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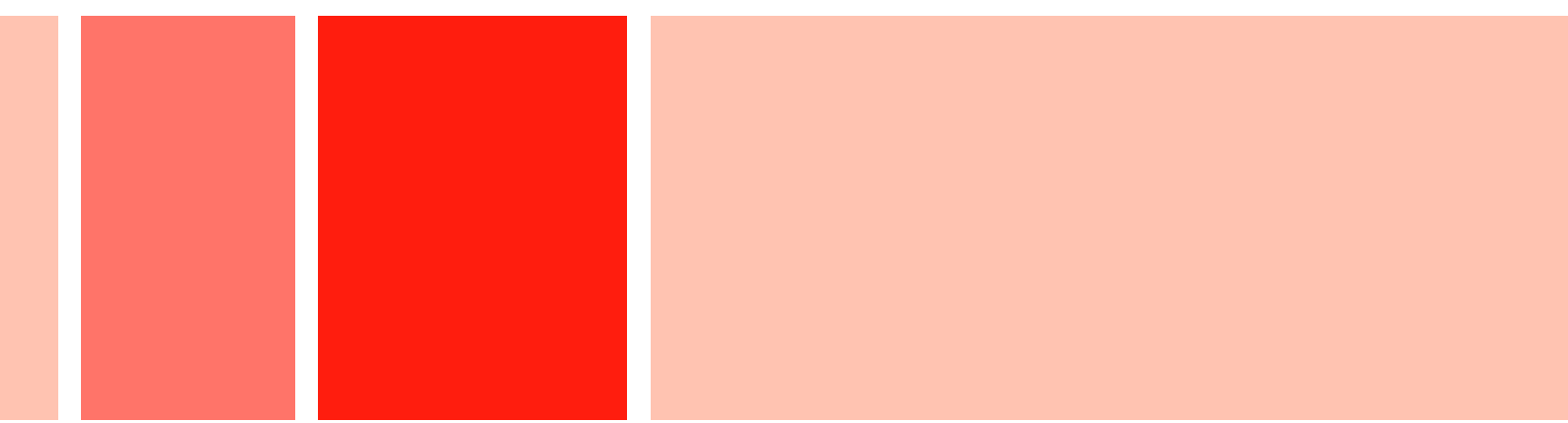
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A Review of Welsh Assembly Government Funding to Infrastructure Organisations for the Third Sector



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oldbell³

Research Policy Analysis
Ymchwil Polisi Dadansoddi

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Assembly Government

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1 Introduction

Overview

- 1.1 **Old Bell 3 Ltd.** was commissioned in October 2010 to undertake a small scale review of Welsh Assembly Government (WAG) core funding to infrastructure organisations for the third sector in Wales.
- 1.2 The Third Sector Unit of the Welsh Assembly Government currently provides core funding to two third sector infrastructure organisations: The **Community Foundation in Wales** and The **Institute of Fundraising Cymru** to support the development of the third sector as outlined in recent strategic documents relating to the sector.
- 1.3 The Institute of Fundraising Cymru (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 service offered by the Institute enables charities, community groups and other voluntary organisations to identify new sources of support, and also become more sustainable and less grant dependent.
- 1.4 The Community Foundation in Wales (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 the income 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 maximise its impact. In this way the CFiW helps match 'grant givers' with 'grant users'.

1.5 The current core funding programme began in April 2008 and is due to end in March 2011. The findings presented in this report will support decision makers in their deliberations on potential future funding arrangements.

Research Aims

1.6 The overall aim of this work as outlined in the specification is to “**review the suitability of the current core funding arrangements in providing infrastructure support to the third sector**”.

1.7 The review specification contains six specific objectives which are:

1. To review the existing and continuing rationale for funding the named organisations;
2. To review the success of the funded organisations in achieving their agreed objectives;
3. To review the amount and sources of funding that each of the organisations has secured in addition to the WAG core funding to support their work;
4. To make judgement on the effectiveness and efficiency of WAG funded activity within the named organisations in contributing to WAG's wider work within the policy area;
5. To identify examples of good practice or otherwise in the provision of in the work of the funded organisations;
6. To make recommendations on future funding arrangements for infrastructure support. This should be based on the research findings and consideration of funding options including procurement of contracted services.

Research Method

1.8 The findings presented in this report are based upon a small scale review. The research scope did not provide for review of policy context. In some respects, this limits the extent to which the continuing rationale for the core funding might be analysed. Moreover, available resource allowed for only limited coverage of primary data collection from key programme stakeholders including beneficiary organisations. Some of the findings are therefore based on secondary

information provided by the CFiW and IoFC (e.g. satisfaction surveys, course evaluations).

1.9 Nevertheless, the work programme for this review has included the following stages:

Review of available background administrative documentation including, core funding applications, monitoring reports and associated Minutes of meetings held;

Key informant interviews, including:

- Face to face semi structured interview with the Infrastructure Core Funding Project Manager at the Welsh Assembly Government.
- Semi structured face to face interviews with the Chief Executives and Chairs of the two core funded organisations in Wales;
- A semi structured telephone interview with the Director of Policy and Campaigns at The Institute of Fundraising (UK) and a face to face interview with the Chief Executive of The Community Foundation Network (the UK network for Community Foundations);

Semi structured face to face or telephone interviews with:

- the Wales Council for Voluntary Action (WCVA) as a stakeholder organisation able to comment on the work of both organisations;
- Three organisations receiving support from the IoFC and two organisations receiving support from the CFiW through the core funding programme.

Collection and review of other relevant monitoring and evaluation material held by the two core funded organisations.

Report Structure

1.10 In the remainder of this report, we briefly provide background details to the Infrastructure core funding programme and the two core funded organisations (**Section 2**). Next we present the findings of the research into the core funded work of the CFiW (**Section 3**). We then turn our attention to the findings for the

core funded work of the IoFC (**Section 4**). Finally, we present our conclusions and recommendations (**Section 5**).

2 The Core Funding Programme

Overview

- 2.1 In this section we provide brief background details on the CFIW, IoFC and the Infrastructure core funding programme.
- 2.2 It is notable that, in essence, the current core funding programme represents a continuation (and expansion) of pre-existing infrastructure funding support provided by the Welsh Assembly to CFIW and IoFC. Moreover, an essential element of the current core funding has been the requirement for CFIW and IoFC to work synergistically with other support organisations in Wales including the Wales Council for Voluntary Action and the County Voluntary Councils.

Community Foundation in Wales

Overview

- 2.3 Community foundations have been active in the UK since the 1980s. There is currently a network of 58 foundations, of which CFIW is one. The purpose of Community Foundations is to provide a grant-making and fund management service to their donors, while distributing grants to community groups and voluntary organisations throughout the UK. They achieve this through 'immediate impact' funds (funds given by donors for immediate 'giving') and payments made to third sector groups from interest payments on built up endowment funds. In managing this process, community foundations typically charge percentage fees based on the size of the 'immediate impact' or endowment fund.
- 2.4 The foundations are independent charities associated through membership to the Community Foundation Network (CFN) which operates a quasi-central office role providing a point of contact for the network, leading on policy

development, government liaison as well as disseminating research and good practice amongst other things.

2.5 The Community Foundation in Wales is typical of community foundations elsewhere in the core services it provides. However, approaches to funding community foundations across the UK have historically been markedly different. In England community foundations cover counties, large cities and conurbations. Typically English community foundations will have Regional Development Agencies and local authorities as clients. In Wales the work of the CFIW is focused on the private sector only. Moreover, in the past decade English community foundations have enjoyed relatively generous government funding including 'Matched Challenge' a scheme operating in 2002 through which the government funding matched any endowment generated by a community foundation.

2.6 Like Wales, Scotland has just one community foundation supported through direct grant support by the Scottish Government. Following Wales' lead the Scottish approach has been to develop area based funds rather than community foundations to ensure coverage across Scotland.¹

2.7 Northern Ireland has two community foundations: Community Foundation Northern Ireland and, for historical reasons, a separate Community Foundation for County Fermanagh. Like Community Foundation Scotland, the foundations in Northern Ireland are much larger, older and more established than CFIW - primarily through government funding support over many years.

CFiW Core funding Support

2.8 In 2007/08 the CFIW received Welsh Assembly Government funding of £30,447 via the Support for Voluntary Intermediary Services Grant Scheme (SVIS), administered on the Assembly's behalf by the WCVA. In December 2007 WAG

¹ Area based funds offer individuals, businesses and others an opportunity to contribute to an endowment fund used to support third activities in a specific locality. Typically they are administered through a local volunteer Panel thus saving the costs of operating a formal community foundation office.

received a 3-year proposal from the CFIW for further core funding to enable it to continue and develop its work by:

Supporting the core costs of the Community Foundation in Wales;

Enabling the Foundation to secure its staff team (of four), establish a full time paid Chief Executive, and maximise the opportunities it has identified and piloted;

Maximising their capacity to access and create individual philanthropy and corporate funds;

Developing philanthropy and increased funds for the community and voluntary sector in Wales and support the third sector in Wales to thrive.

2.9 In January 2008 CFIW was awarded Welsh Assembly Government Infrastructure core funding amounting to £60,000 in 2008/09, £61,500 in 2009/10 and £63,037 in 2010/11. This funding was envisaged to be used by the CFIW to support third sector groups in Wales through amongst other things:

Matching Donors (individuals, businesses, Trusts and others) with 'Doers' (third sector groups);

Providing a business service for donors by managing the fund giving process;

Creating new area based funds;

Working with the Charity Commission to approach local authorities and other organisations to encourage them to consolidate their dormant or inactive grant making charitable trusts into an Endowment Fund held at the Community Foundation in Wales;

An enhanced position as 'First Choice for Philanthropy in Wales'.

