportunities do you have for feeding back your concerns and issues relating to application processes?

[101] **Ms Unwin:** In terms of—?

[102] **Peter Black:** If you come across an application process that you feel is particularly difficult, are you able to raise that in wider fora or with people who might have influence to change it?

[103] **Ms Unwin:** As a funding development officer in a county voluntary council, I work with a network of other county voluntary council officers with similar roles to mine—the south Wales funding network. Through that network, we communicate about different issues, such as when we find that application processes or application forms are perhaps not as successful as they could be. There are also opportunities for those issues to be brought up at the Wales Association of County Voluntary Councils level, with the WCVA and with the county voluntary council chief officers.

[104] **Lesley Griffiths:** You state in your paper that scrutiny and monitoring often leads to excessive bureaucracy and that the application processes should be simplified and that monitoring should be appropriate to the size of the grant, for instance. The Assembly Government has stated that it is working to simplify the process. Do you have any suggestions as to how you would like to see simplified funding applications and monitoring applied?

[105] **Ms Leonard:** We mentioned in the paper looking at outcomes and choosing appropriate indicators that measure the difference that the activity makes. That is quite challenging. Sometimes it is easy to measure activity, for example by counting the number of events held or the number of people attending an event, but counting the difference that that made to those groups is more of a challenge. However, it is better to take that challenge and measure the things that matter than spend the time counting what does not.

[106] As a county voluntary council within the infrastructure partnership—and we have said that we value that partnership—we will be required, in the monitoring for 2008-09, to count 121 different indicators, which are quantitative indicators, as well as to tick 60 or 70 boxes for qualitative evidence. That is quite phenomenal, and that is for only one of 20 funding streams that we have in PAVS. I cannot tell you the amount of systems, time and energy that goes into counting things, and I am not entirely certain how the information is used. If I knew how the information was used, I would be happier about collecting it. We do not use all of the information—in fact, only a very small subset makes a difference, and our trustee board would take that information and use it to make decisions about future planning.

[107] I do not know whether it is of use to the third sector unit, and I do not know how the Welsh Assembly Government is using it. If we wanted to start anywhere, we could perhaps pilot using the social accounting approach, or the outcomes-focused approach that has been used in England, through the infrastructure partnership, and see how it goes. However, monitoring puts a lot of pressure on us—and we are quite a well-resourced and well-structured organisation. So when you pass that on to smaller groups, it becomes untenable.

[108] **Mark Isherwood:** You raised concerns about the short time for submitting applications, and the longer periods for their appraisal, and that applicants often receive approval at the last minute. What thoughts do you have on the reasons for that? What

solutions would you propose to remedy that?

[109] **Ms Leonard:** As to why there is so little time, I suppose everyone is just overstretched—I do not know. Looking at the rural community action programme at the moment, for example, we are part of the rural community action partnership in Pembrokeshire, and the business plan is to be submitted by the end of this month. We were asked to do it in December. Sorry, that was not the rural community action programme, but the rural development plan. So that went in in November, and we are told that we will be notified of approval by 31 March. Yet there are a whole raft of projects in the plan due to start on 1 April. So, even if everything goes to plan, we will be playing catch-up from day one of the programme. It almost has failure built into it right from the start. Perhaps it is because those looking at the delivery of funding are under-resourced or over-stretched—I do not know. I do not think that it is deliberate. However, I sometimes wonder whether people realise the effect that it has on the ground. If there are people in post who may be involved in delivering future programmes, they will have gone by 31 March, because they cannot hang around. So, straight away you have a whole raft of recruitment that is lengthy and costly. It is extremely costly to recruit staff.

[110] **Mark Isherwood:** I fully concur that there is no intention on the part of the appraisers to cause problems, but is there perhaps a management issue? I come from a customer service background, where you were outcome-focused or you were out of a job. We had to manage performance in order to turn our goals, which were positive, into reality. I am sure that the funders have positive goals, and you clearly have, but are there perhaps management issues that need addressing?

[111] **Ms Leonard:** My guess is that there probably are, but I do not have specific examples to give you by way of evidence. Interestingly, we come back to the funding code of practice, because it clearly sets out guidelines for the way that these programmes should be managed, and sets clear guidelines for timescales. However, they are not adhered to, and nobody is doing anything about that.

