



Welsh Government Draft Budget Proposals 2023-24

A RESPONSE FROM WCVA

1. [Wales Council for Voluntary Action](#) (WCVA) is the national membership organisation for the voluntary sector in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together.
2. We have consulted widely across the voluntary sector in drafting this response and are pleased to have the opportunity to feed a wide range of sectoral voices into planning for the draft Budget 2023-24. We thank a variety of organisations, including Prince's Trust Cymru, Wales Centre for International Affairs, Making Music, Llais y Goedwig, SNAP Cymru, Welsh Sports Association, Building Communities Trust, Interfaith Council for Wales, Fair Treatment for Women in Wales, the Snowdonia Society, and a number of individuals, for their contributions.

KEY POINTS

3. Although this response details a number of recommendations for the 2023-24 draft Budget, here are some we consider the most important. Each is elaborated upon elsewhere.
 - The cost of living crisis has left much of the voluntary sector, and its service users, in a precarious financial position. Resourcing the voluntary sector to endure this crisis must be a priority for Welsh Government to help the sector continue to deliver its vital services, and ensure those who rely on them are not cut adrift.
 - Priority must be given to those individuals who are most affected by the cost of living crisis, particularly those in poverty. This will also help prevent inequalities widening further.
 - Quality engagement with the voluntary sector and communities will be crucial to making a success of the above points. Welsh Government must encourage genuine co-productive working between local authorities and the voluntary sector to make sure this happens.
 - Combating climate change must continue to be central to all Welsh Government policymaking. The green recovery will be essential in 'building back better'.

- Welsh Government must engage fully with the voluntary sector and UK Government to address issues around the UK Shared Prosperity Fund and the Levelling Up Fund, now that European funding has ended.
- The Future Generations Act should anchor any plans to ‘build back better’, with particular attention paid to the goal of a ‘more equal Wales’.

WHAT, IN YOUR OPINION, HAS BEEN THE IMPACT OF WELSH GOVERNMENT’S 22-23 BUDGET, INCLUDING FUNDING RELATED TO THE RECOVERY FROM THE PANDEMIC?

4. It is pleasing to have the new longer-term approach to funding voluntary sector organisations. This provides reassurance and a better sense of stability to many organisations. One organisation’s Chief Executive told us: ‘This is a very welcome move and one that any organisation providing vital specialist services will applaud. If we are to ensure people in Wales can access local services, with local knowledge and years of expertise, it is also important to consider grant giving versus the tender/commissioning process.’ This has led to an ongoing piece of work around updating the [Code of Practice for Funding the Third Sector](#), which WCVA is very proud to be part of. However, it is important to note that the pandemic cost the voluntary sector in Wales [£620m in income](#). The sector is still very much recovering from that, and is now facing the cost of living crisis as well.
5. Within WCVA, the shift to a longer-term funding model for Volunteering Wales Main Grant and the funding of a second round of Volunteering Wales Strategic Grant following a successful pilot were welcomed.
6. Welsh Sports Association commented that the Budget was positive for volunteering in the sport and leisure sector, but the uplift in local government funding was not always felt, with the increase taken up by statutory services such as education and social services.
7. Welsh Government’s support for social businesses was exceptional during the pandemic and its approach allowed organisations to invest in their future resilience. This has enabled these organisations to come into the current situation in a stronger state than would otherwise be the case, and the relative lack of corporate failures in the sector is evidence of the success of this strategy. They are, though, now caught between the twin issues of rising demand for their services and rising costs of simply standing still. Social businesses do not have the access to personal capital that exists in the private sector and, as such, are facing an immediate future without access to EU funding or equivalent sources to assist them through the current challenges. The risk for the sector is that the new, added pressures undo the benefits that much of that investment has started to produce.
8. The final budget for Social Justice in 2022-23 almost doubled from the draft projections. This was welcome, but it still left the Social Justice department with a lower budget than all

the other Main Expenditure Groups. However, the projections for 2023-24 (contained within the 2022-23 Budget document) note that the Social Justice budget is expected to decrease by 39.3% between 2022-23 and 2023-24. This is a large drop, and is sure to impact on the voluntary sector and its service users. Other Main Expenditure Groups see their indicative final budgets maintained or increased. Social Justice is a vital area in terms of community cohesion and tackling inequalities. It should not see cuts like this, as this has potential for unintended consequences – especially in increased health costs.

