

Y Pwyllgor Cymunedau a Diwylliant

CC(3)-03-08(p.1): 20 Chwefror 2008

Ymchwiliad i ariannu sefydliadau yn y sector gwirfoddol yng Nghymru – y prif argymhellion

Diben

1. I osod y prif faterion a nodwyd yn ystod y cyfnod casglu tystiolaeth.

Cefndir

2. Cafwyd wyth sesiwn ffurfiol o gasglu tystiolaeth ar gyfer yr ymchwiliad i ariannu sefydliadau yn y sector gwirfoddol yng Nghymru. Yn ogystal, cynhaliwyd ymarfer ymgynghori yn ysgrifenedig ar gyfer grwpiau yn y sector gwirfoddol a daeth rhyw 55 o ymatebion i law.

3. Mae'r papur yn Atodiad 1 yn gosod prif faterion ac argymhellion yr ymchwiliad.

Camau i'w cymryd

4. Gwahoddir Aelodau i drafod y papur ac i gynnig argymhellion y maent yn dymuno eu cynnwys yn adroddiad y pwyllgor.

Gwasanaeth y Pwyllgorau

Chwefror 2008

Annex 1

Inquiry into Voluntary Sector Funding in Wales

Purpose

To set out the key issues identified during the evidence gathering phase.

Recommendation

It is recommended that Members consider the key issues set out below; and propose recommendations that they wish to include in the Committee's report.

Background

There have been eight formal evidence gathering sessions for the inquiry into the funding of voluntary sector organisations in Wales. The Committee was pleased to hear evidence from the following contributors:

- 10 October 2007 - Minister for Social Justice and Local Government, Deputy Minister for Regeneration and the Wales Council for Voluntary Action (WCVA)
- 24 October 2007 - Merched y Wawr, Clubs for Young People Wales and Age Concern Wales
- 7 November 2007 - National Federation of Women's Institutes, the Arts Council of Wales and the Sports Council for Wales
- 14 November 2007 - Minister for Heritage
- 21 November 2007 - Citizens Advice Cymru, Cymorth Cymru and the Welsh Local Government Association
- 12 December 2007 – Wales TUC, Heritage Lottery Fund and the Big Lottery Fund
- 23 January 2008 – Pembrokeshire Association of Voluntary Services, Gwent Association of Voluntary Organisations and Community Enterprise Wales
- 6 February 2008 – Stonewall Cymru, Black Voluntary Sector Network Wales and the Institute of Fundraising Cymru

In addition, a written consultation exercise was undertaken amongst voluntary sector groups and some 55 responses were received. The committee papers and written responses are available on the Committee's website – www.assemblywales.org