[112] **Janice Gregory:** Perhaps this is in your paper—I have not seen it—but you said that the rural development plan went in for consideration in November for a decision by 31 March. Can you cite any examples where, perhaps in other submissions that you have made, the decision has come well before the cut-off date? I just need to get my head around this.

[113] **Ms Leonard:** I would be struggling to think of one, actually.

[114] **Janice Gregory:** So, you would expect a letter in the week leading up to 31 March, for example, to say whether you have funding. Nobody rings you in January, or December, and says, 'We have had a look at this, and it looks good and you can carry on'.

10.10 a.m.

[115] **Ms Leonard:** No.

[116] **Janice Gregory:** So they adhere to the date of 31 March.

[117] **Ms Leonard:** That date is too late, really. We are also funded through service level agreements, particularly through social care and housing contracts, so I suppose that those contracts are currently in negotiation but they are very much up in the air until the last minute. In fact, we have been told that a number of contracts that we hold through the Cymorth funding will be rolled forward pending decisions, because no-one quite knows how the Cymorth funding will be used and whether or not it will be called in to match convergence funding. So, all of the projects have been told that they can continue until 1 September, and

we are told that we will have three months' notice of any changes, so we will see if that materialises.

[118] **Janice Gregory:** Thank you, you have answered my question.

[119] **David Lloyd:** I complement you on the excellent paper that you have presented—it is superb and comprehensive, and it will be fed into the process. As regards funding criteria, you mention that only innovative projects are funded rather than existing ones. That is a point of view, so can you expand on that? Have you had the opportunity to communicate your misgivings or thoughts that it is only innovative projects that are funded, rather than existing ones?

[120] **Ms Unwin:** The point that we were making was not that only innovative projects are funded, but that there is often a preference for innovative projects, and doing something differently. We see evidence of groups that are doing something that is tried and tested and works, and the pressure that sometimes comes with some pots of funding, where innovation is required, can result in a group changing what it is doing. We wanted to encourage you to think about how a balance can be struck. Innovation is sometimes a good and positive thing if it means being able to deliver a service more efficiently in a way that gives more value, which could be about cutting costs or increasing the benefits, and we see that as an issue for some groups. However, where innovation is demanded constantly, it puts pressure on groups and it can result in the group changing what it is doing to fulfil that criterion. Did you ask about solutions to that?

[121] **David Lloyd:** I asked whether you are able to communicate that particular concern. Are you able to tell funding providers that you have that misgiving? The other supplementary question that I have is that there is a given that projects should be self-financing after a while, so you obviously have misgivings that some percentage of projects are not self-financing and will need to continue to innovate.

[122] **Ms Leonard:** We ran a successful sustainable funding project in PAVS for several years, and the thrust of the work that Lorna does within the association is very much about supporting groups to think about their funding and develop sustainable funding strategies. So, it is about looking at opportunities to derive revenue and funds from a variety of sources. Grants may well continue to form a part of that, but it might be that some part of the service delivery could be funded in other ways. It is a mistake to believe that every project within two to three years will automatically be self-sustaining or mainstreamed. Most projects ask you to write your exit strategy at the start of the project, when you probably do not have a clear idea. It would be better at an appropriate stage, perhaps in the second year, to start to think about how it could be taken forward and develop a sustainable funding strategy for the continuation of the service.

[123] On the train on the way up here, we met a colleague whom we had not seen for a while and we had an interesting discussion all the way down here. We now feel excited about local community foundations and about starting to look at making endowments and investments in community foundations and using those as a vehicle to draw in funding and investment from a variety of sources, including corporate giving, which was the angle that Peter was going for. So, we are looking at the contribution that business, private individuals, the Welsh Assembly Government, local government and other funders can make to this. We could draw that all together. Instead of having money that funds four development officers for three years, we have an endowment that funds one development officer or a grant scheme forever. Let us free it up and give it some local, independent, community foundations; let us think about how we are using money and invest it and not just spend it. That would give us something with which we could continue core services. Innovation should be driven from the grass roots and not required from the top down.

[124] **Joyce Watson:** I have a supplementary question along the same lines, to tease out a little more information. I hear what you say, so, in your opinion, do you think that there is a danger of good projects that deliver on the ground being balanced somehow by the latest fashionable idea and that, somehow, if you are not fashionable or sexy, which is frequently used language, you are ignored?