9. Llais y Goedwig noted that Welsh Government support for environmental measures and tackling climate change was positive. Future budgets, however, need an emphasis on sustainable energy such as wind and hydro, and energy saving (e.g. an efficient energy grid, home insulation, etc).
10. Remaining on the subject of the environment and climate change, the Snowdonia Society noted that funding for national parks and areas of natural beauty were again ‘channeled through the project funding mechanism of Tirweddau Cymru/Landscapes Wales’. This is in essence a ‘positive approach’ in that it is intended to encourage collaboration and skills sharing across Wales. However, they added that Tirweddau Cymru is a closed group, and provides no access for the voluntary sector to contribute to delivery of these projects and benefit from the funding. This holds back the potential contribution that the sector wants to make to key challenges on issues such as responses to visitor impacts, litter, footpaths, and nature recovery.
11. To give a specific example, the Caru Eryri project in Snowdonia is a partnership project which includes the National Park Authority and three third sector bodies and is led by Cymdeithas Eryri the Snowdonia Society. It has achieved [quite a remarkable amount in three years](#), but was entirely funded in 2022 by Welsh Government and WCVA through the Volunteering Wales Strategic Grant fund. No funding was available for it through the NPA or the National Park partnerships. This suggests that better local funding for voluntary sector initiatives would allow more of this type of community action to develop.

HOW SHOULD WELSH GOVERNMENT SUPPORT THE ECONOMY FOLLOWING THE PANDEMIC, BREXIT, AND OTHER ECONOMIC PRESSURES?

12. There are over 44,000 voluntary organisations in Wales, accounting for 10% of employment, while 26% of people volunteer at least one day a year. (Source: [The Voluntary Sector Data Hub](#)) Therefore, resourcing the voluntary sector itself is a priority, given its role in service delivery in every community across Wales. This includes the social enterprise sector, which will be crucial in reviving local and hyperlocal economies. All this will be necessary to help communities through the cost of living crisis and ensure the services they rely on will continue to be delivered. Targeted economic help should be given to those in poverty. This

includes particular help with energy costs.

13. Resourcing the voluntary sector, particularly social enterprises, is also vital for Welsh Government ambitions around the Foundational Economy. This will help ensure that businesses buy local and money stays within communities.
14. Investment should be made in training and adult education, to ensure the workforce is suitably skilled for the challenges ahead, and to ensure the 'brain drain' of young people leaving Wales is reduced.
15. If inequalities cannot be reduced, although we sincerely hope this is not the case, they cannot be allowed to widen further than they already are. It will be vital to monitor the milestones and indicators within Welsh Government's Measuring a Nation's Progress work, and urgently anything that suggests inequality is widening.
16. Welsh Government should continue to prioritise social enterprises. Their triple bottom line of 'people, planet and profit' fits with the plan for government and will ensure that a greater proportion of what support is available to the business community is directed in achievement of Welsh strategic goals.
17. Welsh Government should also continue to demand of UK Government a fair deal for Wales through the replacement of EU funding. The current value of 'levelling up' funds in their various guises is well below what was promised and the method by which they are being distributed is undermining the ability of the sector to create appropriate solutions to societal and economic problems.
18. The draft Budget should seek to further encourage employers to offer at least the Living Wage as a minimum. We would also encourage funders to be Living Wage funders, and ask Welsh Government to encourage this too.
19. WCVA, alongside partners such as RSPB, FFCC, and others, have been calling for a National Nature Service as part of a green and just transition for Wales. The Trade Union Congress has estimated that over a two-year timeframe, almost 4,000 jobs could be created through reforestation schemes, environmental restoration schemes such as flood defences, and support schemes for farmers to switch to organic agriculture.
20. The [RSPB](#) has estimated that such a National Nature Service, coupled with a strategic investment in nature that provides employment opportunities in the restoration and creation of priority habitats, nature-based tourism development plan, as well as creation of woodland and urban green spaces, could support almost 7,000 direct FTE jobs in Wales over the next decade based on the nature related investments summarised above. An investment of £68 million per year for the next 10 years for the restoration and creation of priority habitats is needed to meet priorities for the natural environment and provide nature-based climate solutions. This investment alone could create 1000 new direct jobs in

habitat restoration and creation, with additional opportunities in the provision of advice to landowners and monitoring of habitats and species. With the right support, enhancing and restoring nature could create or support many more new jobs.

