



## Information for the Equalities, Local Government and Communities Committee, 2 November 2020

### Re: Scrutiny of Covid-19 and its impact on the voluntary sector

#### 1. About the Wales Funders Forum and our submission

1.1 The Wales Funders Forum is an informal network of funders from the public, private and voluntary sector who are based in and/or fund work in Wales. Our mission is to strengthen and support funders, to promote effective funding practices and to learn about current and emerging issues to meet the needs of Wales. We bring funders together quarterly to:

- Promote and share good funding practice
- Share learning about ‘what works’, ‘what doesn’t work’ and why
- Share information and learning about evidence of need for funding
- Provide opportunities to discuss and debate developments in Wales that impact on funders and the causes and organisations they fund
- Provide opportunities for funders to collaborate and network with each other

1.2 In the immediate aftermath of the lockdown, many funders signed a [Covid-19 Funders Statement](#), pledging to be as flexible as possible during this period so that civil society groups could focus on the vital work of supporting some of the most vulnerable people in our communities. Funders stepped in to provide financial support for those facing lost income and acute financial difficulties. They reached out to existing grant holders to offer additional support to meet emergency needs. They made increased funding available and speeded up their processes to get money to where it is needed most.

1.3 To support funders to work more closely together, the Forum increased the frequency of its meetings from quarterly to weekly, facilitating data sharing on awards in order to understand the spread of funding, to respond accordingly, and to minimise the risk of duplication. We continue to meet monthly for this purpose in addition to maintaining the quarterly meetings.

1.4 This written evidence about the four topics under consideration by the committee have been sourced from responses from the membership, information shared by members and notes from the meetings of the forum in the period of the pandemic. The Wales Funders Forum is an informal network and it should be noted

that the views of individual members of the forum shared in this document, would not necessarily be the view of the collective membership. In addition some members of the forum will be submitting their own evidence to the committee.

1.5. The remainder of this paper looks at each of the four topics under consideration by the committee:-

## 2. Funding and service delivery

2.1. Members of the Wales Funders Forum include the main grant giving organisations in Wales and worked together more closely than ever to ensure that funding went to the Welsh charities, organisations and communities that need it most during lockdown. To date more than £32 million has been distributed by Forum members to communities across Wales during the pandemic.

2.2. Back in March as we found ourselves in unprecedented times, as communities, voluntary organisation and funders started to navigate themselves through the pandemic. As noted above, many funders, including members of the Wales Funders Forum, took the coordinated approach of adopting the [Covid-19 Funders Statement](#), developed by London Funders. The essential points are that signatories commit to supporting their grant recipients by being flexible with grants and reporting deadlines and listening to the needs of their recipients.

2.3 Through the Forum and with the support of the WCVA, funders from across Wales published statements about their intent and approach during the pandemic. This included detailing about the budgets for grants programmes, emergency funds and additional support to grant holders.

2.4 Flexibility and understanding characterised the response from the spectrum of funders who make up the Wales Funders Forum. Funders reacted swiftly with emergency funding to support the sector, and gave care and thought to support existing grant holders adapt to the crisis situation. To give some examples:-

2.5.1. The Steve Morgan Foundation suspended normal applications in order to focus on delivering an Emergency Fund, providing funding to charities delivering additional emergency services and those experiencing a loss in fundraised income to stay operational.

2.5.2. The Waterloo Foundation contributed £200,000 to the Wales Coronavirus Relief Fund set up by Community Foundation Wales to support Welsh community groups responding to the crisis. In addition, Waterloo encouraged its current grant holders to contact their fund manager about how the Foundation could help, and made it clear that they would continue to make grant payments and review applications in line with their funding criteria as usual.

2.5.3. Members of the forum such as Pen-y-Cymoedd Community Fund have been agile and changed how they work to meet the crisis, including reducing the turnaround time between organisations submitting applications and receiving a grant. The Co-op Foundation de-restricted project grants and gave flexibility on timings. A statement by BBC Children in Need simply read “If you have a grant from

us at the moment, we want you to know that we are going to do our very best to help you.”

2.6. The funding interests and priorities of Wales Funders Forum members varies considerably geographically, demographically, by themes and by mechanisms of funding.