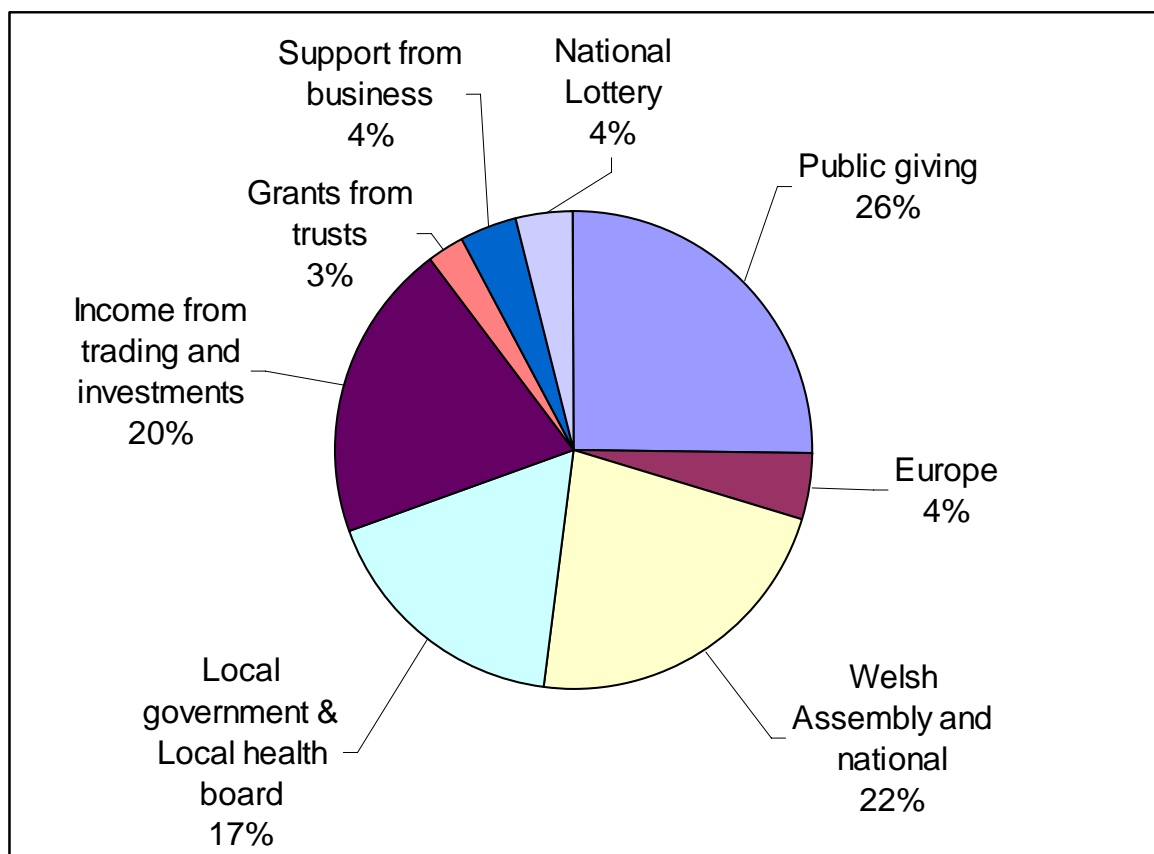
Voluntary Sector Scheme

A statutory Voluntary Sector Scheme was first set out in Section 114 of the Government of Wales Act 1998. The Scheme established the principles and mechanisms for a working relationship between the voluntary sector and both the National Assembly for Wales and the Welsh Assembly Government during the first two Assemblies. The provisions in the 1998 Act no longer apply, but have been replaced by section 74 of the Government of Wales Act 2006 which imposes similar duties on Welsh Ministers. In accordance with the Scheme, the Assembly maintains a Code of Practice for funding the voluntary sector.

Basic Statistics

There are over 30,000 voluntary organisations in Wales, with about 1.5 million volunteers. In 2007 total income was about £1.2 billion. About 65% of voluntary organisations in Wales have an annual income of less than £10,000 and fewer than 2% have an income in excess of £1 million.

The various sources of income are shown diagrammatically below.



Source: Wales Council for Voluntary Action (WCVA)

Strategic Action Plan for the Voluntary Sector Scheme

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

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

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

Related Information

Welsh Assembly Government, [Voluntary Sector Scheme](#)

Welsh Assembly Government, *Empowering active citizens to contribute to Wales: A Strategic Action Plan for the Voluntary Sector Scheme*, January 2007

Welsh Assembly Government, [Code of Practice for funding the voluntary sector](#)

Welsh Assembly Government, [‘The third dimension’: A Strategic Action Plan for the Voluntary Sector Scheme](#), 2007

Key Issues

| Issue | Notes |
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| Funding Criteria | We found a positive acknowledgement of the pioneering support that the National Assembly for Wales has provided through the Voluntary Sector Scheme. |
| | It can be difficult to obtain funding for core activities; a regular amount of guaranteed core income allows voluntary organisations to develop, build on existing projects and plan ahead. |
| | There is an emphasis on funding ‘innovative’ projects, often at the expense of those with a proven track-record; leading to frustration or time wasted in rebranding successful projects. |