HOW FINANCIALLY PREPARED IS YOUR ORGANISATION FOR THE 2022-23 FINANCIAL YEAR?

21. In 2022/23 it was confirmed by Welsh Government that several areas of grant funding would be fixed until 2024/25. While this was extremely helpful from a planning perspective, the funding did not include any increases. Therefore with inflation currently running at over 10%, WCVA has effectively been given a decrease in its funding.
22. In 2023/24, European funding comes to an end. This funding makes a significant contribution to WCVA and has enabled a staffing compliment of between 35-45 people. Due to this cessation of income, as well as other pressures, including inflation, a change programme is under way. This involves a restructuring of the charity, which is planned to take effect from 1 April 2023.
23. The Local Government Pension Scheme (LGPS) continues to be an issue to WCVA because of its volatile nature and subsequent impact on the balance sheet. Additionally, the employer contributions continue to increase and have become unsustainable. Therefore WCVA is working with a pensions advisor and is looking at its options.
24. All the above challenges make it difficult to plan for the future. However, WCVA has an updated five-year financial plan that assists in this endeavour.
25. Looking more widely across the sector, numerous organisations are in a perilous financial state. For example, one person told how their organisation is 'constantly looking for ways to raise finances just to keep afloat'. It is vital these organisations are supported by Welsh Government to survive. Reserves have never been so important for organisations as they are now. The Snowdonia Society noted that 'trustees are likely to be facing the hardest decisions they have seen for a long time'.
26. Other organisations noted that, without longer-term funding past March 2023, they will be forced to let staff go. This will inevitably mean being less able to deliver services that people have come to rely on, at a time when demand is increasing. It is not possible, nor is it desirable, for volunteers to pick up work left due to a lack of staff. Volunteers require infrastructure and support provided by paid staff.
27. Numerous organisations, such as Prince's Trust Cymru, have stated they would welcome larger funding pots across multiple years. This would help with longer-term planning, ensure services do not vanish at short-notice, and aid with retention and recruitment of

staff.

28. As noted earlier, European funding has ended. This will have a marked effect on the ability of many voluntary sector organisations in Wales to offer services, while ongoing problems remain with the administration and rollout of the UK Shared Prosperity Fund and Levelling Up Fund. Welsh Government must seek continual engagement with UK Government on these Funds to ensure as smooth a transition as possible, and ensure that Wales is no worse off than previously.

WHAT ACTION SHOULD WELSH GOVERNMENT TAKE TO HELP HOUSEHOLDS COPE WITH THE COST OF LIVING CRISIS?

29. Data from [Connect Wales](#) shows that, as of June 2022, over 20% of households in Wales are in serious financial difficulty, with a further 20% 'struggling' and 30% 'exposed' to the crisis. Energy bills are expected to be the biggest driver in cost increases. Wales has the highest poverty rate of all of the UK nations at 23%.

30. The Budget should seek to target support at those who really need help, such as those reliant on Tax Credits, Universal Credit, or living in old housing stock, while maintaining funding for future development.

31. Where direct grants are provided, flexibility should be adopted. Projects and services must be allowed to be flexible and alter their direction according to needs, if required, as they understand better at ground level what is needed by communities.

32. Further investment in community and renewable energy is essential to combat the cost of living crisis, and can contribute to the green economy.

33. WCIA noted that retrofitting houses can lower the cost of energy bills while reducing dependence on fossil fuels. Grants or loans for insulation or double glazing would help those in colder homes, and save money in the longer-term. Grants can also be provided for solar panels and heat pumps to enable more use of low carbon energy.~

34. Making Music commented on the need for affordable spaces for community groups. Losing such spaces greatly impacts on the wellbeing of communities. On a similar note, the Interfaith Council for Wales stated that many places of worship are considering closing completely due to energy costs, depriving communities of warm hubs and food banks. Many have never depended on state support, but now can't see how to survive without it.