2.7. Members shared intelligence on themes emerging from the pool of applications received and contact with existing grant-holders. It was clear that many voluntary organisations saw a significant and sudden drop in income when public fundraising and trading income dried up overnight as social distancing measures made these impossible.

2.8. Members saw an increase in applications for food poverty/distribution, for equipment and outreach to tackle digital exclusion, and from organisations that were re-designing services to respond rapidly to the new circumstances. Covid-19 had a disproportionate impact on Black, Asian and Minority Ethnic communities and funders took action to ensure that their funding was reaching these communities.

2.9. Throughout the pandemic Forum members have had clear insight into service delivery from the third sector. Many groups increased their services and/or adapted their delivery approach, with grant funding supporting these increases, as other income sources dipped, cash flow tightened, and the sector spent its reserves.

2.10. Digital delivery of services was a key theme. Anecdotally we have evidence that there were some groups that failed to make this work, with digital exclusion, and for staff access to devices, connectivity and training all proving to be issues. Some groups found that engagement wasn't as fruitful, but others, especially those working with children and young people on the autism spectrum or with emotional challenges, found digital sessions to be good.

2.11. BBC Children in Need attempted to address some of the issues around digital inclusion through its Covid-19 Funding Streams, specifically its Booster Grants programme. With the fund designed to be as flexible as possible, this provided opportunities to apply for technology, infrastructure, additional staffing, immediate core costs, training, activities and anything else which could directly support children and young people affected by the pandemic. Again, evidence of this flexible supportive approach that members of the forum took to support the voluntary sector.

2.12 Lloyds Bank Foundation support charities with an annual income of £25,000 to £1 million to deal with complex social issues. They identified clear patterns that could be recognised in service delivery in response to Covid-19:

- **focus on crisis management**, with food delivery and other essentials featuring prominently (and subsequently a shift away from more in-depth support in some services)
- **lots of activity shifting to online / remote support**
- **problems faced by those without online access**, with some referring to writing letters as a way to engage those without access to technology
- **former clients needing support**

- **lots of focus on mental health needs** and concerns about the impact of the crisis on mental health.

2.13 The National Lottery Community Fund in its [Voices From the Pandemic](#) series shared in depth interviews with organisations working on the frontline. The interviews explore in more detail what grantholders have done, what they've learned and how they'd advise others, based on their experiences. One such interview was with grant holder Action in Caerau and Ely (ACE). While ACE runs a wide range of projects, from children's play schemes to a community woodworking shed, most of the work is face to face. Lockdown meant choosing what to continue, and how. ACE focused on making best use of their resources, turning their building into a food distribution hub, supporting beneficiaries of a food pantry project with emergency food parcels.

2.14 Supporting food purchase and distribution, was the focus of many of the responses funded by members of the forum. This included supporting to put in the infrastructure needed for distribution. Food supplies also ran out much quicker than expected for many grant holders, with members of the forum having to top up support in some cases.

2.15 Members of the forum also reported that as those they supported were coping with the increased demand on their services, they were also dealing with a number of other issues such as: staff on furlough; taking critical governance decisions over service provision, operations and sustainability while meeting remotely; and in the case of local infrastructure charities, coordinating activity, providing essential services and mobilising others who wanted to help to ensure people got the help they need, while endeavouring to minimise gaps and duplication.

### 3.0 The effectiveness of support from the UK and Welsh government and local authorities

3.1 Membership of the forum includes foundations that fund throughout the UK, funders that operate throughout Wales, and grant-makers that fund only in a particular locality. This gives a variety of perspectives on this issue.

3.2. Charity Bank lends money to charities and social enterprises throughout the UK, and has supported 55 projects in Wales since 2002, with a value of over £10 million. Anecdotal feedback that they are receiving suggests that there are more generous support packages available to access in Wales.

3.3. UnLtd, a leading provider of support to social entrepreneurs, has found Welsh Government extremely supportive to the social enterprise sector as a whole through regular contact and via their Economic Resilience Fund funding programmes which have helped some of our more established social entrepreneurs. There have been challenges for more early stage entrepreneurs seeking financial aid as they start out. The UK Government has also supported UnLtd's Social Enterprise Support Fund.