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| | The Welsh Assembly Government targets funding at national organisations; with some inconsistency in defining what this means. But there could be local groups that are better able to provide this service in particular areas. |
| | Conversely, There is a problem with national organisations having to apply to all 22 local authorities, in order to provide an ‘all Wales’ service. There should be a mechanism, administered by either the WLGA or WCVA, for such groups to apply for one funding stream. |
| | It is vital to maintain a diversity of funding streams, to cover capital and revenue expenditure. Revenue funding is often needed to support social engagement activity; getting people involved. Without this element of funding there is a risk of inefficient use of resources; for example, newly refurbished buildings being lightly used due to lack of staff and/or equipment. |
| | In many cases, spatial targeting (funding linked to specific areas or target groups) can cause problems at the margins; with equally disadvantaged people living on the wrong side of the boundary missing out. |
| Access to Information | Some groups have difficulty in gaining access to information on sources of funding, and how to apply for it. Also, it is not always clear which types of organisation are eligible to apply for specific grants. Contributors suggested that there should be a central portal for information on funding; and a searchable database for funding streams. This portal could also promote linking private sector organisations that want to engage with the voluntary sector. |
| | The WCVA arrange conferences to disseminate this information and also includes comprehensive information on available grants on its website. |
| Sustainable Funding | The WAG code of practice states that 3-year funding should be the norm. We found that voluntary groups broadly welcome this policy; but it has not yet been rolled out across the sector, with many groups still subject to annual funding. Some groups feel that 3 years is not long enough and that 5-year funding would allow them to better plan their activities. The counter-argument is that longer-term funding can lead to complacency and a loss of momentum. Longer-term funding would also need to take account of inflation. |
| | Organisations would appreciate more practical support in capacity building; to help them become more self-sufficient and less dependent on grants. |

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| County Voluntary Councils (CVCs) | There are 22 CVCs in Wales; providing advice and information to local voluntary and community organisations. They support voluntary action by supporting volunteering, advising on good practice, and providing information on funding sources along with a wide range of other issues. There is a significant variation in the resources available to the CVCs, with a consequent variation in their capacity to provide adequate support. We feel that CVCs should be reviewed periodically to assess their performance and to identify areas for improvement. |
| Strategic Planning | There needs to be a clear link between strategic planning and the commissioning of services. Currently the voluntary sector invests a lot of time and effort participating in planning partnerships. We feel that Local Service Boards should identify means of streamlining the planning purpose; to design services to meet identified needs, thus making better use of pooled resources. |
| Strategic Funding | There is a perception within the third sector that there are too many individual pots of funding, with consequent scope for rationalisation. This would seem to be a matter for the WCVA and CVCs to examine. |
| | Pembrokeshire Association of Voluntary Services proposed setting up local community foundations and using these as a vehicle to draw in funding and investment from a variety of sources; including the Welsh Assembly Government; local government; corporate giving; and contributions from private individuals. These pooled resources would then provide flexibility to provide longer term core funding for projects with a proven track record. We were told of examples of such community foundations in Manchester and Bristol. |
| Application Process | Application forms are generally perceived to be poorly drafted and difficult to understand. This can inhibit groups from applying, waste precious staff resources, and result in organisations missing out on funding through failing to complete the form correctly. |
| | Forms would benefit from a 'plain English/Welsh' audit; to reduce the amount of jargon, make the forms easier to understand and easier to complete. Examples of good practice are the 'Community Facilities and Activities Programme' (Welsh assembly Government) and the 'Awards for All' scheme (National Lottery). |
| | The application process should be tailored to the size of grant applied for; so application forms for small grants should be simpler than those for larger grants. |
| | Some small organisations have only two or three staff and so would benefit significantly from practical help in completing application forms; we feel that this support should be provided by County Voluntary Councils. |

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| | <p>Application forms should contain information on how applications are to be assessed; both in terms of criteria to be used and the likely timescale in reaching a decision. Also, the decision process should be transparent, so that unsuccessful applicants can learn how to raise their game. It was suggested that a simple flow-chart illustrating the assessment process could be included with the application form.</p> |
| | <p>It is important that grant awards are made in a timely manner; to minimise the risk of losing staff due to late funding; and to facilitate strategic planning.</p> |
| Bilingual Issues | <p>The Welsh Assembly Government should provide sufficient resources to funding distributors to ensure that they have capacity for processing applications through the medium of Welsh.</p> |
| Monitoring and Evaluation | <p>Monitoring and evaluation of the performance of voluntary groups is important in ensuring that resources are used effectively. However, there is a perception that the process is too bureaucratic and is not necessarily measuring the correct parameters. We consider that monitoring and evaluation should focus on measuring outcomes not activity.</p> |
| | <p>In addition, monitoring and evaluation should be appropriate to the size of the organisation and the funding expended; and the process should be transparent. Decision letters should give clear reasons for the outcome of an application, and give an opportunity for a 'feedback' interview.</p> |
| Marketing and Branding | <p>The ultimate source of funding is not always apparent; leading to misconceptions as to who is funding what – and why. We feel it would be helpful if the Welsh Assembly Government conducted a review of the marketing and branding of voluntary sector funding.</p> |
| EU Structural Funds – Convergence and Competitiveness | <p>There is a perception that the process of allocating EU funding to the voluntary sector is taking too long; leading to frustration and abortive activity amongst some groups. We consider that the Welsh Assembly Government should keep the sector informed of progress and current activity.</p> |
| Lottery Funding | <p>Matters related to the National Lottery are not fully devolved. But the Welsh Assembly Government issues policy directions, setting the strategic outcomes required. The policy directions have recently been revised for the Heritage Lottery Fund, the Arts Council for Wales and the Sports Council for Wales. The BIG Lottery Fund distributes about £50 million each year in Wales to the voluntary sector; and the Heritage Lottery Fund distributed about £20 million in Wales in 2006-07. The processes developed by the National Lottery distributors for allocating funding and monitoring outcomes provide exemplars of good practice; and we consider these should be disseminated to local authorities.</p> |