[125] **Ms Leonard:** There is a danger of that, which takes us back to the plain language issue. When you write a bid, you read all the relevant documentation and you pick out the words of the minute and you ensure that you use the words of the minute—that is quite clinical, because you have to hit the buzzwords. So, you work out what the buzzwords are and you put them in your bid and get the money. That is why we say that, often, it is not the good bids that get the funding, but the good bid writers. It is a matter of horses for courses, because, with some of the big programmes, you would expect to see people showing how they fit in strategically, and so on. It is a balancing act, because you do not want the ‘same old, same old’, because sometimes it is not the best. However, as long as the process is subject to some kind of performance review at regular intervals, and there might be an opportunity to pilot new things, there is no reason why something that works should not be supported for longer. That is where community foundations could come in, because many groups are set up to address a market failure; that is why many groups spring into being. If there were a market, the private sector would be doing this. So, they are set up to address a market failure and it is then unfair to expect such groups to perform miracles and to become self-sustaining in three years.

[126] **Janice Gregory:** Going back to Dai’s supplementary question on ensuring that your concerns are heard, you would presumably take this to the south Wales funding network and expect the Wales Council for Voluntary Action officers to pick that up.

[127] **Ms Unwin:** We have a number of channels through which to address those issues. Both of those networks are useful for tackling those issues.

[128] **Ms Leonard:** We have had conversations with the Big Lottery Fund, so there is an opportunity there and we also run a good funding fair in Pembrokeshire. Many funders come to that, and through that ongoing relationship we can tackle these issues.

[129] **Mark Isherwood:** You referred to the independent local community foundations, which sound positive, but are there any good practice models for this that we could look at in Wales, the UK or overseas?

[130] **Ms Unwin:** The conversation to which Sue alluded, that we had on the train, was with a local contact who is related to someone who works on the greater Manchester community foundation and the Bristol community foundation, both of which are good practice models. There are no local community foundations in Wales, but we feel strongly that this is a positive direction in which to go. The time is right for us at the moment. There is also the benefit of our proven experience of delivering small grants locally. The figures that we have here show that £733,000 has been distributed to 427 groups. That is just a small part of the overall benefit, because that has levered in other benefits such as match funding and volunteer hours that have been put into projects. This is of huge benefit.

10.20 a.m.

[131] **Ms Leonard:** We looked at a very good article on the train from *Charity News*, which has a good feature in the latest edition; it is an article about community foundations. It refers to the Manchester example as being good practice. It may be worth looking at that article. You have the unclaimed assets money to distribute; there is an opportunity to use that

in a creative way.

[132] **Janice Gregory:** Our excellent Members' research service representative is writing fervently as we speak. I am sure that we will be able to refer to that soon. Thank you for that information. I am sure that we will all be accessing that in the Chamber this afternoon.

[133] **Paul Davies:** In your paper, you argued that funding is sometimes micromanaged from the top down, and you have also touched upon that today. Why do you think that certain funds are micromanaged from the top down? Do you think that this micromanagement is determined by strict funding criteria or by other factors?

[134] **Ms Leonard:** There are sometimes strict funding criteria that people adhere to. You have to be accountable for the money, and I think that people then take the belt and braces approach, so everything is pinned down to the last detail, because they are so worried that the money might be spent in a way that is slightly askew. It is about taking a far more sensible approach to risk management with funds and recognising that you do not need a belt and braces; one or the other would do. That needs to be relaxed a little. We get European funding to distribute via a small grants programme; straightaway, we are asked whether this is de minimis funding. It is then operated under de minimis, which means that every group has to sign to say that it is operating under de minimis and that it has not received more than €100,000 in the last three years. We know that the phone will then be red hot. We receive questions such as, 'We went on a free course funded by ESF; does that count?'. I do not know if we can do anything about that. People tell us that, 'The commission does that for us'. We have to look at whether there is a way around it instead of taking the belt and braces approach and strapping it down so tightly that no-one can make use of it.

[135] **Ms Unwin:** There is a challenge in managing something that is within the guidelines and is auditable that we are fully accountable for, but which is achievable. We know that that is the challenge.

[136] **Ms Leonard:** We find that you get a huge amount of money—several tens of millions of pounds at the highest point—and that is covered by certain restrictions. As that feeds down through the chain and eventually ends up being distributed in £500 grants to voluntary groups, they are still subject to the same criteria as for the £30 million at the top. It is nonsense. That needs to be looked at.