2.10 In 2008/09 the CFIW was also successful in obtaining a grant of £60,000 from the Waterloo Foundation.

Institute of Fundraising Cymru

Overview

2.11 The Institute of Fundraising Cymru (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.

2.12 The IoFC is one of a number of Regional and National representative Groups for the Institute of Fundraising in the UK (IoFUK). The IoFUK was originally developed as the Institute of Charity Managers more than 25 years ago. However, by the turn of the century, concern around abuses in fundraising across the UK led to the formation of the now Institute of Fundraising. Since then the IoFUK has grown to more than 5,000 individual members across the UK, 315 organisational members, and all of the top 20 largest charities in the UK.

2.13 The Institute's strategic objectives are to:

Develop and increase membership;

Champion and promote fundraising;

Set standards and promote best practice;

Support, develop and nurture the effectiveness of all fundraisers;

Initiate, resource, develop and promote new fundraising products and techniques.

2.14 At the UK level the IoFUK has worked recently with the Office of Civil Society and the UK Treasury on matters relating to charity fundraising, including Gift Aid and other forms of tax-effective giving.

2.15 The IoFUK has also been central to the set-up and delivery of the self regulation system that operates in fundraising in the UK. The Institute created the Fundraising Standards Board (FSB) as the agency through which regulatory process is administered. The FSB is charged with developing and updating the Codes of Practice which represent the agreed regulatory framework as well as associated best practices by which the sector operates. These Codes cover the various forms of fundraising varying from traditional approaches (face to face, sponsorship, events and so on) to the latest methods such as the use of online social media.

2.16 IoFUK operates through a series of Regional and National committees throughout England, Wales, Scotland, and Northern Ireland, together with Special Interest Groups on such topics as Trust Fundraising and Technology in Fundraising. Differing socio-economic, governance and third sector contexts across regions of the UK underpins the choice of a devolved approach.

Institute of Fundraising Cymru

2.17 It is against this background that in 2002, the Institute of Fundraising Cymru (IoFC) successfully applied for Welsh Assembly Government (WAG) funding totalling £45,850 to undertake a pilot project in Wales.

2.18 Following the perceived success of the pilot project the IoFC was awarded a total of £90,750 from 2004 to 2007 under the Active Community Initiative and in 2007/08 further benefited from £35,000 under the WAG Infrastructure Support Fund. Further to this, the IoFC secured additional funding from WAG to deliver 'Tax Effective Giving' workshops in partnership with the Wales Council for Voluntary Action. This funding was routed through the Wales Council for Voluntary Action and in the financial year 2007/08 amounted to £10,000. In subsequent years it has risen to £10,250 per year and is paid in addition to the current WAG core funding.

2.19 In January 2008, the IoFC was awarded Welsh Assembly Government funding of £44,800 for 2008-2009, £45,660 for 2009-2010 and £46,705 for 2010- 2011. The Funding was based upon key areas where WAG perceived that the IoFC could add value in Wales including: interpretation of the Codes of Fundraising Practice; opportunities presented by the Charities Act to attract new funding support to Wales; training, advice, expertise and others.

2.20 The core funding provided by WAG funds a Regional Manager (3 days per week) and an administrator (mornings only) and the associated overhead cost including an office in Cathedral Road, Cardiff. In addition, core funding covers the costs of conferences, training events and seminars. The core staff in Wales are supported by a Committee with a wide representation – from Welsh based charities (large and small), Welsh branches of UK-wide charities and other stakeholders. Though the IoFC is a membership organisation WAG core funding was envisaged to be used to support members and non-members alike through amongst other things:

Training, seminars and network events;

Certificated training in fundraising developed by the IF but now available in Wales;

Two Conferences each year, North and South Wales;

E-briefings and information presented on the IF website;

Disseminating Codes of Practice, consulting on new Codes and best practices;

A Welsh Language Scheme developed in conjunction with the Welsh Language Board;

Ad hoc advice to fundraisers and other stakeholders in Wales.

3 Findings: Community Foundation in Wales

3.1 In this section we consider the findings of the core funded work of the CFiW. Again it must be stressed that the findings presented here are based upon a small scale review. This included interviews with key informants and beneficiary stakeholders, and a review of monitoring and evaluation data held by WAG and the CFiW. The findings are presented under headings that relate to the key objectives of the research.

Existing and continuing rationale

3.2 All the stakeholders we interviewed believed that the decision to allocate core funding to CFiW for infrastructure support in Wales was appropriate. Interviewees commented on the unique role of the Community Foundation in Wales: *“no other organisation in Wales performs the specific service offered by CFiW”*.

3.3 However, there was clear recognition that much has changed since the 2008 award of core funding, which doubled funding, albeit from a low base, with interviewees being acutely aware that WAG is facing unprecedented cuts to expenditure across all departments. Some noted that the economic context effectively *“upped the bar”* for future funding, and that comparative performance would now be *“judged more intensely.”*

3.4 Yet both the CFiW itself and, more importantly, stakeholder interviewees believed recent turbulence had heightened not lessened the need for continued support. There was an acknowledgement that the backdrop of public sector funding cuts and ‘fragility’ of funding would mean WAG funding to the third sector in Wales would likely decrease which in turn would increase the need of voluntary and community organisations for small philanthropic grants. This

need it was felt: *“is best met through the support of a specialist, infrastructure organisation.”*²

3.5 Moreover, CFIW believed that many of the factors that formed the rationale for the current core funding remained valid, including:

The independence of the Community Foundation’s model and its consequent appeal to independent grant-making trusts and philanthropists (the CFIW stressed that individual donors tend to choose not to give to government or government-sponsored organisations);

A proven model for leveraging in private sector funding for community benefit;

Access to a UK-wide network of grant-making initiatives, such as Fair Share and Sport Relief;

Anecdotal evidence that UK grant-making Foundations attest to finding it difficult to distribute funds in Wales;

The support the CFIW gives to the work of organisations and agencies such as the Charity Commission in Wales, the CVCs, the Institute of Fundraising and others.

3.6 Some key informants also pointed to the wider policy context as supporting this view.³ In particular the *“still relevant”* emphasis in *Third Dimension: A Strategic Action Plan for the Voluntary Sector Scheme* on diversifying income using innovative approaches; increasing income to the third sector by, for example, raising public awareness about tax efficient methods; collaborative working with the private sector to enhance its contribution to building the third sector through corporate social responsibility; and working collaboratively with wider services to strengthen third sector support services available in Wales.

3.7 Moreover, we were pointed towards a recent paper by the Wales Council for Voluntary Action to the Third Sector Partnership Council which warned of the

² 1e. Quote from interview

³ The scope of the research did not allow for a comprehensive review of policy literature.

danger of failing to diversify and create sustainable funding streams.⁴ As one interviewee put it: *“there has been much talk about endowment building in Wales. The Paradigm paper recognised explicitly the worth of endowment building. It was also discussed at the Funding Colloquium attended by Prince Charles. It’s not something we do well in Wales, right across the sectors.”* Notable from the Paradigm paper was the suggestion that revenue funding be made available to individual organisations as an endowment rather than annual grant. However, some interviewees ruled this out as implausible given that the upfront nature of that proposal almost certainly precludes it from current deliberations given the context of public sector cuts. More likely (*“and more appropriate”*) they suggested was a mix of revenue, capital, loan and endowment based methods.

3.8 Some key informants were also encouraged by the emphasis in the more recent Economic Renewal Programme: A New Direction on the need for change from general support to a more focused approach. In particular the language used – e.g. ‘anchor companies’, ‘culture of investment’⁵ – though private sector focused, were thought to sit comfortably with the long term aspirations of the CFiW: *“With the funding cuts they [decision makers] might be under pressure to maintain current services rather than consider longer term returns from investment. And that’s only right. But what about considering both by focusing on current service providers with well thought out, long term, sustainability plans?”*

3.9 Of course, the Economic Renewal Programme also advocates a reduction in direct *“one to one support”* for businesses in favour of *“creating space”* for private sector forms of support. It also suggests that while Government will *“still have a role in providing information to businesses”*, this is likely to be more focused on *“online content”*⁶ in the future.

⁴ The Political Economy of Funding the Third Sector in Wales: Towards a New Paradigm? WCVA, 2008, p. 4

⁵ Economic Renewal: A New Direction (July 2010), p36

⁶ ERP. Page 44.

3.10 At the UK Government level, The Big Society makes formal commitment to third sector development. In light of recently announced public funding cuts, of course the extent to which these commitments may be followed through remains to be seen. Nevertheless concepts such as The Big Society Bank - paid for with funds from dormant bank accounts - will be of great interest to charities, social enterprises, neighbourhood groups and others in Wales seeking finance. However, the prevailing view from interviewees was that such developments required *“Interpretation and explanation to charities here in Wales”* and that being *“being rooted in Wales but with UK scope”* CFiW was well placed to contribute in this respect.

Success in achieving agreed targets

Overview

3.11 The CFiW was required to achieve a number of agreed targets in relation to their core funded work. In this Section we consider progress made in this respect. It should be noted that monitoring of progress against agreed targets took place through six monthly progress reports and associated face to face meetings between staff from WAG and CFiW. The results presented in this section were not subject to independent validation by the research team, though we are aware that formal validation was inbuilt within the agreed WAG monitoring process.

