

# Communities and Culture Committee

## Evidence presented by Pembrokeshire Association of Voluntary Services (PAVS)

### Purpose

This paper has been prepared by PAVS to present evidence to the Committee as part of the scrutiny Inquiry into the Welsh Assembly Government's strategic approach to the funding of voluntary sector organisations in Wales. The Committee is asked to consider the evidence put forward in this paper, and to incorporate the proposed recommendations into the report for the Minister.

### Background

PAVS is one of 22 County Voluntary Councils (CVCs) in Wales which, together with the Wales Council for Voluntary Action (WCVA) and the independent Volunteer Bureaux, make up the Third Sector Infrastructure Partnership.

PAVS is in regular contact with well over 600 Third Sector organisations in Pembrokeshire, ranging from large well-known charities with paid staff and significant assets/resources, through to small community based self-help groups, established to meet a particular need and sustained entirely through voluntary effort.

Approximately 15% of these groups currently hold service level agreements with public sector commissioners (primarily in the areas of social care, housing and health).

PAVS has considerable experience of providing funding development support to Third Sector organisations in Pembrokeshire, and managing a range of successful revenue and capital small grants programmes, distributing **£733, 613.20 to 427 groups over the past 7 years**. The Funding Development Officer has attended professional development courses (provided through the Infrastructure Partnership), and is an active member of the South Wales Funding Network, which exists to exchange best practice amongst CVC funding officers, and maintain the high quality of the service.

PAVS also ensures that the sector is represented on strategic planning partnerships (particularly in the area of Health and Social Care) that ultimately determine what services need to be commissioned, and works closely with Procurement Officers in both the Local Authority and the Local Health Board. A Funding Code of Practice has been developed with Pembrokeshire County Council, working through the Voluntary Sector Liaison Group. Work is continuing on rolling this out across all departments, and extending the Code to other public sector funding bodies.

Future plans include managing a capital grants programme and a revenue grants programme; strengthening support for groups in developing and implementing sustainable funding strategies; and setting up an independent Community Foundation for Pembrokeshire.

## **Response to Inquiry**

Evidence is presented under each of the four areas identified by the Committee in its terms of reference, followed in each case by recommendations for future action.

### **Ease or difficulty of obtaining funding from the Welsh Assembly Government or relevant national funding bodies**

This varies from the extraordinary difficulty of obtaining funding through the Convergence programme (WEFO) to the relative simplicity of the Community Facilities and Activities Programme (CFAP). The response to CFAP has been significant due largely to the relevance of the priorities, established through sound research, the clarity of the application form, and the constructive feedback and support given by Scheme Officers.

The need to achieve full accountability when public funds are being transferred to a third party is accepted, however, under the present system, scrutiny often results in excessive bureaucracy, and a complex application (and monitoring) process that is beyond the capacity of smaller Third Sector organisations – yet these are the very groups that are often in touch with the most disadvantaged members of our communities, and where funding can have the greatest impact.

Jargon and technical language can often be a barrier – all application forms should be written in plain language. Currently, there are many instances of good bid writers getting funding, rather than good bids. It should be noted that CVCs offer a wide range of training and support to Third Sector groups to help them develop skills in bid writing.

### **Recommendations:**

Ensure that application processes are as simple as possible and based on a proper assessment of risk, taking into account factors such as the size of the grant, and the target group – embed this principle into the Funding Code of Practice

Work proactively with experienced grant distributing organisations (such as CVCs) to develop simple generic application processes that can be used across a range of funding streams, in order to reduce the need to have different processes for different “pots” of money

Ensure that long-standing funding partnerships are objectively assessed at regular intervals to check that they are still fit for purpose and, if deemed appropriate, seek expressions of interest from other organisations who may be able to contribute new ideas/services to achieve the stated outcomes

Ensure that applications are assessed for their content, not their style, and proactively encourage applicants to seek support through their local Infrastructure organisation. Recognise the value of plain language, both in the language used on the application forms and in the responses given.

## **Ease or difficulty in complying with constraints or conditions placed on funding**

It is vital to maintain a diversity of funding streams to cover capital and revenue expenditure – capital projects cannot be successfully implemented without revenue costs being incurred. Revenue funding is often needed to support the social engagement activity – getting people involved. Without this element of funding, there is a risk of ending up with enhanced community buildings that stand empty for much of the time.