[137] **Joyce Watson:** I will talk about spatial funding. You said that, in many cases, spatial targeting and funding linked to specific geographic areas or target groups is a problem. You say that specially targeted funding cannot always be used to support the vast majority of groups or communities, or disadvantaged people who happen to live outside those areas but who may also need to do that.

[138] Going on from that, you recommend elements of flexibility as a possible help. So, with reference to your view on spatial targeting in your paper, and the way in which it might fail to support many in need, how do you believe the funding could be better targeted to ensure that it succeeds in addressing the problems at which it is aimed?

[139] **Ms Leonard:** On that particular question, I suppose that we are looking at it from the Pembrokeshire perspective. Our experience of spatial targeting is around the Communities First areas; there are only two Communities First areas in Pembrokeshire, and a very small percentage of the population falls within those spatially targeted wards. Under Objective 1, we had five priority 3 wards—the two Communities First wards, and three others. A pot of money was set aside within the Objective 1 programme, which was spatially targeted at those wards, to be drawn down by community groups. We got quite a long way into the programme before realising that none of this money was being taken up, because there was no capacity

within those groups to start drawing down Objective 1 funding. That is why we got involved with the Objective 1 key fund. We also worked alongside Planed, which worked hard in some areas to set up community fora and structures through which projects could be identified, and so on. That all worked well.

[140] I believe that the index of multiple deprivation has been revised recently, and I have not looked at it, but, regarding current spatial targeting, it does not seem that issues of deprivation caused by rurality were taken into account when the initial indices were established. In Pembrokeshire, there are many pockets of deprivation all over the place, which are caused by peripherality—living right out in isolated communities. Instead of targeting the money spatially, so that it is linked to geography, it needs to be linked to need, wherever that need arises.

[141] **Janice Gregory:** The final question is from me. As we have discussed, and as you have made clear in the latter part of your paper, you believe that there needs to be clear links between strategic planning and the commissioning of services. You go on to say that what you want is for the local service boards to bring some clarity and streamlining to the strategic planning process and not just present another layer of bureaucracy; I am sure that that view is shared around the table. However, how do you see that being achieved? You have made a strong point in your paper, so you must have some idea as to what you would like to see.

[142] **Ms Leonard:** I suppose that the process is starting in Pembrokeshire, thankfully. Fiona Walder, who leads our representation and joint working team, has been leading on an audit of planning groups in Pembrokeshire. Frighteningly, it identified 122 planning groups in Pembrokeshire, which is only a small county. PAVS was represented on 94 of those groups, and the sector was providing representatives on the others. However, on some of the groups that we were on, there were also other voluntary sector representatives. That gives you some indication of the time that is being spent. These groups are not entirely clear, in some cases, why they are there and where they feed into things, because structures change all around them—whereas they were once reporting to a particular group, that group may not exist any more.

10.30 a.m.

[143] Following on from that audit, they are doing a review of partnerships with the planning groups, with the aim of rationalising the process, and perhaps producing some clear diagrammatic representation, so that people can see that views fed in here go up to there and influence that—so that you can see what is happening. I dare say that, when they do the rationalisation, that will improve the planning process, because at present it is vast and ideas get fed in at points that turn out to be inappropriate. So that is good, and I am encouraged that that is happening in Pembrokeshire and that it is being kicked off by the process to establish the local service board. We are not one of the pilot areas, but we have established a group to consider setting up the local service board. What could make a difference is the Assembly Government representation on that service board, because that person should be able to ensure that things happen, for example that funding codes of practice are adhered to, that planning groups work effectively and that partnerships are effective—if they are not, we do not have to keep them. So, hopefully, that person will bring that sort of objective view and, although I hate to say it, knock heads together where that needs to happen.

[144] I read the document that was issued about local service boards and so forth, which said that they were going to be adaptive, responsive and permeable to outside learning experiences—a whole raft of things. I wrote it down somewhere, and there were four words that I read and thought, ‘What do they mean?’. Basically, it is the same people sitting round a different table, so unless you can change the mindset of the people sitting around that table and create a different culture, nothing will change. You can call it what you want, but it will

be the same people, with the exception of the Assembly Government official.

[145] We are making moves through the rural development programme to link a lot of the community visioning activity into the community planning activity. Another good document, which I am sure that you have all seen, is the Carnegie charter for rural communities, which sets out interesting ideas on the roles of community councillors in terms of community leaders and linking the citizen's voice to community planning, and so forth. I do not think that that is a role for us in Pembrokeshire; I think that that is a role for our local authority's community regeneration unit. However, it is something else that needs to happen. We are getting there, though, I think.