Objectives

3.12 The agreed objectives for the core funding programme required CFiW to:

- Increase their endowment funds from £1 million to £2 million by March 2011;
- Maintain £1million of grant making each year with an extra £0.5million also distributed over the three years;
- Attain a position of leadership in philanthropy in Wales.

3.13 Correspondence at the time of agreeing these objectives reveals particular interest from WAG in the ‘increasing the endowment fund to £2 million’ and more generally, moves towards CFiW becoming more self sustaining.

3.14 CFiW interviewees commented on the appropriateness of the objectives in providing *“room for us to meet the objectives in the way we thought best.”* Despite this, more detailed sub-objectives might have been included: *“We did incorporate some more detailed measures informally, as a way of guiding our approach, as much as anything. There’s always a balance to be had between the funder getting what they want and being too burdensome.”*

3.15 The targets were set *“to be challenging”* and with reference to prior performance, the (then) current situation and *“what was in the pipeline and more”*. In practice, there were some reservations about the size of the task: *“Raising the endowment from £1m to £2m looked to me at one point to be too ambitious. Simply because a lot of that was going to mean working with charitable trusts, and they take forever to make decisions.”*

Achievement

3.16 Despite these concerns the latest CFiW monitoring data show all targets having been exceeded appreciably. Figure 1 summarises the key results. The figure shows a strong performance against the key targets of endowment funds stewarded and additional grants distributed.

3.17 It is noticeable that the performance presented in Figure 1 compares favourably with other comparable data within the sector. Data provided by the umbrella organisation Community Foundation Network reveals that over the last four years the total of Community Foundation endowments has doubled across the UK. While this is impressive, it compares less favourably with the increase of 450%⁷ for Community Foundation in Wales over the last three years.

⁷ Endowment held by CFW in late 2007 = £1million. Current endowment held = £5.5million

Figure 1: Performance against core funding targets

Description	Target	Achieved by November 2010	Expected Final Outturn
Endowment funds stewarded	Raise from £1million to £2 million	Raised to £5.5 million	Raised to £5.5 million
Grants distributed	2008/09 - £1.0 million 2009/10 - £1.0 million 20010/11 - £1.0 million Additional - £0.5 million	2008/09 - £1.2 million 2009/10 - £1.6 million 2010/11 - £1.4 million Additional - £1.2 million	2008/09 - £1.2 million 2009/10 - £1.6 million 20010/11 - £1.4 million Additional - £1.2 million
Leadership in Philanthropy	Deliver events, press coverage and develop partnerships	Four philanthropy events (high profile speakers); Two sets of media profile achieved; New partnerships with Rathbones, Geldards, Alchemy Wealth and Cheviot	Community Foundation in Wales positioned as 'the' place for philanthropy in Wales; Launch of fund for Wales and localgiving.com

Source: CFW monitoring records

3.18 Beyond the main indicators there would appear to be a number of additional benefits to CFiW's core funded work. A survey conducted by CFiW (though not verified by the research team) revealed that in the last year their grants were given to organisations that support 65,000 beneficiaries in Wales and engage 3,400 volunteers.⁸ While these figures do not represent specific levels of attribution they do provide indicative measures of the scale of CFiW work in Wales. Moreover, the survey suggests that in the financial year 2009/10, 50 full time jobs were directly (and 100% attributably) created from grants provided through CFiW.⁹

Additionally secured funding

3.19 A key element of the core funding programme was the additional funding that might be levered in by the funded organisations. In total, £184,537 has been

⁸ The survey has not been independently verified by the Research Team preparing this report.

⁹ 30 jobs of at least 3 years duration, 20 jobs of at least 1 year duration.

provided to CFIW through the Assembly core funding for infrastructure programme. It should be noted that income (including core funding) received by CFIW is used for both providing grants to beneficiaries and for covering the costs of running CFIW.

3.20 However, the CFIW were able to show above target returns in relation to levered in funding. WAG provided £30,447 infrastructure funding to CFIW in the financial year 2007/2008. The grant total distributed by the CFIW to third sector groups in that financial year was around £800,000. For the period 2008 to 2011, WAG provided annual core funding of around £61,500. The average annual grant distributed by CFIW over the period 2008 to 2011 was around £1.4million. This represents a grant increase of 75% on the 2007/08 figure.

3.21 In terms of additionality, it was not clear what the CFIW annual grant total would have been without the WAG funding. Indicatively however the additional annual core funding (around £31,000¹⁰) provided to CFIW has shown an additional return of £19.35 for every £1 core funding by WAG.

3.22 Returns to core funding are also essential in establishing sustainability. In addition to the core grant funding, the CFIW charge clients (Management Fees) for managing their grant giving process. For immediate impact funds the fee is 10% of the allocated funding. For managing endowments an annual fee is charged at 1.25% of the overall endowment.

3.23 CFIW also receives income via other sources including fundraising, donations, events, other grants (e.g. Waterloo Foundation grant) and other income such as rent and bank interest.

3.24 Figure 2 presents a breakdown of income by source. The comparison is drawn between the financial year 2007/08 (the year prior to the current core funding period) and the annual average over the current core funding period (2008-11).

¹⁰ WAG Funding in 2007/08 (before the current programme) was around £30,500. Average annual WAG funding for the current core funding programme has been approximately £61,500.

Figure 2: Income Breakdown - CFIW

Measure	2007/08 (prior) (£)	Average Annual 2008-11 (current) (£)
WAG Core funding	30,447	61,512
Management Fees	75,346	134,592
Fundraising, donations, events	15,272	21,031
Other grants	1,000	20,667
Other income (e.g. rent, interest)	29,292	14,314
TOTAL	151,357	252,116

Source: CFIW financial data

3.25 Figure 2 shows that over the core funding period the CFIW has been successful in leveraging in an additional £3.10 of income¹¹ for every £1 of WAG core funding.¹² Moreover, the Figure reveals that Management Fees have increased substantially in comparison with the 2007/08 results. This is important because Management Fees (which include endowment fee income) are linked most closely to the CFIW's core commercial activities and in the long run are the most important source of income for sustainability. In particular, CFIW interviewees stated that full financial sustainability will occur when *“endowment reaches such a size that the management fees cover our staff and overhead costs”*.

3.26 The caveat to this analysis comes in comparing proportionate returns over the core funding period with those in financial year 2007/08. This reveals that £3.97 of additional income per £1 WAG funding was levered in 2007/08, compared to £3.10 per £1 WAG funding on average over 2008-11. Moreover, an additional £1.47 of Management Fees were levered in for each £1 WAG funding in 2007/08 compared to £1.18 for each £1 WAG funding on average over 2008-11.

¹¹ (£252,116-£61,512) / £61,512

¹² This is not a pure causal relationship since 'additional income' received over the current core funding period will (in small part) also relate to prior activities e.g. building up the endowment before April 2008.

Effectiveness and efficiency

Overview

3.27 Although the 'headline' performance figures are very positive, the research team was able to 'get behind the numbers' to highlight areas of particularly strong performance, identifiable weaknesses, and some indication of overall value for money. The findings are presented below.

Strengths of the CFiW approach

3.28 Overall views expressed by stakeholders towards the CFiW were strongly positive. Interviewees were impressed by CFiW's ability to engage at the grass roots level including supporting those community groups *"furthest away from having a formal organisation"*. It was noted that CFiW: *"do support some larger charities but the focus seems to be on the smaller, more local group."* This seems important: according to statistics presented in the Third Dimension small, locally based groups are central to the third sector in Wales; more than five in every six third sector organisation in Wales serves only their local area, half with an annual income of less than £10,000.¹³ Yet, as the Third Dimension recognises, in recent years the income of national charities has increased the most and that of 'local' charities the least.¹⁴

3.29 One stakeholder also noted that: *"Many philanthropists will only support registered charities. CFiW supports community groups that don't have to be charities, or might be thinking about being a charity at some point but are not yet there. The Community Foundation in Wales is there for those less established groups."* Moreover: *"You'll always get a situation where a local business looking to donate will know which local charities it wants to support. But what happens when the business is unaware of the local charity landscape"*

¹³ The Third Dimension: A Strategic Action Plan for the Voluntary Sector Scheme, Welsh Assembly Government, 2008, p. 12

¹⁴ The Third Dimension: A Strategic Action Plan for the Voluntary Sector Scheme, Welsh Assembly Government, 2008, p. 12

or is based outside of the area or even the country? That's where CFW has its role?"

3.30 Stakeholders commented that CFiW had made good progress in establishing itself as the primary organisation for private philanthropy in Wales: *"they are unique in Wales in offering philanthropic advice to private clients - trusts, individuals and families and businesses."* Also: *"CFiW have done good work in terms of promoting philanthropy in Wales and are about to organise an event at the Senedd on this."*

3.31 Temptations to significantly broaden the scope of CFiW activities had also been appropriately resisted. One stakeholder commented: *"I think there is a clear fit. WCVA and the CVCs across Wales are able to undertake the capacity building type work, deliver larger grant funding programmes etc, the Institute of Fundraising supports those organisations that already have fundraisers."*

3.32 Indeed there may be risks for the CFiW in venturing into management of grant funding, as they acknowledge: *"We have a clear profile at the moment in that we deal with private funds only. And we've found clients like that. They like their names attached to funds and those funds promoted. They don't particularly want their funds to be swallowed within the public sector behemoth. And while that wouldn't be the case may be there would be the hint of perception that somehow we were part of the large public sector machine. And we might find a fall in interest from private individuals and businesses as a result."*

3.33 Other areas where stakeholders thought the CFiW had been particularly effective included:

The added value that comes with CFiW services: "It's more than just the grant they gave us...we have received vital publicity and profile for our charity's work. This cannot be quantified in financial terms, the increased awareness has led to many more people receiving [our] support."