35. The importance of investing in mental health was also cited, given the pressures that people face right now, and have been facing for a number of years.

ARE WELSH GOVERNMENT PLANS TO BUILD A GREEN ECONOMY SUFFICIENTLY AMBITIOUS?

36. As we commented last year, all policy decisions Welsh Government make must have environmental and climate change concerns at the forefront to sustain positive behaviours. We were pleased with the engagement the voluntary sector Climate Change Planning Group had with the Net Zero Strategy and the strategy around changing public behaviour in the face of climate change. However, the fact that powers over energy are devolved to UK Government represents a barrier to the fundamental change that is required overall. Welsh Government must engage in discussions with UK Government on this subject.
37. There must be investment in developing sustainable energy, with a much improved grid system for the storage and flow of energy to where needed. This, noted Llais y Goedwig, will be a major infrastructure project, but is necessary if Wales is to have sustainable energy.
38. There is a skills deficit which must be addressed to meet the needs to address the nature emergency. Investment in the National Nature Service in Wales will enable a delivery mechanism to implement an effective solution to this skills deficit. The NNS will create an employability pipeline which will address the impact of the climate and nature emergency as it currently stands while ensuring a lasting legacy and plan to mitigate future effects.
39. Increases in costs make it less possible for organisations to invest in their buildings and other infrastructure (e.g. vehicles) in support of Wales' net zero ambitions and the green and just recovery from Covid 19. This is something the next Budget should consider.
40. Snowdonia Society commented that we need a connected, resilient network of small to medium enterprises and the voluntary sector, developing high quality but small scale local economies based on Wales' rich natural resources. Innovations in energy efficiencies and renewables could make many communities much more sustainable.
41. Initiatives such as restoration projects for peatlands, tackling invasive species and the upcoming Sustainable Farming Scheme have taken place without sufficient public engagement, meaning people and businesses do not necessarily feel the sense of partnership and ownership that is really required to make these projects a success. As noted above, a National Nature Service could allow people to part of climate action and to build a bond with their environments throughout the progression of their lives. This could present an opportunity to radically transform people's wellbeing, upskill the workforce, and deliver opportunities for young people.

IS WELSH GOVERNMENT USING THE FINANCIAL MECHANISMS AVAILABLE TO IT AROUND BORROWING AND TAXATION?

42. The sector did not express many views on how Welsh Government is using its taxation powers, but comments such as 'limited' and 'slow' were used.
43. Some have suggested that Welsh Government could consider increasing Welsh income tax to finance more support through the Discretionary Assistance Fund, as well as raising money for public services.

COMMENTS ON...

...WELSH GOVERNMENT POLICIES TO REDUCE POVERTY AND GENDER INEQUALITY

44. Poverty and gender inequality, alongside other equalities issues, are exacerbated by the cost of living crisis. Women are more likely to be claiming Universal Credit, and more likely to be reliant on this whilst being in-work. Meanwhile 46% of single parent households (mainly women) are already in poverty. People from ethnic minority communities are more likely to have lower incomes or face other forms of discrimination. The socio-economic duty must be at the forefront of budget decision-making. We would ask again, however, why the Committee never requests to hear about other potential areas of inequality in this consultation, such as race, religion, age and sexuality. Given the launches of the LGBTQ+ Action Plan and the Anti-Racist Wales Action Plan, it seems more relevant than ever for the Committee to be able to gain a more well-rounded understanding of how the draft Budget could impact inequalities.
45. Voluntary sector organisations working in the area of inequality are under immense pressure as demand for their services continues to rise. Welsh Government should ensure additional resources are allocated to public services focused on alleviating poverty, first and foremost, and make funds available to the voluntary sector for the complementary services we can offer. The voluntary sector cannot replace public services and is struggling to meet high demands, but income and gender inequalities are deepening and there is a concern the crisis will be prolonged by insufficient funding. This will result in the public sector's inability to provide adequate and timely assistance and, consequentially, the voluntary sector's inability to meet the needs of people in a state of acute crisis.
46. Welsh Government must continually engage with those suffering poverty, in order to find out what more it could do to help. It must also resource those organisations offering financial support and advice. Red Cross research from 2021 indicated that 41% of people were unaware of how to access financial support. We are in such a grave situation now that every effort must be made to ensure people are aware of all the support they are entitled to receive.
47. We will be interested to see what impact gender budgeting has on the draft Budget. Three [pilot schemes](#) were announced by Welsh Government earlier this year. However, we are unaware of how these are progressing. Gender budgeting can only have a positive impact