[146] **Janice Gregory:** Thank you very much. That brings your session to an end. I hope that you did not find it too traumatic.

[147] **Ms Leonard:** No, it has been a good opportunity for us, thank you.

[148] **Janice Gregory:** We always hope that it is a positive experience. Thank you very much. As I said at the outset, your evidence forms an important part of this inquiry. Thank you both for your time and for making the journey.

[149] We now come to the third and final part of this morning's meeting. I am delighted to introduce Shannon Robinson, who is the chief executive officer of Community Enterprise Wales. Shannon, thank you for coming today; it is lovely to see you again. I met Shannon in Torfaen a few months ago. Thank you for producing the paper for Members, which we have all had the opportunity to look at. I know that you have been in the room for a few minutes while our previous presenters were here. I will ask you to speak to your paper first and then there will be a series of questions from Members. There will be no trick questions, so there is nothing for you to worry about. Your paper is very comprehensive, so thank you for that. If you would like to speak to your paper now and then we will follow with questions.

[150] **Ms Robinson:** Thank you very much. I would like to apologise first, because I am trying to shake off a cold.

[151] **Janice Gregory:** I am sorry to hear that—just do not spread your germs; that is all I would ask.

[152] **Ms Robinson:** Basically, I just want to pick up a few key points out of the paper. There are two aspects that concern us the most, within the partnerships and the support structure that we work within and also from the membership point of view, from the grass-roots organisations to which we speak. The first area is around business support, which is a major issue for us as an organisation, and for the groups on the ground. We find that there are numerous bodies, agencies and organisations that are set up to do basically the same thing and there have been instances where we turn up and two or three other people are there doing the same job. It means that we are wasting resources that are scarce enough as it is, but my greatest concern is that, from an end-user viewpoint, it is confusing. The end-users will often have conflicting information depending on the take of the organisation—if you support a particular model or type of organisation, you will promote that. I suppose that the advantage of our organisation is that we come under the umbrella of social enterprise, which incorporates all of the models.

[153] From the point of view of support organisations, the issue is that many of the organisations in existence have many years of experience, and there is a danger that that will be lost. That is something that has come across strongly through the social enterprise network. The biggest hurdle at the moment is to resolve that issue of duplication, and as an organisation, we have got together with the Wales Co-operative Centre, the Development

Trusts Association and Social Firms Wales to try to do that. We have come up with a plan for rationalising our work; we have basically taken a private-sector approach, and evaluated what is being done.

[154] The advantages of taking that approach will, hopefully, be that each of us will work to our strengths. The first hurdle that we have come across with convergence is that we have to demonstrate that this is not part of our existing core activity. So, we are really up against a brick wall before we start. We are trying to return to our core principles. It is quite easy for me to say that, because social enterprise is all that we have ever done. It is much harder for some of the other partners around the table, because they have had to diversify. So, for us, unless we can overcome that barrier, and demonstrate that it is by working to our strengths and using the experience that we have that we can make best use of resources, then I feel that those organisations will continue to diversify. We are constantly diluting the delivery.

[155] The other key point that I wanted to raise is around the code of principles for the voluntary sector, and the delivery of services on the basis of who does what best. Social enterprise used to be the poor relation, and in some ways we bemoaned that, and certainly we campaigned for many years to take it into the mainstream—there are times when I wish that we had not, if I am honest. When we were not very popular—when social enterprise community businesses were not seen as being the economic driver that they are seen as now—the only people who wanted to do it were those who were truly committed to it. Now, we are seeing organisations that feel obliged to become social enterprises, because that is what they have been told: that is where the money is. The majority of our work is done with groups, looking at their potential, but we have to be realistic and tell some of them that their plans will not happen, and that there is no way that they can translate what they do as a voluntary organisation into sustainable business. That is not to say that there is no halfway house, because there is, but there are issues with expectations, and the definition of sustainability. My personal feeling is that if an organisation can generate enough income to deliver a service, even if it does not make surpluses, then it is sustainable. However, funders have various approaches to sustainability.