That CFIW present a “human face” to in the grant application process: *“An obvious point perhaps, but it is not always the case when applying for grants, which is often a clinical and faceless task.”*

The confidence fostered by CFIW’s commitment to follow up grants awards with visits to see how the grant is being spent: *“the follow-up is excellent.”*

The awareness raising and advocacy work CFIW undertake with philanthropists outside of Wales: *“They provide a profile of charities and community groups to philanthropists outside of Wales that would not be there if the Foundation was not there. Furthermore: “To put it simply some funders are only donating in Wales at the moment because they’ve been engaged by Community Foundation in Wales.”*

3.34 CFIW staff interviews pointed to the benefits which flow from the flexibility of their model: *“Because we are funded by many sources it allows us to act more flexibly than a trust disseminating grant according to strictly defined constraints. If a community applies for community cash under one fund but doesn’t meet the designated criteria of the Client what we can do is approach other private individuals on their behalf who might be able to help. So we add liquidity to the system by being able to leverage funds from a wide range of sources.”*

3.35 CFIW staff were also able where necessary to work with community groups to improve their applications: *“We are also gentle on the applicants. If an application is rubbish we might work with them to improve the application. So in that respect as a by-product we also offer an element of capacity building in our work.”*

3.36 Notably too the CFIW has become the first Community Foundation in the UK to successfully achieve Quality Accreditation (QA) for philanthropy work. The QA award is overseen by the Community Foundation Network and is the first of its kind to receive Charity Commission approval. As part of this accreditation process references were provided by clients of the CFIW. That they reveal a positive overall view of the CFIW might be somewhat expected, of course. More notable though is the consistency of comments around:

The level of expertise CFiW has brought to the philanthropy process: *“they bring huge expertise in fundraising and grant management.”*

That the CFiW approach means that funding goes only to reliable, sustainable and worthwhile projects. This brings a *“peace of mind”* to Trustees wanting to meet their philanthropic goals: *“Project gets thoroughly evaluated on our behalf, giving us assurance that the funding is being effectively monitored and distributed.”*

Their availability: *“The Foundation is always on hand to help with funding and funding problems.”* And: *“it’s an important resource for Wales, and something that would be missed. Having an organisation like Community Foundation in Wales means that support is always on hand.”*

Flexibility: *“The Community Foundation in Wales helped us understand how we could distribute the funds in a tax efficient way. But more than that, we discussed the kinds of community groups we’d like to support, where these groups might be. At all times we felt fully involved.”*

Providing a solution to limited resources available to Donors: *“we would be hard pressed to find the resources to distribute these funds in the way they have been.”*

The extent of local knowledge and understanding CFiW bring through their network of contacts, partnerships and relationships, in Wales. As one national charity put it: *“they provide support to organisations that are, in the main, off the radar of businesses like ourselves.”* Another stated: *“they have infinitely better local knowledge than we do. They know their patch, the needs of certain groups, funding challenges and what charities can expect to access from Welsh Assembly or other sources.”* Moreover: *“they can also identify good local charities who may not know of [organisation deleted] but which might be very suitable to apply.”*

Their presence: *“In my experience the Foundation is the leading organisation in its field”*, and: *“From what we know they are well respected”* and moreover: *“They are an independent organisation which is attractive, but they have good links with all sectors, including lots of contacts in the public sector.”*

Weaknesses of the CFIW's approach

- 3.37 Inevitably evidence of overall strong performance is accompanied by some caveats.
- 3.38 CFIW thought that more might have been done to increase the profile of the Foundation across communities in Wales: *“There is more that can be done to position the Foundation as central to the development of communities in Wales. Huge strides have been made, but there still a way to go.”*
- 3.39 The historical backdrop offers something of a constraining factor in this respect: *“There’s been a history over the last 15 or 20 years of trying to set up a Community Foundation in Wales. Earlier attempts had met with failure. The Community Foundation in Wales itself was born 10 years ago from the merger of the then defunct Powys Community Foundation and the struggling South East Wales Foundation. So we know there are inherent risks in development of Community Foundation concept in Wales.”*
- 3.40 Moreover, evidence from around the UK suggests that it takes 15-20 years for a community foundation to become self sustaining through a critical mass of managed immediate grants and endowment income: *“When you look at Essex, Swindon and Wiltshire or Tyne and Wear, and these area are pillars of the movement, they have reached a point where they now hold huge endowment sums and are essentially self financing. But it has taken 20 years or so.”* In this respect, the Chief Executive of CFIW reported that she had recently told the Assembly enquiry into funding of the voluntary sector *“that Community Foundation in Wales would be a loss leader for 15 years.”*
- 3.41 Feedback from larger philanthropic organisations outside of Wales also suggests that the standard of applications from Welsh based charities and community groups is not always competitive: *“We asked a number of the larger organisations like Henry Smith Foundation why Wales seems to miss out when*

funds are distributed. They commented that Welsh based applications were often of poor quality compared to applications from elsewhere in the UK. Capacity building in this way is not an issue for us, as such but it provides a backdrop to our work. It also means that the likes of Henry Smith Foundation look for a reliable organisation in Wales to recommend charities and community groups that could be funded. They trust our view in this respect.”

3.42 Finally, interviews with stakeholders revealed a small number of concerns with the delivery of the programme. One interviewee noted that more might have been done to strengthen the CFW Board earlier in the programme period: *“Its nitpicking – because their performance says they really have achieved - but I think they would have liked to have developed a stronger Board more quickly.”*

Management arrangements

3.43 The management arrangements underpinning the core funded work also attracted positive comment. According to the CFiW, the work of CFiW is strengthened considerably by links to the wider Community Foundation Network. *“They are our representer and advocate”* and have *“a very broad understanding in depth understanding of community foundations and how they work.”*

3.44 Other key informants though were less certain about these benefits: *“[I’m] not sure what the UK links have added.”*

3.45 Reported relations between the CFiW and WAG were considered *“good”* throughout the core funding programme. In this respect it was felt important that reporting requirements *“were not over burdensome.”*

3.46 However, the annual target set for the ‘increase in endowment’ in the final year (£500,000) was queried by WAG. In particular they wished to ascertain why the target had been set lower than the target for the previous year: *“It was because we knew this represented a challenging target given what’s in the pipeline.”*

3.47 In this respect, annual targets may not be the best indicator of performance. Firstly, the philanthropic processes from initial engagement with a potential client to dissemination of their funding tend to be relatively long: *“You might have to make a number of presentations to Council Officers before you get anywhere with dormant funds they hold. You are selling the concept.”* Secondly, the sensitivity around performance can clearly be extreme: *“if you are awarded management of a Trust fine, but if the decision is not to transfer a Trust fund to you then you have no return for the time you’ve put in.”* As such: *“Three year targets are better for judging performance”*.

Efficiency

3.48 The findings presented previously point to strong performance in terms of leverage funds. This was broadly confirmed in key informant responses including: *“money very well spent”, “excellent work”* and *“managed to obtain significant leverage”*.

3.49 The CFIW can also point to strong performance relative to other foundations across the UK over the core funding period; this despite many of those Community Foundations seemingly enjoying greater levels of government funding. As one interviewee stated: *“Albeit starting from a historically low base, the Foundation has achieved significantly greater percentage growth on grants distributed and endowment growth over the last three years, than probably any other Foundation in the rest of UK. And again, combined with the state funding which on the whole is lower here in Wales that suggests very good levels of value for money in a comparative sense.”*

Examples of good practice

3.50 Drawing on the good overall performance against targets and identification of effective process elements, interviewees were able to identify a number of good practices.

- 3.51 Firstly, the evidence suggests that CFIW **addresses an identifiable need in Wales**. The purpose of CFIW is to match private donors with third sector “doers”. In this way, they provide essential liquidity to the philanthropic sector in Wales. No other organisation in Wales offers this specific service. Feedback suggests that clients value CFIW’s *“local knowledge”* of the third sector landscape in Wales; appreciate the thoroughness of the CFIW approach of philanthropic fund management and grant giving, and welcome offloading the administrative burden that comes with managing a Trust Fund.
- 3.52 Secondly, the findings reveal the importance of **operating in a clearly defined niche**. In addition to matching donors with doers the CFIW niche may be further defined by the sorts of charities and community groups that form the mainstay of the CFIW’s beneficiaries. These tend to be the less established, more informal and smaller groups without existing capacity to undertake fundraising activities themselves. Having clarity of purpose in this way has been found to be attractive to private donors, keen to stamp their specific conditions on the funds they provide.
- 3.53 Thirdly, CFIW operate within a **business growth model espousing efficiency**. Historical concerns around failed community foundations in Wales encouraged CFIW to look to alternative approaches to growing the concept across Wales. Central core teams represent the main costs associated with community foundations. Sustainability requires a certain level of income to be generated to cover those core costs. *“Available mass”* seems to be key: *“Bath, for example, doesn’t have a community foundation and this is probably because the ‘available mass’ is not large enough. London for instance will have an enormous ‘available mass’.* Drawing on practices elsewhere, CFIW has implemented an approach that seems to circumvent this problem: *“The previous models in Powys and SE Wales didn’t seem to work. At the moment Wales probably only needs one community foundation. So what we’ve done is to test the idea of Area Funds. These are not separate foundations like you’d find*

across the county of England. They are hubs of philanthropy activity that work by bringing local people and local philanthropists together.”