on inequalities, so we hope to see more about this in the draft Budget.

48. Resource should be given to social enterprises such as Repair Cafes and lending and sharing schemes, which can help reduce poverty and also contribute to a greener economy.
49. Sufficient investment must be made to ensure that the actions of the LGBTQ+ Action Plan and Anti-Racist Wales Action Plan are progressed and the best outcomes achieved.

...HOW AND IF THE APPROACH TO PREVENTATIVE SPENDING IS REPRESENTED IN RESOURCE ALLOCATIONS

50. The aim of investment in preventative spending is as follows: to keep people well, and support people to live well with an illness or condition that may or may not require treatment or support. The benefits of preventative spending are that people don't need treatment or get support or treatment earlier, and they can reduce the acute demands on health and care services because people seek or are offered early help instead of reaching crisis points.
51. 'Prevention' is a thread that runs through the Regional Integrated Fund, but there is a danger that this funding stream and regional working is the only space in which prevention approaches are developed. The innovations developed in the regional space that have a positive impact need to be mainstreamed but there is little capacity for the voluntary sector to mainstream projects without funding. Allocations need to be planned carefully, or ringfenced for preventative work, and clear expectations set out for what proportions of this would be spent in the voluntary sector in particular.
52. Projects such as Flying Start, free school meals and the provision of warm hubs will be vital in battling the cost of living crisis. More must be invested into preventative spending of all types, otherwise the impacts of poverty and ill-health will be extremely expensive for Wales in later years.
53. Welsh Sports Association added that health savings could be made by increasing the budget allocated to schemes such as National Exercise Referral and increasing social prescribing of physical activity.
54. Fair Treatment for Women in Wales commented on the importance of Welsh Government and its partners resourcing activity which aims to 'engage with, understand and meaningfully address the issues that lead to poor health and reduced circumstances'. There can be deeply entrenched reasons for this, and consideration must be given to the multiplicity of factors that contribute to socio-economic deprivation and its links to health inequalities. FTWW note that societal attitudes and structures have had a knock-on effect on diagnoses, support and access to health services for their service users.

55. WCVA and the 19 CVCs work on and promote [Infoengine](#), a database of voluntary sector services, as a vital search tool for citizens, public and third sector services. We would welcome the opportunity to work with government to promote this portal to local authorities and health boards to assist with the preventative agenda.

...HOW RESOURCES SHOULD BE PRIORITISED TO TACKLE NHS WAITING LISTS

56. 'Waiting well' services for people needing treatment have been developed. Whilst this is welcomed, this is not preventative work. Investment in health promotion, early access to diagnostic tests, and assessments and screening will start to push the need further upstream but we must see and treat people quickly and this needs resource and increased capacity. The [plan](#) announced in April 2022 is welcomed and recognises the contribution that can be made by the voluntary sector; however, there is little information or guidance about how public bodies are expected to work with the voluntary sector to help achieve the aims of this plan.

57. Further guidance from Welsh Government is needed to ensure voluntary sector partners are more involved in the planning and decision making regarding resources allocation. We also suggest more innovative approaches to allocating funding to the sector that help meet the demands in this area - for example, reducing competition in grant processes and instead allocating funds to voluntary organisations who can delivery support in partnership.

58. The new NHS Executive, duties of candour and quality, and Citizen Voice Body, must lead to meaningful changes to tackle waiting lists.