3.4 One issue that has caused some confusion has been the ‘Barnett consequential’ For instance, in April, when the Chancellor of the Exchequer announced the extra £750 million coronavirus funding for frontline charities across the UK, it was unclear for several weeks how this funding was to be utilised and distributed in Wales, which made it more difficult for Forum members to make decisions on the distribution of their own funds.

3.5 Similarly, in May when UK Government announced £76 million to support safe spaces and hotlines during the 'lockdown', including £38 million to support vulnerable children and modern slavery victims (including those exploited by county lines gangs), it again took some time for it to become clear on what it meant for Wales in terms of extra money.

3.6 In April of this year the Education Minister, Kirsty Williams, announced up to £3 million to support ‘digitally excluded’ learners during the coronavirus pandemic. While this was welcome news as only government can act at this scale, members of the forum with an interest in education nevertheless reported frustration with seeing first hand children and young people spending lockdown without the required technology and connectivity in their homes, as the planned interventions and support did not reach them. The Waterloo Foundation supported with projects such as that by Ysgol Garth Olwg in Rhondda Cynon Taff, who received £10,000 towards an e-learning platform. Moondance Foundation also supported such projects, providing £3,000 to Cwmclydach Primary School also in Rhondda Cynon Taff with online learning activities and IT equipment for pupils.

3.7 Government initiatives such as food vouchers for pupils receiving free school meals were also welcomed. Forum members did see some examples, of how they often failed to work in practice. For example, Waterloo Foundation are aware from grant-holders of families who received vouchers for a specific supermarket located 10-20 miles away, which were very difficult to use without public transport or access to a vehicle.

3.8 In addition free school meal eligibility is potentially a crude measurement of poverty, particularly at a time when many families were probably “unofficially” falling into that category during the pandemic. Schools were fantastic in recognising this and ensuring support was given to vulnerable families, whatever their official status. A good example of this provided again by Waterloo Foundation is the Cadoxton Primary School in Barry and the associated charity, Cadog’s Corner, who served their communities so well, ensuring they have access to healthy, wholesome food through a “Pay as you feel” food shop.

#### 4. Volunteering and community resilience

4.1 During the pandemic Forum members have seen the emergence of both informal and formal volunteering on a scale that hasn’t been witnessed before, with a real diversity in the way in which people are engaging.

4.2. The Building Communities Trust (BCT) pointed to a perceived growth in young people volunteering, particularly informally. With a proportion of the older, more

traditional volunteer cohort finding themselves increasingly socially isolated and in need of support themselves, it seems as though the younger age group is stepping up to the plate in many cases.

4.3. BCT were able to give many examples where people, groups and organisations were helping one another and delivering practical interventions to help people and their communities. For example, benches made by one community so that people could sit and meet up yet remain socially distanced. New people and groups are emerging and taking action, with people making new connections, coming together and helping one another. Participants in BCT work felt that ‘some community members have really shone’ and ‘true community champions have come forward’ since the crisis started.

4.4 UnLtd reported noticing an increased interest in people wishing to start out as new social entrepreneurs, and has been receiving many more applications for support than usual, either through awards or via joint programmes e.g. the Welsh ICE virtual 5-9 Club for social entrepreneurs starting in the South Wales Valleys. Awards are now open to new applicants with a larger budget available in Wales until March 2021. UnLtd has moved to providing all support online, which has proved very effective especially links with peers with common interests across Wales and the UK.

4.5. More generally and anecdotally funders who support social business can see that new opportunities have undoubtedly come out of the pandemic. In many areas of Wales, the importance of community and local services has been brought into sharp focus and the importance of social enterprise in that mix has become apparent. The role and flexibility of new social businesses is also becoming apparent in this change.

4.6. The pandemic has highlighted the importance of community resilience - the sustained ability to use resources to respond, withstand and recover from adverse situations - and the importance of resilience within the voluntary sector. A number of members provide additional support to the organisations that they fund. For example:-

4.7.1. Lloyds Bank Foundation provides a range of developmental support, including training, consultancy and mentoring alongside their funding to help strengthen the charities they support. During the pandemic they increased and adapted this support to meet the priority needs as a result of the pandemic.