3.54 The CFIWs work focusing on **releasing dormant funds** held by local authorities and other agencies across Wales looks highly promising. To date six dormant funds have been released and the CFIW report that interest from local authorities is strengthening. As one stakeholder commented: *“Organisations such as local authorities sometimes encounter difficulties in promoting and administering charitable funds of which they are the corporate trustee. We all, in the end, want to see charitable funds used for charitable purposes. Community Foundation in Wales offers a solution to this problem by taking over the administration of these funds and releasing the local authority of this burden.”* Moreover, as the CFIW readily identified: *“We outperform them [local authorities] comfortably in ‘return on investment’ through the work of our Investments Committee.”*

3.55 CFIW recognise the extent of the opportunity (*“It is an ‘issue’ for local authorities and a big opportunity for us”*) as well as the size of the challenge: *“Local authorities are currently looking at reducing non-essential services.”* However: *“The Charity Commission and Audit Office in Wales have been writing to local authorities for 7 or 8 years now reminding them of their obligations as Trustees!”*

3.56 Moreover, local authorities are not the only source of opportunity in this respect: *“in practice, there are lots of dormant accounts out there. Not just within local authorities but also at the community level, funds held by local churches and so on.”*

3.57 Notably, other community foundations have not been as successful in engaging with local authorities: *“A number of them have asked us to how we do it!”* Good partnership working is at the heart of the approach. In this respect establishing good links with the Charity Commission in Wales has been important: *“They*

[the Charity Commission] also oversee any transaction where we take on a dormant fund, providing consent as well as advice to all parties.”

3.58 Maintaining a thorough and quality service has been central to the CFIW’s work. Transparency – which builds trust – seems to be central. CFIW works with clients to direct “*where, what and when*” the funding gets distributed. Trust is maintained by the thoroughness in the way beneficiary groups are identified and chosen: “*It’s not light touch. We want Clients to know that we will only point them towards potential beneficiaries who will use the funding ‘in the right way’. So we might check that they work well with their local CVC, that there’s a gap locally for that particular service, that they’ve got good referees, that their local AM rates them, or that they’ve got a positive profile in the local community.*”

3.59 Building a quality ‘team’ has been crucial. CFIW point to significant progress in the quality of available staff and Trustees: The structure was changed when current Chief Executive arrived in 2007. In addition to a new core staffing team the membership of the Board was also strengthened. In addition, recognising the need to build confidence with existing and potential clients the Chief Executive undertook accredited training in Philanthropy – the only person to achieve the qualification in Wales: “*I’ve undertaken training that means that as of this moment I’m the only person in Wales to have passed accredited training in Philanthropy. Another member of the team is doing the training now.*”

3.60 What seems to be crucial here is the external perception of the CFIW: “*Awareness raising and promotional activity is at the heart of what we’ve done with the core funding. It really is that important. But having got the attention of a potential funder, we then have to build trust. Donors have to have confidence in your people. People invest in people. Cut back on people and they won’t invest. That’s a big worry with any potential cut in grants. More generally, what message would staff reductions give to existing and potential private Clients?*”

Views on future funding arrangements

Future Objectives

3.61 The CFIW report that four distinct themes will underpin future objectives for the Community Foundation in Wales:

Building sustainability in communities and for CFIW;

Building capacity in the voluntary and community sector;

Community cohesion (some of their programmes are specifically about community cohesion);

Progress community philanthropy including *localgiving.com*, *Fund for Wales* and working with Charities Commission in Wales to release dormant funds within local authorities.

3.62 Inevitably sustainability is central to CFIW's longer term objectives. The CFIW seeks to become financially self-sufficient through the management fee income it charges for managing and distributing funds and grants. However: *"As is the case with many of the smaller, younger Foundations, investment in the core running costs is required until we reach a critical mass of Funds held and are able to support ourselves financially."*

3.63 Achieving sustainability by building endowment fee income has already been mentioned. But other opportunities may also come with scale: *"The Community Foundation in Scotland is an example whereby when you reach a certain size then with that comes a certain sector presence and you end up getting asked to undertake research and contribute to policy developments and so on. The research side is a potential commercial line we'd like to pursue."*

3.64 Other identified options for generating income that could help CFIW reach 'critical mass' include:

The continuation of core funding arrangements to support further income generating work. The CFIW state that: *“the best return across the Network of Community Foundations has generally been where a foundation has been able to use grant funding at their discretion.”* Options here might include tapering core funding over three years as the endowment fund and management fees increase;

Approaching other Trusts and Foundations: there are six known Trusts in the UK that have historically funded Community Foundations (CFiW have themselves received funding previously from one of these: Lloyds TSB) but recent contact with each by CFIW has revealed none are now funding community foundations;

The possibility of future funding via the Esmée Fairbairn Foundation;

Developing localgiving.com which may provide a small income (as funding generated from this source is almost all distributed to community groups).

Moving into the area of grant management for capacity building. In practice this is the territory currently occupied by WCVA, CVCs and others in Wales. Interestingly however one stakeholder commented that: *“NACVO’s position in England is that capacity building support and grant provision are better off separated.”* Nevertheless, a key feature of the Third Dimension is to support existing infrastructure and this, and the capacity constraints, mean CFIW is unlikely to compete (or want to compete) in this sector: *“we could do something with £1m grant programme, but a £50 million programme would be just too big.”*

Government procurement opportunities e.g. research grants, information dissemination, events;

Use of new technology. CFIW recognise the long-term benefits of being at the forefront of new technology developments. As one stakeholder reported: *“Technology will change the way fundraising is done across the UK. It is something that will really make an impact over the next three years.”*

Alternative government funding models.¹⁵ This might include payment by results' similar to the Challenge Fund in England. In essence it works by providing match funding where community foundations successfully raise their endowments fund. With a management fee to the community foundations of around 10% it offers a "very attractive" way of building sustainability, though CFIW report "no interest" from WAG in this approach.

Impact of the recent economic downturn

3.65 There was widespread acknowledgement amongst interviewees that future cuts in public sector funding would place unprecedented pressure on WAG. In this respect a number respondents anticipated reduction in the funding to third sector generally and as well as core funding for infrastructure support.

3.66 However, interviewees were also able to identify potential risks associated with such a decision including:

The loss of private money to the third sector at a time when public money to the third sector is likely to be reduced. As one interviewee stated: "*In England the government is desperate to attract private money.*"

Potential for growing disparity between funding to community foundation in Wales and funding available to other community foundations elsewhere in the UK.

¹⁵ CFIW report that European funding is inappropriate for their funding needs for a number of reasons: "Our clients like to be involved in determining how their funding is used. They rarely if ever say here's the cash do with it what you want. And European funding has traditionally asked for match funding upfront." Moreover European funding comes with its own objectives and targets that would shape and constrain the approach. Again this is incompatible with private philanthropy: "Our clients would want to retain discretion over the funding objectives." Finally, with European funding: "there would be the sense that private donations are getting swamped in some behemoth European funding project, with Convergence programme – rather than the private funder - getting the credit." It is widely recognised by the CFW and stakeholder that others organisations like Wales Co-operative Centre are better placed to access European funding.

Damage to the perception of Community Foundation in Wales. As the CFiW state: *“The business model we have pursued over the core funding period places great emphasis on raising awareness amongst the philanthropist community across the UK and now beyond. These people wanting to invest in strong, vibrant organisations. Stagnation on our part as a result of cuts would send out a terrible message to these people.”*

Future arrangements

3.67 CFiW’s preference is for core funding to remain at existing levels for another three years. An investment of around £60,000 a year for three years would, as a minimum, secure the existing staff base and allow CFiW to continue to proactively promote and develop the Foundation.

3.68 Should CFiW be awarded further core funding of the same order of magnitude, they have outlined on an indicative basis that they would wish to work towards achieving the following targets over a three year period:

Increase their endowment Funds by £3 million;

Distribute a minimum of £1.6 million in grants each year;

Launch four Area Funds;

Build upon their leadership of philanthropy role in Wales (e.g. establish Fund for Wales, develop localgiving.com, hold 5 philanthropy events each year, establish a formal Philanthropy Centre in Wales)

3.69 Should the funding be removed, CFiW would revert to a passive business model focusing on the administration of existing funds: *“It would be a real opportunity missed. Without core funding we would have to go down to two staff and just focus on distributing the money we already generate from endowment. Basically there would have been no work carried out to increase the endowment, look for new sources of philanthropy like the dormant funding or opening new Trusts across Wales, or promoting philanthropy in Wales.”* Moreover: *“It would also be much harder to convince existing clients like Fair*

Share Trust, Henry Smith Trust, Comic Relief and Sport Relief to retain our services.”

4 Findings: Institute of Fundraising Cymru

4.1 In this section our attention turns to the findings of the core funded work of the IoFC. Similar caveats apply to the methodology: the findings presented here are based upon a small scale review. Again the findings are presented under headings that relate to the key objectives of the research.

Existing and continuing rationale

4.2 Central to the purpose of the IoFC's work in Wales is that success in securing resources is critical to the sustainability and development of the third sector.

4.3 In relation the continuing rationale for core funding, the IoFC commented that much of the case presented in early 2008 was still relevant today. *“Strong demand”* based around *“comparatively low levels of fundraising opportunities in Wales”* was important: *“Few major private companies have their HQs here; there are only a small number of grant-making trusts.”* Additionally, fundraising expertise was thought to be *“low in Wales”*. Similarly, the IoFC believed their work supported wider efforts to raise business and management skills across Wales.