59. Local Health Boards operate independently and have their own budgets, often making it less financially viable to open up their resources to others or operate intra-health board or cross-border services. This can lead to patients suffering worsening health and requiring more interventions.

60. Many voluntary sector organisations offer hospital discharge services, and these should be resourced further to help alleviate 'bed blocking'. However, there are ongoing issues, particularly in rural areas, around a lack of social care to help those who have been discharged settle back in at home. This can mean patients are left stranded in hospital, as there are no services to help them where they live.

...THE SUSTAINABILITY OF NHS, SOCIAL CARE, FURTHER AND HIGHER EDUCATION, LOCAL GOVERNMENT AND OTHER PUBLIC SERVICES

61. The public sector in Wales does not currently receive enough resource to properly sustain its services. Unfortunately, the Barnett Formula is an obstacle to adequate investment. As with the voluntary sector, public sector funding is often short-term and, therefore, a barrier

to the development of sharing good practice, long-term planning, and job security for staff.

62. While innovative services are welcome, innovation shouldn't be prized for its own sake. When a service is proven to work, it should be supported. However, as FTWW note, this requires comprehensive engagement with end user in suitable ways.
63. Our recent paper, published by the Bevan Commission on the [values and value of volunteering- our hidden asset](#) considers how investment in volunteering could contribute to the sustainability of health and social care. In particular, investment is needed in volunteering leadership to enable integrated services across sectors which support and incorporate the contribution of volunteers in communities, primary, secondary and social care settings.
64. The voluntary sector should be supported to fully play its part on Regional Partnership Boards. WCVA has heard too many reports of sector representatives (as well as representatives of carers and citizens) being treated as 'junior partners' by other members of RPBs. There are also ongoing issues around capacity, with sector, carer and citizen reps simply being too stretched by their other responsibilities to be able to fully play the role they wish to be able to on RPBs.

...IF THERE HAS BEEN ADEQUATE INVESTMENT FROM WELSH GOVERNMENT IN BASIC PUBLIC SECTOR INFRASTRUCTURE

65. One organisation noted the late collection of waste and recycling across some local authorities, which has a negative impact on the local environment. They also cited the support needed for libraries to allow them to open more days and hours per week. Given that many libraries in Wales are also acting as warm spaces during the cost of living crisis, this seems a particularly timely observation.
66. One respondent noted the barrier that infrequent or non-existent public transport, particularly in rural areas, represents to those looking for work. If a person cannot get to work, they cannot easily be a contributor to the economy.
67. We also want to state that, when considering investment in community buildings that are part of the public sector, public bodies should also be considering how to support buildings which are similarly accessible to the community, but are owned by the voluntary sector.

...SUPPORT FOR CHILDREN AND YOUNG PEOPLE

68. There is a considerable concern in the sector in regards to the well-being of children and young people who have missed out on a lot of important social interaction and practical learning throughout the pandemic. Reduced family budgets as a result of the cost of living crisis will further limit the opportunities children and young people have to socialise and

learn new skills. Welsh Government should invest in pathways to volunteering for young people – including increasing the capacity of schools to collaborate with the voluntary sector and continuing to fund youth volunteering programmes, such as the Youth-Led Grants.

69. As noted previously, a National Nature Service will provide an employment route for young people to access good quality jobs within the nature sector, where it not viewed as a sustainable career or young people have not been exposed to the nature sector as a career option.
70. Making Music commented that they were pleased with the amount of support for arts projects involving young people in Wales recently.

...IF IT IS CLEAR HOW EVIDENCE AND DATA IS DRIVING WELSH GOVERNMENT PRIORITY SETTING AND BUDGET ALLOCATIONS

71. WCVA has appreciated the engagement Welsh Government officials have had with the sector this year on its budgeting processes, including meeting with our Finance and Local Government Planning Group, and the introduction of the Budget Improvement Impact Advisory Group, where the sector has been able to comment on improvements to the Strategic Integrated Impact Assessments. This allows the sector to better understand decisions around budgeting and priorities. This level of engagement should represent a baseline going forwards, with the aim of further and more engagement in the next financial year.
72. It will be interesting to see the impact that the Equality Evidence Units have in the longer term.
73. WCVA partners with Data Cymru to produce the [Voluntary Sector Data Hub](#), which we encourage Welsh Government to consult when looking for evidence about the voluntary sector in Wales.