[156] The only other minor point, for me, would be that, in creating a social enterprise strategy, we developed a plan for social enterprise. However, I am not sure that it is taking us where we were hoping to go. Our organisation is not currently funded by any European Union or Assembly money; previously, we had core funding, and through that, we supported our membership services. I can only provide support equal to the profits that I can generate, and one of the casualties of that has been our bi-monthly bulletin, which we distributed to our membership, to local authorities, and to everyone who was interested in seeing it. Out of curiosity, I went to the Assembly website yesterday, and there were two things that concerned me. If you search for ‘social enterprise funding’, you do not find anything relevant. Secondly, the most recent social enterprise newsletter is dated winter 2006-07. This has replaced what previously existed, which is a concern.

10.40 a.m.

[157] We maintain contact with all of our members if we have consultations, news or information from funding—a huge resource of information is sent to us. We distribute it through e-mail and our website, but that is reliant upon us as an organisation and it does not fit in as a strategy of how the sector is being supported and developed. With the review of the social enterprise strategy, we need to join these things together and ensure that the support is easily accessible so that you do not have to go on a campaign to find it. Those are the only points that I wanted to make.

[158] **Janice Gregory:** Thank you, Ann; we will go straight into questions.

[159] **David Lloyd:** My question follows neatly from the main thrust of your debate, because in your excellent paper you are quite critical of agencies and organisations with little or no background experience in this sector that have been set up in recent years to support social enterprise development. In addition to what you have already said, how might the Assembly Government help voluntary sector organisations to select good quality support out there? For example, do you think that some form of accreditation would be helpful for users to find good quality support in the system as it stands? I realise that you would like to rearrange things, but in terms of how things currently operate, how we can we ensure the best quality support for the groups that want it?

[160] **Ms Robinson:** It needs a two-pronged attack. First, we need to ensure that the expectations of the organisations are not excessive. For example, if a local organisation close to us was asked to tender for a piece of consultancy and there was no-one in that organisation who could write a tender, let alone assess a good associate, what we have done through the coalfields associate support programme is to try to introduce that. I have made inquiries about how we can have some sort of kitemark; we have 28 associates who all must demonstrate at least two years' experience in the social enterprise sector or the social economy, have two previous pieces of work and two references, because although it may be a good document it may not be what the group wanted. We have a template for what we expect each document to look like, or at least the elements that would be contained within it. I feel that we need some sort of accreditation for the sector in the same way that the preferred advisers to the Welsh Development Agency used to have, and that type of approach to it.

[161] **Janice Gregory:** Thank you, Shannon. On your comments about the convergence funding, you said that it is not for organisations' core operations, which is something that we picked up. Do you know why the funding applications require activities that are not part of an organisation's core work? Is there anything that the Welsh Assembly Government can do to influence the criteria?

[162] **Ms Robinson:** I do not know why that is a condition of the funding, but it is not unusual; I picked up on some of the points that were made earlier about innovative versus existing projects. I can understand the approach, because from a social enterprise aspect, if you are supporting an organisation to become a trading organisation, you would expect at some stage that it would no longer need the same level of funding. However, we are treating the support organisations in the same way. Our members cannot afford to pay us for our services, and we are often called into unconstituted groups who do not even have enough money to pay the Companies House fee of £10 to register their company.

[163] **Janice Gregory:** Do you think that there is anything that the Assembly can do?

[164] **Ms Robinson:** With European funding, there are restrictions on how much influence there can be. The delivery of the GBAS contracts and the mainstream business support has made the situation more difficult. Going back to the statement of bringing in bodies on the basis of who does what best, through the partnership that I referred to earlier we have had discussions with Sioned Rees to look at how we can complement the bid that is going to priority 2 and try to join up priority 2 and priority 5, so that we can move social enterprises into mainstream business support, but only when they become viable trading enterprises and not when they are still developing and consolidating.

[165] **Mark Isherwood:** On the timescale needed to move an organisation from grant mindset to a business and trading culture, what could the Assembly Government do to better support organisations in the early years of their activities? As an addendum to that, is the mindset also apparent in Government and would that also need to change?

[166] **Ms Robinson:** I think that there is a far greater buy into the process of moving

voluntary organisations into social enterprise and trading activities and, certainly, a far greater understanding. As most of you are aware, it is a different ballgame when you sit in meetings with community organisations, because their issues are low level—they are only interested in the today and the now. Trying to speak to them about a strategic plan to which they have to link their project in order to get it supported can be difficult. Quite honestly, you can do three meetings before you get a cup of coffee—you have to work at that level.