4.4 The links between their work and the policy context was also thought to remain. In particular the case was *“still valid”* for infrastructure support presented in The Third Dimension - A Strategic Action Plan for the Voluntary Sector Scheme: *“to support the further growth and development of the sector’s capacity to strengthen communities of place and interest;”*¹⁶ to *“sustain and enhance the existing infrastructure of generic and specialist support available to the third sector and work with this support infrastructure to help the sector raise the quality and reliability of its performance, and extend its impact.”*¹⁷

¹⁶ Third Dimension - A Strategic Action Plan for the Voluntary Sector Scheme, Page iv

¹⁷ Page v

4.5 Though economic realities were recognised as likely to “*hit funding across third sector support*” it was argued that this would put more pressure on fundraisers in Wales: “*Charities still need to raise money. They need to be more innovative in the way they do this.*” In this respect the IoFC thought it was well placed as part of a “*well targeted funding response.*”

4.6 In particular, the IoFC thought a case for continued core funding could be made around:

Value for money through the provision of higher quality advice than might be available elsewhere;

Creation of a recognised hub in Wales and single point of contact for those seeking support with fundraising, which would take account of growth in this service provision;

Interpreting and supporting the work of the Fundraising Standards Board and the development of the Codes of Fundraising Practice which form the regulatory pillars of fundraising across the UK;

The role of the IoFC in interpreting policy changes and impacts at the UK level as well as identifying and disseminating good practices developed outside of Wales. Moreover, that links between IoFC and wider IoFUK was said to provide fundraisers in Wales with a platform which ensures that consultation and policy at UK level can reflect the needs of Wales;

Helping third sector groups access practical and effective training, advice and support for fundraising that is delivered within easy reach by trainers who are both experienced fundraisers and are licensed by the Institute;

The fact that WAG could not perform this role and there is no obvious alternative in specialist fundraising provision;

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

Current research – like *Supportive To The Core* (2009) published by the Institute of Philanthropy - that points to the important role played by core funding.

4.7 Interviews with stakeholders revealed some support for the IoFC's case. Comments included *"predictability during unpredictable times"* and *"the Institute offer specific expertise in Fundraising which breeds a sense of confidence amongst us fundraisers"*. Moreover: *"to lose that point of support when it has established itself as the point of information on fundraising in Wales, would be disappointing."*

4.8 However, some interviewees raised concerns in relation to:

Whether IoFC were the *"right vehicle"* by which fundraising support should be provided;

The capacity of the IoFC in Wales to add value: *"operating with capacity they have, their impact is going to be severely constrained."*

The crowded 'picture' of support in Wales - *"it was like, who should we go to: CVCs, WCVA, we didn't know? It seems a bit hit and miss."*

Success in achieving agreed targets

Overview

4.9 The core funded work of the IoFC was measured with regard to a number of agreed objectives and targets. As with the CFiW, monitoring of progress against these objectives took place through six monthly progress reports and associated face to face meetings between staff from WAG and IoFC. In this Section we present the findings of the progress made against targets. Again, it should be stressed that the results presented here were not subject to independent validation by the research team.

Objectives

4.10 The IoFC's objectives for the infrastructure core funding programme were to:

Develop knowledge, via training, and tools to raise more money for organisations in Wales;
Connect fundraisers and fundraising organisations in Wales;
Promote and increase Tax Effective Giving in Wales;
Promote best practice in fundraising in Wales

Achievements

- 4.11 For each of these objectives, measures of output and associated targets were set. Figure 3 presents information on progress against targets. Overall, the findings suggest that IoFC has performed reasonably well, with targets for attendances at conferences, training and seminar comfortably met. This included the Tax effective Giving workshops delivered in partnership with the Wales Council for Voluntary Action.¹⁸
- 4.12 There was some shortfall in the attendances at Network events. In part this can be explained by underestimating *a priori* the effect of delivering events in less populous areas of Wales to ensure good levels of geographical coverage. In addition, third sector groups in North East Wales and South East Wales were easily able – and clearly did - attend events provided by the Institute of Fundraising North West and Institute of Fundraising South West respectively.
- 4.13 In terms of best practice the IoFC raised concern that the target measure “*was never really workable nor achievable.*” Consultation on Codes of Practice is managed centrally by IoFUK. Feedback suggests that in practice few third sector organisations in the UK provide feedback to consultation processes administered by the IoFUK.

¹⁸ The WAG core funding monitoring reports contain an overall agreed target of 100 attendees for the Tax Effective Giving workshops. However, attendance data was unavailable in relation to five (out of seven) annual workshops led by the WCVA (rather than the IoFC). Hence an approximate proportion of 30 attendees was used by the researchers as a proxy target for the IoFC in this respect (2/7 x 100).

Figure 3: Performance against core funding targets

Objective	Output Target	Achieved
Develop knowledge, via training, and tools to raise more money for organisations in Wales	Conference, Training & Seminars 2008/9 - 40 attendees 2009/10 - 50 attendees 2010/11 - 100 attendees	Conference, Training & Seminars 2008/9 - 53 attendees 2009/10 - 82 attendees 2010/11 – 110 anticipated
Connect fundraisers and fundraising organisations in Wales	Network meetings: 2008/09 – 150 attendees 2009/10 -200 attendees 2010/2011 - 200 attendees E-briefings: 2008/09 – 600 recipients 2009/10 – 700 recipients 2010/2011 - 700 recipients	Network Meetings: 2008/9 - 61 attendees 2009/10 - 122 attendees 2010/11 – 120 anticipated E-Briefings 2008/09 – 150 recipients 2009/10 – 700 recipients 2010/2011 – 843 recipients
Promote and increase Tax Effective Giving in Wales	Network meetings: 2008/09 – 30 attendees 2009/10 – 30 attendees 2010/2011 – 30 attendees	2008/9 - 34 attended 2009/10 – 35 attended 2010/11 - 40 estimated
Promote best practice in fundraising in Wales	Responses from Welsh Organisations to all Codes of Practice consultations 2008/09 – 3 responses? 2009/10 – 3 responses 2010/2011 – 3 responses	2008/09 – 0 responses 2009/10 – 0 responses 2010/2011 – 6 responses

Source: CFW Monitoring Records

Additionally secured funding

4.14 Measuring the additional secured funding by beneficiaries was beyond the scope of the IoFC’s core funding objectives. Again the IoFC expressed frustration at the complexity involved drawing levels of attribution: *“It’s difficult to go back to a charity who has attended a training course and ask: what has come from that in terms of funds raised. There are so many factors involved.”*

4.15 The IoFC can however point to some anecdotal evidence from beneficiaries in this regards, including:

‘[Following the Social Media event] we set up a Facebook account and now advertise fundraising events on that. The response has been more than excellent. At least £1,000 worth of ticket sales have been through online promotion. That’s £1,000 more than we would have had.’

“The last course I attended through the Institute of Fundraising was the Gift Aid course [Tax Effective Giving] and today we received a cheque for retrospective gift aid which has helped to finance the latest extension to the community facility...”

“...recently Hafan Cymru [after attending the Tax Effective Giving workshop] managed to increase the amount they’ve raised by a massive £1,000.”

4.16 The research team also looked at the extent to which IoFC was able to lever additional income for its own core activities. It was noted previously that in addition to the Welsh Assembly Government core grant funding, the IoFC benefited from a WAG grant of £10,250 per annum (provided via the Wales Council for Voluntary Action) to deliver Tax effective giving workshops.

4.17 The IoFC also receives income via other sources, fees for the conferences, training and network events it organises, associated sponsorship and advertising revenue and other income such bank interest.

4.18 Figure 4 presents a breakdown of income by source. The comparison is drawn between the financial year 2007/08 (the year prior to the current core funding period) and the annual average over the current core funding period (2008-11).

Figure 4: Income Breakdown - IoFC

Measure	2007/08 (prior) (£)	Average Annual 2008-11 (current) (£)
All WAG Funding (core funding plus Tax Effective Giving grant via WCVA)	45,000	55,972
Conference Fees, Advertisements, training and Network fees, Sponsorship	7,827	4,212
Other income (e.g. interest)	283	84
TOTAL	53,110	60,268

Source: IoFC financial data

4.19 Figure 4 shows that the CFiW has only been successful in leveraging in an additional £0.08 of income for every £1 of WAG core funding. Moreover, the Figure reveals that income from fees, advertising and sponsorship has decreased by 46% in comparison with the 2007/08 results, despite increased WAG funding overall¹⁹.

Effectiveness and efficiency

4.20 IoFC were able to identify a number of elements of their work that had worked well during the core funding period.

4.21 Take up of places at conferences was particularly strong: *“Lots of people, a real buzz about each conference.”* Moreover: *“What attendees enjoyed was the opportunity to meet others doing similar work, learn from some very interesting speakers, and take information away with them – hand outs and things. That we held Conferences in North and South Wales was also appreciated.”*

4.22 The choice of topics used at network meetings, seminars, training and events had proved popular with attendees: *“We ran a talk on ‘Fundraising from*

¹⁹Since the financial data was provided after the completion of fieldwork, it has not been possible to explore in further detail the reasons for the apparent reduction in income from fees, advertising and sponsorship.