...IF SUPPORT FOR THIRD SECTOR ORGANISATIONS IS SUFFICIENT

74. The voluntary sector plays an important role in people's lives across all communities in Wales. It provides specialised support and [services complimentary to what the public sector has to offer](#). [Volunteering supports individual and community wellbeing](#), [helps individuals gain new skills](#), make social connections, preserve our [environment](#) and [heritage sites](#). It further provides an important outlet for people and an opportunity to contribute to our nation's economic and social recovery from the procession of crises we have faced in the past few years.

75. However, voluntary sector organisations are under immense pressure. High demand for services has persisted and continues to rise as the cost of living crisis progresses. Volunteer recruitment and retention has been a problem since the end of furlough schemes as working age volunteers no longer have the time to volunteer. Pre-pandemic cohorts of older volunteers are not returning to volunteering in high enough numbers and have higher support needs than before. School-aged children, college and university students have missed out on in-person volunteering programmes and opportunities in the past two years and are more difficult to engage with.
76. The cost of living crisis brings another challenge with individuals in all age groups more likely to go (back) into employment, work more hours, or have multiple jobs. Meanwhile, the demand for services continues to increase, whilst donations from the public and businesses have reduced. Charities Aid Foundation have reported 1.6 million people have already given less to charity between 2020 and 2021.
77. Voluntary organisations cannot afford to make pay increases in line with inflation rates. Around 40% of charity expenditure goes on staffing, so changes to salaries has a large impact. The sector is at risk of losing staff to other organisations in the private and public sectors.
78. Organisations are also struggling to meet the rising costs of running vital community services. Health and social care commissioned services are at risk of closure because contracts and funding amounts are not keeping pace with rising costs in many areas.
79. Low pay in the sector also exacerbates existing inequalities: women, people from ethnic backgrounds and disabled people are at greater risk of low pay. Disabled people who are employed in the voluntary sector are at particular risk of experiencing poverty because of the [additional costs associated with living with a disability](#).
80. For these reasons, we urge Welsh Government to allocate an increased amount of funding to aid voluntary sector organisations through this difficult period and help us ensure everyone in Wales continues to have access to the support and opportunities the voluntary sector can offer. WCVA has recommended that the Third Sector Resilience Fund is continued and the sector consulted on how it can be administered to deliver on objectives to stabilise the market.
81. Our engagement shows that the voluntary sector overwhelmingly believes it is not adequately supported by funding from Welsh Government.

Comments we received through our engagement included:

- There has been inflation without a concurrent increase in grants, stretching budgets further. Multi-year grants urgently need to recognise inflation, given the huge increases in demand for voluntary sector services and support, and take into account future fluctuating demands on services, such as the ability to respond to additional winter pressures.

- A need for longer-term funding for work the sector is doing with education providers around the New Curriculum for Wales
- The limited availability of core funding for the sector is a constant issue. Organisations need funding for staff, office space, utility bills, staff training and so on. Without these, organisations will be unable to provide the services so many rely on.
- Funders often demand new ideas, but there are existing projects having a hugely positive impact that require funding. As the Snowdonia Society noted, it is 'illogical' that it is easier to secure funding for new projects, rather than to continue established good work.
- No year-on-year increase in Service Level Agreements, so organisations are expected to deliver the same for less
- Uncertainty around longer-term funding means organisations are struggling to recruit and retain staff, who are often lost to more secure employment within the statutory sector.

82. To help, Welsh Government could:

- Do more to promote full cost recovery and longer service level agreements to local authorities and health boards.
- Moves towards longer-term grant funding have been welcomed; however, this needs to continue to happen, as is the norm.
- Highlight the skills and experience of the voluntary sector to local authority partners. A number of Ministers have commented on the importance of the voluntary sector over the last few years. This should be communicated directly to statutory partners, so this is remembered when commissioning services.
- Further invest in the sector to enable further recruitment and training of volunteers. This in turn helps people find work, so provides a boost to the economy.
- Further embed coproduction into every part of policymaking and practice, with each department having a budget allocated to resource coproduction.
- Place a stipulation on health boards and local authorities to resource grassroots organisations who are facilitating citizen involvement in their activities.