[167] If we could focus the type of support that we are putting in on the changes that are being brought about as a result of the economic focus for Communities First and with the Welsh housing quality standard, those would be huge opportunities for us to have an intensive development programme with community organisations. However, as I said in the paper, it will have to be flexible and it will have to work quickly, because, we know from our conversations with the housing associations, the local authorities and the contractors and other support agencies, such as Construction Skills Wales, that they are not going to have time to wait for us. If we do not do it quickly, we will not get to do it at all.

[168] So, I think that the Assembly has a role to play in putting together a package, because we, as an organisation, are trying to co-ordinate many things. For example, at the moment in Rhondda Cynon Taf, we are trying to bring together training and construction organisations as well as the local authority. It is a big job and we are quite a small organisation. We are talking about something like 150,000 houses throughout Wales. The paper that I have submitted to one of the construction companies would allow us to take the hardest to reach, namely those people who we have identified through our work with the job match programme in the Heads of the Valleys, from something like the family employment initiative—which is a local grass-roots form of engagement—all the way through to supported employment through job match. If we cannot get in there and start working with the groups that have access to these people now, we will miss the boat. As an indication, the RCT tender notes that there are two weeks from the moment that it appoints the contractor to the start of the work. If we do not do it before it gets the contract, we will not do it at all.

[169] **Mark Isherwood:** Are you effectively saying that, to tackle this problem, we need to move the Assembly Government from a grant mindset to a business and trading support culture?

[170] **Ms Robinson:** With an eye on where it is coming from, yes.

[171] **Janice Gregory:** I will now address the part of your paper where you talk about supporting existing social enterprises. You have said that many organisations would have already accessed many funds in the early stages of their development. What do you think prevents organisations from accessing further funds to continue their development? Can you expand on how you feel state aid and the de minimis rules affect voluntary sector organisations that you deal with?

[172] **Ms Robinson:** I think that, sometimes, certainly with the funds that I have been involved in, it is not in the criteria—there is just a general consensus in the panels that make the decision that they have already supported these once or twice and that they need to spread that support around. I also think that there is this expectation that, because this sits under the social enterprise banner, if you have had it within three years, you should not come back for it in year four or five. But how do you progress? There is no progression fund, as such. That is probably the bit that is missing between the grant funding and the community investment fund.

10.50 a.m.

[173] We have tried to address that to a certain extent, or at least the coalfields fund has

tried to address that to a certain extent. That has been quite successful, but there was an upper limit of £60,000. If you are trying to acquire a building—and this also relates to state aid—you can buy the building but you cannot put people in it, or kit it out, because you have used up your de minimis levels. We need to find a way around this. I do not know what the answer is, but it is a major stumbling block. We have groups that stagnate for two or three years until they become eligible to apply again. That slows down the process.

[174] **Peter Black:** You have suggested rationalising funding and having a single portal for funding and support. Do you have any views on who should administer such a portal? For example, should it be run by the Assembly Government, the voluntary sector, or another body?

[175] **Ms Robinson:** There needs to be a co-operative approach to it. The reason that I think that the coalfields model worked so well was because it took that approach. Fourteen organisations were involved in different parts of the decision-making process and the Coalfields Regeneration Trust works in partnership with the Assembly Government. That process worked really well, especially in the short space of time that we had to do it. At the moment, people are being bounced from fund to fund. For example, the CFAP fund is the fund of last resort. I have sat in project meetings with various funders who are all waiting for the first shoe to drop and have the attitude, 'We will if you will'. Organisations can be passed around like this for a long time. The Coalfields Regeneration Trust can cover only coalfield areas. There needs to be a structure that can bring together all the funding so that, if a new organisation wants to develop a social enterprise, it does not have to search to find out how it fits thematically or strategically, or identify which funder has money left in its pot, fits the criteria, or covers the geographical area; it would submit an application to a single portal. It is the same principle as the convergence funding, only at the next level down.

[176] **David Lloyd:** I will move on to what you suggest in your paper is a vexed issue, match funding. I will not rehearse the arguments related to the difficulties that organisations face, but I have a question or two. Why are organisations unable to gain advice on match funding? Allied to that, are there any funding arrangements that could, on occasion, be a suitable alternative to having to find a match?