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| | <p>Lottery funding in Wales will reduce by about £8 million per year as a result of the UK government's decision to allocate £2.2 billion of National Lottery money to the 2012 Olympic Games. The Minister for Heritage has made representations to his counterpart in the UK Government to resist any further reduction in lottery funding in Wales. The Committee supports this position.</p> |
| Dormant Accounts Scheme | <p>Outlined in the UK Government's 2005 pre-budget report, the Dormant Accounts Scheme seeks to reinvest money held in dormant bank and building society accounts in community projects. HM Treasury consulted on the establishment of such a scheme in spring 2007 and published a consultation document on how such funding might be distributed. As with lottery funding, the Welsh Assembly Government will set the strategic framework for distribution in Wales. The Committee hopes that the Minister will take account of the recommendations in our report.</p> |
| Local Authority Funding | <p>Most local authorities in Wales have codes of practice for distribution of funding to the voluntary sector; either final or in draft form. But a survey carried out in 2007 by the WCVA found that these are not applied consistently within authorities and that monitoring of the funding code is undertaken by only 10 of the 22 local authorities in Wales. Whilst not wishing to see a prescriptive 'one size fits all' approach, we consider that the Welsh Assembly Government should commission the WCVA to carry out an audit of local authority funding codes, to identify and disseminate good practice – and to compare them with the Welsh Assembly Government's own Code. Awareness of these codes needs to be raised among local authority staff and voluntary organisations.</p> |
| | <p>Local authorities provide funding to the voluntary sector in two ways; allocation of grants and procurement of services. We agree with the WCVA that local authorities should be much clearer about the purpose of their funding; and decide whether they are shopping (buying or procuring services), giving (contributing to the overall aims or mission of an organisation) or investing (focusing on a longer-term relationship of mutual interest and support).</p> |
| | <p>There is a growing trend towards procurement, with third sector organisations willing to compete with those in the public and private sectors. We feel that the Welsh Assembly Government should invite local authorities to review their procurement procedures to review the balance of risks, value for money and the extent to which potential providers can place the wider interests of citizens/service users at the heart of their service; in order to provide a fairer basis on which the third sector can compete for procurement contracts. This should include 'full-cost recovery', to allow for training costs.</p> |

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| Dialogue with Funding Bodies | Voluntary groups having direct contact with Welsh Assembly Government officials are generally very satisfied with the service they receive. But due to normal staff turnover within departments, they often have to build new relationships from scratch. We consider that the Welsh Assembly Government should review its internal procedures to try and maintain level of service; with invested knowledge being shared when key staff leave or take up a new post. A similar issue applies to the WCVA and CVCs and local authorities. |
| | Some organisations, particularly the smaller ones, feel that they do not have sufficient opportunities to be presented through the system of using networks and umbrella bodies. There should be a means of monitoring how well organisations feel they are being supported. |
| | We heard a plea from Stonewall Cymru, who are the only organisation championing the needs of lesbian, gay and bisexual people, that they would appreciate a platform for discussing their specific needs with funding bodies; with a view to mainstreaming these issues in the application process. |
| Ethnic Minorities | We learnt that some ethnic minority groups feel intimidated by the 'white men in suits' who are generally involved in administering funding schemes; leading to a perception of inequality Funding bodies should give thought to how they can allay these fears. |
| Gender Budgeting | Monitoring and evaluation programmes should include a way of identifying any systemic bias in funding allocated to groups catering mainly for men or women. We heard that the Sports Council for Wales is seeking to address this issue. |

Committee Service