America'. That was particularly popular. The presenter highlighted how many people in the US had Welsh ancestry - and thus offered a potential source of fundraising - but also how these people might best be engaged to support charities in Wales." Similarly, the Social media event was found to be popular: *"So many people now using Twitter, Facebook and other platforms now that it makes sense for charities to explore what opportunities these forms of media have for fundraising."* Overall: *"What came across was that people appreciated those events that looked at fundraising from a new angle"*

4.23 The IoFC pointed to benefits from being part of a UK wide organisation, including:

How the UK office supports Scottish and Welsh offices with information on developments in central government policies, programmes and laws: *"this provides useful early warning allowing charities in Wales more time to prepare."* There is also an element of *"interpretation, turning legal requirement into good practice guidance"*;

The IoFUK website which has become *"a real first point of contact for fundraising advice for fundraisers all over the UK"*;

A voice for Welsh fundraisers in future policy discussions of the options at the UK level through the IoFUK's strategic partner role;

Formulation of programmes, courses, training which can then be rolled out in Wales. During the core funding programme, for example, tax-effective giving workshops were delivered in conjunction with the Institute's UK team.

4.24 However, the IoFC thought it appropriate to retain a specific Welsh based office given the *"different context in Wales"*. For example: *"Our Welsh Language Scheme - which revolves around translation of Codes of Practice into Welsh and is expensive – is something we've achieved."*

4.25 The breadth of coverage - with support provided beyond the membership - was also highlighted: *"In England the Institute focuses on serving the membership. In Wales we've tried and succeeded in going further and engaging and*

supporting beyond our membership.” The rationale behind this approach is clear: Wales has many small charities and small charities are less likely to take up membership, yet still have fundraising needs. However, the caveat was that in taking this approach *“our resources are spread more thinly”*.

4.26 The role of IoFC also extends to mediation type activity. Across some parts of the UK fundraising is thought to have become increasingly difficult or limited in the sense that people have objected to certain approaches, such as door to door collections.²⁰ IoFC has a role to play in such instance. Firstly, ensuring that local policy reflects the view of the wider third sector and secondly working with parties on both sides to find a suitable balance rooted in good practice.

4.27 IoFC has also undertaken qualitative feedback on all events it has delivered. The findings made available to researchers show positive feedback overall (confirming the IoFC’s view in this respect). In particular attendees said they liked:

The “up to date” information;

Specific subjects of interest e.g. data protection information, fundraising through social media and ‘Fundraising from America’ presentation: *“upbeat and interesting”;*

The amount of information to take away with them: *“A lot of information to follow up”;*

Networking and meeting new people, new ideas, sharing ideas and problems;

Development and campaigning through difficult times, sourcing funds from all angles and boosting morale.

4.28 Interviews with stakeholder beneficiaries also highlighted a number of positive elements, including:

²⁰ The IoFC stated Bedfordshire was an example where local regulation now prohibits some forms of fundraising popular elsewhere. In Wales, IoFC has been involved in disputes around, for example, the Three Peaks Challenge in Snowdonia.

a wide range of guest speakers at events with different background and different themes to talk about;

Advice that was of practical use: *“Too often we get general concepts that are fine in themselves but lack specific relevance to Wales. Events are often suited to those fundraising in the South East of England; In North Wales we don’t have many millionaires, we have relatively few large companies. This means a different way is needed to approach people for fundraising. The benefit of the IoFC is that they offer advice that practical and suitable to the realities of fundraising here in Wales.”*

The high quality of advice provided by the IoFC: *it’s comforting to know you are getting the best advice out there, from people who are experts not in general support for organisations like ours, but experts in fundraising specifically.”*

4.29 Stakeholders also pointed to appreciably positive impacts on: *“the quality of grant applications”*; *“quality of our pitches to potential fundraisers”* and *“recruitment and retention of volunteers.”* This supports IoFC’s wider case study feedback from event attendees where, anecdotally, the IoFC has linked training to success with new fundraising.

Weaknesses in Delivery

4.30 Some elements were less well received by event attendees, however, though critical comments were nearly always constructively presented, including:

“I would like to have at least one of the presentations in the Welsh language”

“More North Wales events please”

“Possible workshops about community fundraising, working with volunteers, how to engage them and participate in events.”

- 4.31 The stakeholder interviews also revealed some identifiable weaknesses. Some were relatively minor: *“I was left off the mailing list for the first few months, but this was soon rectified.”*
- 4.32 Other identifiable weaknesses were more constructive, centring on the need for a more proactive and dynamic approach: *“They seem steady rather than dynamic”*. In this respect options for ‘doing more’ could potentially include using social networking routes to promote CPD and good practice in fundraising to professionals within the third sector. Moreover, this approach might *“indirectly amplify the IoFC’s presence in Wales without having to grow too much in terms of funding requirement and overheads.”*
- 4.33 The IoFC raised the concern about the low baseline of fundraising skills and training in Wales: *“Training levels in relation to fundraising are lower than they are in England. There is still a culture that says ‘anybody can be a fundraiser’. It’s not seen as a specialist role. But would you choose anyone to be a marketing executive?”*
- 4.34 Additionally there were concerns around the pressure to deliver value for money versus the nebulous nature of the third sector across Wales: *“We have a commitment to be as inclusive as we can. But in parts of Wales a sparse population limits the number likely to attend events - yet we still have to hold events there.”* Moreover, the IoFC reported criticism of their decision to hold one event in Shrewsbury, near the English-Welsh border: *“The reason was that it is reachable by train from North, South and Mid Wales. And we push hard for low carbon agenda and it was an honest attempt to keep down the costs to attendees. But someone wasn’t happy and informed Assembly Members.”* Arguably this points to more future emphasis on online training and information dissemination.
- 4.35 Two further concerns were raised by IoFC in relation to UK links. Firstly, the Fund Raising Standards Board – the arms length agency created by IoFUK – has *“not been as successful as we wanted it to be”*. IoFC raised concern in

particular that it has been staffed not by *“fundraising experts or even ‘charity people’, but rather by “regulatory people”*. Overall this has resulted in *“few complaints being upheld.”* Secondly, if IoFUK does not get its Strategic Partner role renewed by the Office of Civil Society then *“there will be less benefit to Welsh fundraisers from the UK link”*

4.36 What also came through from the interviews was the rather *“complex relationship”* between the IoFC and the Wales Council for Voluntary Action (WCVA). The WCVA has received funding from the Big Lottery Fund to undertake subsidised fundraising training, delivered through CVCs in Wales. It was clear from our discussions with stakeholders that there are some competitive tensions between the two organisations in relation to delivering fundraising training to the third sector in Wales.

4.37 In England, the National Council for Voluntary Organisations does not provide specific advice or training on fundraising. Rather, they sign post towards the Institute of Fundraising. The IoFC argue for a similar situation in Wales: *“We would argue that they [WCVA] should be signposting not delivering.”*

Management

4.38 Despite these concerns there is some evidence of a good working relationship between the IoFC and other support organisations including the WCVA: *“We’ve worked positively with WCVA. The Tax Effective Giving workshops were delivered in partnership with WCVA. All the fundraising material on the WCVA’s web site was given to them by the IoFC. We update this information for them. And if they have a specific fundraising query they call the institute.”* Similarly: *“CVCs see the Institute as a resource. We have good links with Vale CVC and others and have run events in their premises, because it keeps the price down.”* There are also *“good links”* with Community Foundation in Wales: *“[The Chief Executive] is a member and benefits from our information.”*

- 4.39 Similarly, the interviews point to a constructive relationship between the IoFC and WAG throughout the core funding period: *“We’ve worked well with the Assembly staff. We have six monthly meetings with them and there is contact in between as well.”* What was particularly welcomed by the IoFC was that WAG had not been too prescriptive: *“They laid down areas they were particularly interested in e.g. innovative approaches, good coverage across Wales – but allowed us to get on with it.”* Also, *“Assembly Ministers have spoken at our conferences and we’ve provided specific advice to the Minister in relation to fundraising related issues.”*
- 4.40 Nevertheless, there was the perception that the IoFC had been *“less tight on management issues than they might have been”*, though acknowledged that much of this might be explained by the limited size of the team: *“both are quite lean in terms of their cost base and overhead structure, but IoFC does get less funding overall.”*
- 4.41 Despite, these broadly positive findings in terms of delivery, there was a sense that the IoFC *“never fully got to grips with the monitoring.”* The loss of the project manager early in the project clearly affected momentum in this respect - leading to measures and targets being finalised after the project had formally started.
- 4.42 During this period monitoring documentation reveals WAG concern about the extent to which clear links could be drawn between defined objectives and associated targets and the six key tasks identified in the original business plan submitted. In addition WAG felt that more emphasis should be placed on relevant quantifiable targets where appropriate.
- 4.43 In many respects IoFC’s hands were tied, of course. The nature of their proposed core funding work was always going to be *“significantly removed”* from impacts on end beneficiaries. There was some frustration that the target measures *“had to be”* primarily output (rather than outcome) focused. That said, it should be stressed that some attempt was made to capture outcomes

data via event feedback and case study reports. Findings in this respect are positive: case study social enterprises reporting improvements in funds raised and the skills and confidence to do more in the future and crucially, drawing links between these achievements and the IoFC training.²¹

4.44 The IoFC did state that indirectly future plans of Institute of Fundraising to develop significantly their training provision may impact positively on evaluation of their work in Wales. It is hoped that data will be made available in the medium to long term on indicators such as *'the salaries associated of staff with certified fundraising qualifications versus those without'* and *'the performance of those organisations with staff with Institute of Fundraising qualifications'*.

