

A Review of Welsh Assembly Government Funding to Infrastructure Organisations for the Third Sector



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Research Summary

Social research

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The Welsh Assembly Government commissioned an independent review of core funding arrangements to the **Community Foundation in Wales** and the **Institute of Fundraising Cymru**. The review was undertaken by Old Bell 3 Ltd.

The overall aim of the work was to review the suitability of the core funding arrangements in providing infrastructure support to the third sector.

The Third Sector Unit of the Welsh Assembly Government Communities Division currently provides core funding to the Community Foundation in Wales (CFiW) and Institute of Fundraising Cymru (IoFC) to provide infrastructure support to third sector organisations in Wales. The purpose of the core funded support is to help third sector organisations in Wales improve and raise their levels of fundraising.

The IoFC is the professional membership body for fundraisers in Wales. Its mission is to support fundraisers, through leadership, representation, standards-setting and education, and it champions and promotes fundraising as a career choice. The services offered by the IoFC enable charities, community groups and other voluntary organisations to identify new sources of support, and also become more sustainable and less grant dependent.

Dadansodiad ar gyfer Polisi



Analysis for Policy

The CFIW is an independent charity, established to provide a permanent source of funding for community-based projects in Wales. Grants are funded by donations from private individuals, businesses, other charitable trusts, and by income generated from endowment funds held by the CFIW. The CFIW provides a grant-making and fund management service to donors, helping them to get the most out of their charitable giving and maximising its impact. In this way the CFIW helps match 'grant givers' with 'grant users'.

The current core funding programme, which began in April 2008 is due to end in March 2011.

Community Foundation in Wales

Effective aspects of the CFIW's work include:

- Engaging at the grass roots level including supporting those community groups "furthest away" from formal organisational status, public sector grant programmes etc.;
- Supporting potential donors to identify appropriate community

groups and third sector enterprises to support;

- Leveraging private funds including from outside Wales;
- Bringing liquidity to the fundraising process in Wales linking donors with do-ers through a multi-source, flexible approach to grant dissemination;
- Offering high levels of expertise underpinned by quality assurance accreditation.

The CFIW was able to exceed targets for the core funding programme appreciably. It has succeeded in:

- Increasing grant provision by £1.2 million over the three years (exceeding target by 140%);
- Raising the CFIW Endowment from £1.0 million to £5.5 million (target £2.0 million);
- Increasing the percentage of core costs met by other funding sources;
- Delivering philanthropy events, new partnerships set-up, launch of fund for Wales and localgiving.com.

Overall, the findings suggest a strong existing and continuing

rationale for core funding based around:

- A proven model for leveraging in private sector funding for community benefit;
- Anecdotal evidence that UK grant-making Foundations attest to finding it difficult to distribute funds in Wales;
- Niche positioning with no obvious alternative in Wales;
- An efficient and innovative new Area Funds model for growing the CFIW in Wales;
- Access to a UK-wide network of grant-making initiatives and support through the Community Foundation Network.

Institute of Fundraising Cymru

Effective elements of the IoFC's core funded work include:

- The use of conferences, training, and networking events, as a means of bringing fundraisers together;
- Innovative choices in training and discussion topics at the various events while acknowledging the specific context and needs of fundraisers

in Wales;

- Provision of practical, up-to-date information;
- An inclusive approach: providing support for members and non-members alike;
- Provision of advice, information and good practice;
- Offering a high quality service, emphasising specialist expertise.

The IoFC was broadly successful in meeting its core funding targets - though the focus of the IoFC on training, advice and good practice dissemination meant that target measures were output rather than outcome driven. However, no targets were set for additional funding generated by organisations benefiting from IoFC support. This makes it very difficult to assess the wider impact of the IoFC's work in Wales.

It is also notable that the percentage of the IoFC's overall income from other (i.e. non Welsh Assembly Government) sources fell during the current core funding programme suggesting that the ongoing viability and sustainability of the IoFC in Wales is an area of

concern. There are also concerns that there is potential for duplication between the IOFC's activities and other activities in respect of fundraising training, notably by the Wales Council for Voluntary Action (WCVA) and local County Voluntary Councils (CVCs).

The findings suggest there are some reasons to question continued core funding support.

However, the research did identify a number of positive factors, including:

- An identified need in the third sector for practical and effective training, advice and support for fundraising that is delivered within easy reach;
- Future plans led at the UK level for significant increase in the Institute's training and qualifications output linked to newly developed (and developing) career pathways and continuous professional development;
- The creation of a recognised hub in Wales and single point of contact for those seeking support with fundraising;

- The IOFC understanding the intricacies of the sector including identifying those who face 'entry barriers' or would otherwise be distanced, even neglected, due to isolation, lack of information, lack of skills;

Future funding arrangements

The report makes a series of seven recommendations:

Recommendation 1: The Welsh Assembly Government should acknowledge the need for continued infrastructure support to the third sector to enable voluntary and community organisations to diversify their funding base.

Recommendation 2: Future funding (under whatever format) should be linked to clear and robust measures and targets agreed prior to the start of the funding period and benchmarked with respect to comparable performance elsewhere.

Recommendation 3: Any future Welsh Assembly Government core funding agreements should contain specific measures aimed at

generating more balanced and diverse income streams for the two organisations in question.

Recommendation 4: Any future core funding agreements between the Welsh Assembly Government and the two organisations should take account of the strengths, weaknesses and identifiable good practice highlighted during the course of this review. These should be factored into the objectives and performance indicators set out in any future core funding agreement schedules.

Recommendation 5: The Welsh Assembly Government should continue core funding for CFIW, linked to continued progress both on building up the overall size of the endowment and on building the long-term sustainability of the organisation.

Recommendation 6: The Welsh Assembly Government should consider carefully whether continued core funding for IoFC can be justified in the light of competing priorities. Should the Welsh Assembly Government decide to continue to core fund the

IoFC, it should require the organisation to increase the share of its core costs which are met by trading revenue (i.e. charging fees for some of its services) and through membership subscriptions (either through the subscriptions of IoF UK or through asking Welsh members for a specific membership fee to support the Welsh office). Should the Welsh Assembly Government decide to continue core funding IoFC, this should be on a tapered basis, and over time, the organisation should be expected to increase other revenue sources to generate a more balanced income portfolio.

Recommendation 7: Should the Welsh Assembly Government decide not to continue core funding the IoFC, it should explore alternative approaches to putting on specific events and activities to support the professional development of third sector fundraisers in Wales. This could be taken forward either by:

- a) open procurement for events and activities as and when specific needs are identified and sufficient demand exists; or

b) establishing (via open procurement) a call down framework of potential providers that could be used to deliver fundraising related events and development activities to the third sector. This option would need to involve developing an outline forward work programme of likely activities to help steer and inform the parameters of the call down framework.

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