Funding for feasibility studies, or professional/technical support (such as architects or solicitors) also needs to be made available to support large capital projects – although these are services that could be delivered by Local Authorities (or other public sector bodies) as an in-kind contribution to the overall funding “pot”. The Business Broker programme offered by Business in the Community sought to address this issue.

Funding is often only available for “innovative” projects – it can be difficult for groups to secure funding to continue a particular service, even when it can be shown that this service effectively meets an ongoing need, or to meet core costs. It is not always possible for all organisations to become self-sustaining.

Funding is sometimes “micro managed” from the top-down, allowing less scope for flexible use of money to respond to the demands of service users and local communities. This results in the “one size fits no-one” syndrome, with some funds being under-subscribed because they do not meet the local need OR groups becoming grant-led rather than needs-led, and is at odds with the “citizen centred” approach that is currently being driven by the Welsh Assembly Government.

In many cases, spatial targeting – funding linked to specific geographical areas or target groups – can be problematic. Spatially targeted funding cannot always be used to support the vast majority of groups, communities or disadvantaged people that happen to live outside these areas, but who may have equal need to those who do.

Excessive monitoring requirements are a real issue, and can be completely disproportionate to the amount of the funding applied for. Performance indicators often measure volume of activity rather than effectiveness, and significant resources are deployed in monitoring/measuring detracting from delivery. Complex (and expensive) systems are needed to collate/analyse data and produce reports, and associated “back office” costs (administration/project filing/finance/personnel) become a significant overhead, reducing the amount of money that can actually be spent on the end beneficiaries and failing to achieve best value.

Funding is needed up front rather than in arrears as many smaller organisations do not have sufficient resources to withstand long periods of negative cashflow. Advance payments can, however, be quite complex to administer incurring considerable office support costs.

There is a need to address the issue of “March madness” when funding needs to be spent before the year end, because it cannot be rolled over into the following financial year. This can lead to funding being allocated in ways that are not transparent, and money being spent unwisely.

Whilst it is recognised that there are funding constraints, funding needs to be allocated on a full-cost recovery basis wherever possible, for example, covering the actual costs of delivering services bilingually and/or in a rural area. Often groups over-promise and under-resource because they feel this is the only way they can be successful in getting funding. This approach has failure built in from the start.

A review of regulations covering funding and monitoring issues is also likely to be of advantage to WAG as such changes could lead to reduced demands on officials to manage less complex arrangements - and to undertake the revised arrangements more effectively.

### **Recommendations:**

Audit and constantly monitor all WAG funding sources to ensure that a balanced diversity of funding is consistently maintained

Proactively seek ways of allowing elements of flexibility within funding streams so that groups can meet the needs of their members/service users in a way that will work best for them, whilst still contributing to the overall aims and priorities of the funding body and maintaining high quality services

Allow funding to be used to support core costs and continuation services, based on evidence of the achievement of excellence (through quality assurance systems) and ongoing demand. Consider the use of “tapered funding” linked to an explicit requirement (as part of the funding offer) for the organisation to produce a sustainable funding strategy (supported by Infrastructure partners) at an appropriate stage in the funding cycle

Adopt an outcomes focussed approach to monitoring – allow groups to find ways to measure the real impact of their work. Keep monitoring requirements in proportion with the amount of funding being granted. Make sure that everything that is being measured is worth measuring – make it clear exactly what is being counted, and how the data will be used. The Outcomes Champions approach rolled out in England through infrastructure organisations may be a useful model to consider

Consider whether there are any opportunities to provide “back office” support to Third Sector groups so that overhead costs can be minimised/shared. Options could include providing pump-priming funding to Infrastructure Partners to set up “social enterprises” providing administrative/financial support services, or look at delivery partnership models between the Third Sector/statutory sector – allowing the Third Sector group to deliver the service, and providing a level of personnel/financial support through the statutory body