4.7.2. The National Lottery Community Fund in August 2019 commissioned a third sector directory of support services for voluntary organisations seeking assistance with organisational resilience. They also have an online strengths checker that allows potential applicants to address these needs in future funding applications to the fund or through variation to existing grants.

## 5. Good practice and future opportunities and challenges

5.1 Throughout the Pandemic, members of the forum have worked closely together to avoid duplication and share intelligence. For example, The National Lottery Community Fund, WCVA and Community Foundation Wales have collaborated in grant scheme design so that between the three funders, they had funding available that targeted the full cross-section of the sector.

5.2. Forum members are also considering how we can work together strategically in the future to support the post-pandemic recovery. The National Lottery Community Fund, who provide secretariat support for the Forum, has committed to fund some research work focused on making the Forum even more strategic and effective, thus better placed to deliver the collective future response that will be required to meet the continuing challenges faced by the voluntary sector.

5.3. WCVA estimates that the voluntary sector in Wales will have lost approximately £230m in income during the first three months of lockdown. The funding available from Wales Funders Forum members is nowhere near enough to cover the income deficit left by Covid19 and very sadly, but unavoidably, the voluntary sector will have a different shape on the other side of this pandemic. Whilst it is not possible for funders to fill the gap in income, members of the Wales Funders Forum will continue to work collaboratively to ensure that the funding that is available is spent well and reaches as many organisations as possible.

5.4. Forum members are reporting concerns from the sector about the availability of 'normal' funding during 2020 and 2021 as funders divert their budgets from 'business as usual' to address emergency needs. Funders understand that voluntary organisations in Wales are currently facing concern and uncertainty about both their immediate and longer-term future. We are encouraging Forum members to share plans for grant distribution once the emergency fund response has passed.

5.5 As noted above, the lockdown and pandemic have provided the impetus for funders to review and consider their processes and approach. A number of funders and members of the forum have recently dispensed with historical rules about what they can fund, and it seems likely that this may lead to more widespread adoption of more flexible funding, including for core costs.

5.6. For example, as a part of its Covid Recovery Fund the Lloyds Bank Foundation offered a two-year unrestricted grant of £50,000 with dedicated organisational development support. This was offered with the realisation that to survive the aftermath of the pandemic, the charities that they fund have needed to alter the way in which they operate, deliver services and source income. Given the funding challenges that the charities they support are facing, the Foundation is considering how it can share learning and success stories about funding core costs, as part of a strategy focused on reaching and influencing other funders, or those who don't already support such costs.

5.7. UnLtd has reviewed its application systems and launched a more user-friendly and inclusive application process. They have also committed to ensuring at least 50%

of awards go to social entrepreneurs who are BAME, disabled or over 50 years of age. They anticipate a greater demand for their services in the future as we recover from the pandemic and consider that the challenge will be ensuring that they provide the most relevant and best support to those social entrepreneurs with the potential to make the biggest difference, with limited resources. They plan to continue working closely with Welsh partners to ensure support goes where it is most needed.

5.8. The Forum also heard from the UK-wide Association of Charitable Foundations (ACF), which shared the findings from its [Stronger Foundations](#) initiative on how to apply a diversity, equity and inclusion lens to funding practice, as well as recommendations on excellent learning and impact practice. ACF has also been working with partners to develop the [Funders' Collaborative Hub](#) to enable increased understanding, closer alignment, and opportunities for funder collaboration in the post-emergency phase of Covid-19, and the Forum will look to link into this work as it develops. The web platform to support collaboration launches early in November.

5.9. Another initiative that has been given active consideration by the Forum is the Living Wage. Members of the forum who are Living Wage Funders are committed to tackling low pay by encouraging the organisations they support to pay the real Living Wage, as determined and promoted by the Living Wage Foundation, and have actively encouraged other funders to also provide this support to the voluntary sector.

5.10. In conclusion it is clear that as members of the Wales Funders' Forum look ahead to the next stage, they are considering how they can support organisations to recover and make plans for what their new futures look like. As they do this [statements about the ongoing plans will be available on the WCVA website.](#)

5.11 As the voluntary sector pivoted to deal with the pandemic, so did the membership of the Wales Funders Forum, providing support both financially and in kind to the voluntary sector in Wales at unprecedented levels. Forum members will pivot again to support the recovery and flourishing of the voluntary sector in Wales.