[177] **Ms Robinson:** On your first point, very often, before they approach organisations like mine and other support agencies, organisations will try to do it themselves. There will be one driver within the group who will try to do it. They will look at the application and will stop at the match-funding element. When we speak to the group and begin to explain how match funding can be raised or how funding in-kind can be used, we can lose more of them, because it is too hard; they will not do that, and so try to find other ways to raise the funds. I do not think that the problem is that the information is not out there; there are just too many hurdles for them to get over. The primary purpose of these organisations is not business; they exist to deliver something to their communities.

[178] I am sorry, what was your second point?

[179] **David Lloyd:** Are there any alternative funding arrangements available, so that people do not have to go down the match-funding route?

[180] **Ms Robinson:** Traditionally, the funding has been in-kind. That is all there has been for social enterprises. One area where we have done some work is in looking at social corporate responsibility. A private sector organisation local to us could not spend its community fund, so we helped it to spend it, which was nice. However, this is silly, because you have companies that are struggling, with human resources departments that do not know what to do with it; it gets thrown at the wall, basically. Rhondda Housing Association had a huge amount of in-kind support. The lady who was supporting them told me that she has a

team of only 16 people—these are highly qualified accountants, and they go out to paint schools; my response is, ‘Please don’t, we can find far better use for your accountants’. Again, that is a possible rich source of match funding.

[181] **Joyce Watson:** I will move on, and ask some questions about procurement, which you mention in your paper. You highlight various issues relating to procurement, including the need to evidence the delivery of similar contracts in the past, demonstrating added value. You also mentioned discrimination against organisations that previously provided free services, and cash flow problems. That is a plethora of barriers, is it not? What would you like to see put in place to enable voluntary sector organisations to overcome those barriers?

[182] **Ms Robinson:** I have had some conversations with Value Wales about this. We have been told that, if it is a social enterprise, it will look at it twice as far as previous experience is concerned. The problem is that, if you download the document from the website, it does not tell you that, so you think, ‘Well, I cannot evidence that’. That is just at the expression of interest stage, so you do not believe that you can access that contract.

[183] The problems associated with putting a good tender document together, when you could potentially be going up against the private sector or more established agencies, mean that it is not going to happen—they cannot afford the marketing material. I come from a private sector background, and if a photocopied bit of A4 paper hits your desk, and you have a nice presentation pack with another tender brief in, you know which one you believe is most capable of delivering the job. Funding for marketing is one area that was in most demand in the coalfields fund. However, people were coming for leaflets, and we were trying to tell them that what they needed was a marketing strategy. We need to engage with organisations to give them an understanding of how to compete, to put them on a more even playing field, and remove this initial barrier whereby you have to have demonstrated a track record in delivering. In some cases, they will say that they have not done that, although they have, but just not under a contractual arrangement.

[184] **Paul Davies:** I understand from your paper that you are currently undertaking several monitoring and evaluation studies. Who in your organisation initiated these studies, and how do you avoid duplication of effort where external evaluation is undertaken in addition to that undertaken by the funding bodies?

[185] **Ms Robinson:** We tendered for the contracts that we are currently running, so we run them as contracts. There is no duplication in that case. The one project that we are running is a European-funded project to a local community organisation, which will be monitored by WEFO. However, this is an internal monitoring process, which, as I say in the paper, they had the foresight to put into their bids. That has allowed us to ensure that the mechanisms in the organisation are developed, and that the project managers know how to measure what they do; they have been there a long time, but they did not really know what impact they were having. Therefore, each manager—and there are five in the organisation, because there are five different activities—has developed impact studies; they do not cringe now when I mention soft outcomes.

11.00 a.m.

[186] It is also about being able to demonstrate value. For example, it had never occurred to those arranging youth activities to go to the police and ask, ‘What impact is our activity having on your delivery and costs in the area?’. I would like to see realistic budgets, and I would like to see, almost a requirement really, that organisations have a funding line for monitoring and evaluation. We have been able to anticipate and redirect activities within that organisation, working with the committee and the project managers, and that is far better than getting to the end and saying, ‘Well, actually, we should have done things differently’. It is an

investment.

[187] **Janice Gregory:** Thank you very much. That brings your session to an end. I hope that you did not find it too traumatic an experience.

[188] The committee will meet again on 6 February, and if anyone wants to come to Brynawel House next Wednesday, 30 January, you are more than welcome. I declare the meeting closed.

Daeth y cyfarfod i ben am 11.01 a.m.
The meeting ended at 11.01 a.m.