Find a mechanism for using year-end underspends/decommitments in a more productive way – perhaps by building up a “safety net” fund into which Third Sector groups could bid for support in the event of unforeseen additional costs being incurred (such as maternity or paternity leave/long-term sickness/resignations leading to increased recruitment costs, etc)

Ensure that full-cost recovery models are recognised when evaluating bids – work in partnership with bidders to set realistic targets that are in line with the resources being allocated

### **Issues related to the duration or timing of funding**

Adequate time must be allowed (as provided for in the Funding Code of Practice) for proposals to be worked up prior to the deadline for applications, balancing the time allowed for applications to be submitted (which is short) and the time allowed for applications to be appraised/approved (which can be several months). Approval is often given right at the last minute, so that it is difficult to start the project on the anticipated start date and the project is constantly in “catch up” mode.

Short term funding has resulted in the majority of paid posts within the Third Sector being linked to 1-year or 2-year contracts. The uncertainty of future funding results in a high turnover of staff, with a consequent loss of skills, expertise, continuity of service, etc. It also means that high quality staff may not be attracted to such posts in the first place.

Often, projects are approved so late in the planning cycle that many experienced staff are forced to find alternative employment. Recruitment processes, coupled with the length of time taken for new staff to acquire the necessary knowledge and skills, all represent significant costs for organisations.

The constant change in personnel also leads to difficulties in building strong relationships and providing consistent services to users/members. This is a particular problem when dealing with the most vulnerable and disadvantaged people in our communities.

Voluntary/community development must be sustained over a proper length of time to achieve positive and lasting outcomes.

### **Recommendations:**

Consider allocating funding for community development or service delivery on a rolling 3-year programme. If funding needs to be allocated on a year-on-year basis, then link it to a 5-year business plan/local development strategy (similar to Rural Community Action or the Infrastructure Partnership Agreement) so that continuity of service can be protected

Ensure that the guidelines for “early and constructive dialogue” and “timely decisions” set out in the Funding Code of Practice are met – audit this across WAG departments

Consider “gap funding” to help keep experienced staff in post between funding programmes – to be operated as a fund of “last resort”

### **Any other comments relevant to the Inquiry**

From the Third Sector perspective, there appears to be less funding available – whether this is real or perceived is more difficult to ascertain. There is certainly more public sector investment in the Third Sector (through a mix of grants, service level agreements, contracts, in-kind support, etc) than most people realise. It is essential that processes and systems be streamlined as much as possible to maximise the amount of funding that actually goes to support the end beneficiary, and achieve the desired outcomes.

The investment that WAG is making in building the capacity of the Third Sector Infrastructure Partnership is welcome. It is hoped that WAG will seek a return on that investment by making the best possible use of the infrastructure as a conduit for funding voluntary/community action from application and implementation; through to monitoring and evaluation and planning for the future.

There needs to be very clear links between strategic planning and the commissioning of services. Currently the Third Sector invests a lot of time and energy in participating in planning partnerships – there are 122 such partnerships in Pembrokeshire (PAVS represents the sector on 94 of these) which gives some idea of the scale of resource being devoted to this activity. Local Service Boards must bring some clarity and streamlining to the strategic planning processes, and not present another layer of bureaucracy.

Effective local strategic planning processes make it possible to work proactively with the Third Sector/statutory sector to design services to meet identified needs, thus making much better use of pooled resources.

### **Summary**

There is strong evidence of the significant benefits that relatively small amounts of funding can deliver to individuals, groups and communities. National/regional grant programmes must be as flexible as possible to meet locally-identified needs, with a balanced mix of capital and revenue funding, and appropriate levels of monitoring. CVCs are ideally placed to manage a range of grant-giving programmes, factoring in overhead costs for grant administration.

There is certainly considerable scope to increase the role of the Third Sector in public service delivery through procurement processes, based on a full cost recovery model. Every effort should be made to achieve best value through streamlining administrative and financial support services, possibly through delivery partnerships or social enterprises run by intermediary organisations.

Whilst sustainable funding models will almost inevitably retain an element of grant funding, the aim must be to reduce dependency on grants and increase income generation through procurement, trading, strategic fundraising, etc. Third Sector infrastructure partners are well-placed to provide the necessary training and development support to help Third Sector organisations achieve this aim.