83. Fair Treatment for Women in Wales commented on a need for more support for organisations led by/for people with protected characteristics, but felt that there was a disproportionate reliance on the social justice portfolio to resource these groups. This leads to siloed thinking, with other departments in Welsh Government in danger of feeling that equalities is the domain of Social Justice when, in fact, equalities should be the responsibility of everyone.

84. In 2017, Audit Wales identified an inconsistency in how Local Authorities worked with voluntary sector partners across Wales and that LA's did not have effective mechanisms in place to effectively measure the impact of the funding. A checklist was developed to support local authorities to be more consistent in their approaches across Wales. The review has not been replicated since and so the current picture and use of the checklist is not known. Better scrutiny of how public bodies fund, commission and work with the sector is needed with particular attention on how impact on communities and people is measured.

85. Much of what we have said above highlights the importance of engagement. The [National Principles for Public Engagement](#), endorsed by Welsh Government, are designed to help service providers engage effectively with the public. We recommend all public service providers use them to help with their work.

86. WCVA is a partner in the Co-Production Network for Wales. The Network's [Knowledge Base](#) is a hugely useful resource for service deliverers.

WHAT ARE THE KEY OPPORTUNITIES FOR GOVERNMENT INVESTMENT TO 'BUILD BACK BETTER', INCLUDING LINKING TO THE FUTURE GENERATIONS ACT?

87. The most key opportunity is for Welsh Government to invest more in the sector, which delivers the services that improves people's lives and helps bond communities, improving people's physical health, mental health, and prosperity, all across the country.

88. A key opportunity for Welsh Government to deliver against the Well-being of Future Generations Act goals is through investing in expanding the capacity of public services to engage with the voluntary sector. The Health and Social Care and Education sectors would benefit from closer work with the voluntary sector, which would help us deliver on the seven well-being goals together, following principles of co-production and involving local communities in decision-making.

89. Grant funding issued by Welsh Government should be linked explicitly to the outcomes of the Future Generations Act, with monitoring requirements to demand evidence of work done. The Act must be an anchor for all plans to build back better.

90. WCIA cited the need to move to a wellbeing economy. They also noted the need for a reduction in silo working, and increase in collaboration across sectors and borders.

91. Further support needs to be invested into social prescribing. Being socially prescribed to a community group can greatly help with mental and physical health, and helps alleviate pressure on statutory bodies. However, community groups require resource to be able to maintain the services demanded.

92. SNAP Cymru commented on a need to invest in schools to upskill teaching staff and reduce class sizes to enable schools to become centres of excellence and promote wellbeing and resilience, as well as ensure children with additional learning needs are truly included.

93. Fair Treatment for Women in Wales said that 'a more equal Wales' should underpin all the Wellbeing Goals, and that delivery partners should be scrutinised on their delivery around equality and inclusion in their activities. This will require co-productive engagement with communities and individuals, and therefore resource will be needed.

94. 'Nature' or 'green' social prescribing has the potential to contribute greatly to both provision and wellbeing outcomes, so it is vital that meaningful strategic and operational links are made with emerging initiatives such as the proposed National Nature Service.

95. The National Nature service and initiatives such as the National Forest for Wales have the potential to provide the implementation framework which will enable groups and social prescribing activities to flourish. Investment in these areas will contribute towards the wider social prescribing framework and connect it to a range of other Welsh Government policy areas such as Wellbeing of Future Generations, Green Recovery, and employability. These initiatives will create a workforce pipeline which will secure the nature sector as a viable career option with good quality opportunities, while also filling an identified skills deficit within the green recovery workforce. An NNS will meet all goals outlined in the Future Generations Act in a practical, efficient, a cost-effective delivery mechanism.

DISCUSSION

96. WCVA will be pleased to discuss these or any other points relating to this consultation response with officials, committees, Members of the Senedd or Ministers if requested.

David Cook,
Policy Officer, WCVA

November 2022