4.45 Finally, general perceptions were that the IoFC operated with a *"high quality Board with many areas of expertise - environmental, medical/health, media and so on."* However, the size of the IoFC team in Wales *"means a lot of work and responsibility falls on the Chair"* – a problem further exacerbated by acknowledged problems with staff turnover: *"A number of staff in the lead role have come and gone. The problem is emphasised by the part-time nature of the post."*

Value for money

4.46 In terms of value for money the limitations of formal measurement are clear: the IoFC's approach to infrastructure support centres upon dissemination of good practice and 'quality assurance' and this is difficult to attribute and value in terms of outcomes for beneficiary organisations.

4.47 However, interviewees were broadly supportive of the value for money offered by the IoFC: *"We paid between £10 and £50 to attend events, which is about right, I think"* and *"other bodies have cost a lot more and offered less benefit."* However, respondents were not willing to pay much more: *"£50 is about the top"*

²¹ Findings provided in more details later in this section

I would pay given the economic climate. Beyond this it starts to get expensive when you add in travel costs.”

4.48 Stakeholders also mentioned less tangible benefits, for example: *“We’re fairly pragmatic, I’m sure we could have got advice in the end from other places, but would it be the same high quality? Having that established network of support is a comforting feeling.”*

4.49 In a similar vein, the IoFC also drew attention to their role in those elements more difficult to predict such as advice in relation to handling fundraising abuse cases and dispute resolution: *“Scotland is at the moment enduring scandals relating to abuses of the system. We don’t want those in Wales as far as we can avoid them. In addition to the scandal itself, when it gets played out in the media it damages the whole charitable sector that depends on the confidence of givers in the system they are giving to.”* But what has been the IoFCs contribution in this respect? *“Impossible to measure. But we haven’t had the scandals they’ve had in Scotland. Which is one of those ‘necessary but not sufficient’ facts. But we have built a good relationship with the media in Wales so if a case did break then we would at least be guaranteed a response.”*

Examples of good practice

4.50 In relation to good practice, views amongst interviewees seemed to converge upon a number of identifiable themes.

4.51 The use of **events, seminars and conferences** was seen as an appropriate way of achieving knowledge dissemination, raising skills and *“building the fundraising community”*. Fundraising covers a wide range of activities – mail, telephone, internet, door to door, events/festivals, raising money from Trusts, local authorities and so on. To raise skills across these different areas requires an approach that is flexible and adaptable. Conferences, seminars and events seem to work well in this respect.

- 4.52 However, it appears crucial to ensure that there is a **'fit' between conferences, events, and seminar subjects and the specific needs and context of fundraisers in Wales to ensure that activities are relevant and demand led.** Events should be tailored to take account of the wider context, for example, given the current economic climate it is thought to make more sense to 'take care' of existing donors rather than try and find new ones. In this respect a recent IoFC Event – delivered at Chapter Arts Centre in Cardiff - focused on the theme of retention or in other words: *"looking after your donors"* was thought to have been particularly appropriate.
- 4.53 Delivering events across **innovative topic areas** also builds interest and confidence. Examples to date have included the IoFC's *'Fundraising From America'* seminar, and other training events around the use of social media platforms for fundraising. Likewise, innovative approaches to fundraising might also be encouraged, for example, supporting more collaboration between fundraisers such as delivering joints events.
- 4.54 The findings presented in this review also seem to point to the significance of a **high quality service, emphasising high levels of expertise.** An aim of the WAG core funding is to improve the quality of fundraising. In addition to raising skills, this may also contribute appreciably to levels of confidence within the fundraising sector in Wales, with knock-on impacts to innovation and 'can do' mentality. In this respect, the Institute appears well placed: *'If someone wants advice on tax effective giving then we will be able to provide an expert who has told the UK Treasury about the law and good practice on that subject. So their advice will be interpretation not based on "this is what i think you ought to be doing." But rather "this is what we agreed with the Treasury last week.'*

Views on future funding arrangements

Future Objectives

4.55 Despite evidence of useful progress, the IoFC remains clear that much remains to be done in Wales: *“we think there is still some way to go in helping voluntary organisations become more sustainable. Over time they have become less reliant on grants but this progress needs to be continued.”*

4.56 In particular, the interviews revealed a number of themes that are likely to underpin future activity for Institute of Fundraising in Wales and across the UK, including:

Ensuring that fundraising in the UK becomes more transparent and accountable: *“Donors want this, they want to know how their funding is getting used”;*

Ensuring an emphasis on donor care: *“levels of donor care (what we call ‘stewardship’) should also be measured, this relates to the quality of our service funders get but also that there is continued liaison/relationship building and ‘after-donation care’.”*

Developing the Institute’s niche across the UK: *“In ‘Building a Stronger Civil Society’ there is clear reference to supporting those that offers expert advice on fundraising – so specialist not generalists.”*

Building trust in the fundraising process (at a time of financial austerity) by raising standards is more important than ever: *“In this respect high quality training and CPD work will be crucial.”*

Strengthening the fundraising ‘community’: *“Don’t underestimate the importance of this, it is something that people who attend our events mention over and over.”*

4.57 In terms of future income generation, the IoFC is clear on the need to draw upon core funding from the WAG: *“We get nothing from the Institute of Fundraising UK. 85% of our income comes from the core grant.”*

4.58 However, as the fundraising sector’s *“CPD National body”* the current plans of the Institute include significant extension of current professional development and training provision across the UK. It is thought that this *“career pathway”* will present significant commercial opportunities in Wales associated with training for formal qualifications, CPD and associated mentoring. In this respect the IoFC would look to build upon established links with CVCs as well developing new links with higher education.

4.59 Moreover the IoFC are optimistic about demand: *“We’re getting more numbers to our training than we were two years ago. Across the UK the Institute is experiencing heavier than anticipated demand on their training courses, for example, for tax effective giving. So there seems to be an appetite out there for training.”*

Public sector funding reductions

4.60 In respect of future core funding arrangements, the IoFC remain fairly pragmatic. Given the likely scale of cuts there is acceptance that support providers will need to take on some of the *“burden”* through improved income generation. In this respect, undertaking more in-depth research into specific price elasticities for IoFC services seems an appropriate early step.

4.61 Alongside this pragmatism is real concern that *“funding will drop by too big a percentage.”* In particular, the Institute’s presence in Wales was already thought to be fairly minimal, with reductions not easily found. Other impacts would also be felt: *“we run some training from the office here in Cardiff. With the likely future emphasis on training and CPD having an available training base will be useful for generating net fee income.”*

4.62 There are also current uncertainties around the core funding made available to the Institute of Fundraising (UK) by the UK Office of Civil Society. The Institute currently receives £150,000 per year though recent announcement suggests the number of core partners will be cut *“from around 40 to 17.”*

Future Arrangements

4.63 Overall, the IoFC considers that support for fundraisers in Wales *“is more important than ever”*. They point to the relative vulnerability of the Welsh third sector: *“40-45% of funding that goes into charities in Wales is from the state. This compares with nearly 35% in England.”*

4.64 However, with the current debate framed in the language of efficiency, the extent to which IoFC rely upon anecdotal evidence for the impact of their services, might be questioned. On this point the IoFC remain firm: *“The feedback we’ve received has been positive. There is danger in going too far with the outcomes agenda. By definition, infrastructure support will be steps removed from final impacts.”*

4.65 In terms of other options for future funding, key informants raised the idea of moving towards a *“pay as we go”* model. This would involve commissioning – through formal procurement - specific seminars and events aimed at sharing good practice in fundraising with third sector practitioners in Wales. Clearly this option would have major implications for the IoFC in its existing format – though as it was pointed out the IoFC has not always had a staffed office base in Wales, and *“plausibly the work of the IoFC could continue albeit, with less of a Welsh accent to their work.”* Moreover, decisions of *“if and how”* would need to be taken in relation to the IoFC’s *“wider advocacy role”* including the option of other support organisations in Wales absorbing this work.

5. Conclusions and Recommendations

5.1 In this section we bring together the main findings. The research has provided some interesting evidence about the achievements of the infrastructure core funded work in Wales. While the scale of the research methodology has been limiting, the interview findings, allied to secondary feedback, does provide for some useful - albeit indicative - conclusions and recommendations to be drawn.

“To review the existing and continuing rationale for funding the named organisations”

5.2 In terms of existing and continuing rationale, the findings do seem to indicate a continuing ‘need’ for fundraising support within the third sector in Wales. Notably, voluntary and community organisations in Wales were still thought to lag their counterparts elsewhere in the UK on a number of key indicators including fundraising skills, training accessed and overall success in engaging private individuals, businesses and Trusts. Both core funded organisations were able to present forceful cases that would underpin and support the continuation of future core funding. Moreover, it was generally accepted that with the impending cuts, the need to lever funds from non-public sources added more weight (and urgency) to their case.

5.3 Less clear was whether the current policy context supported continuation of core funding, though this does in large respect reflect the limitation of this small scale review.

5.4 **Recommendation 1: That WAG acknowledges the need for continued infrastructure support to the third sector to enable voluntary and community organisations to diversify their funding base.**

“To review the success of the funded organisations in achieving their agreed objectives”

- 5.5 The IoFC showed good performance against agreed target measures with the CFiW exceeding targets appreciably. However, clear from the findings was that the core funded work of the CFiW was easier to 'translate' into outcomes based measures and targets than the work of the IoFC.
- 5.6 Moreover, the findings suggest that the CFiW were more proactive in developing comprehensive (albeit informal) sub-objectives to direct progress. In this respect, if core funding continues, the IoFC might look in the future to provide more detail on wider aspects of their work. For example, extending the 'case studies' to include instances where the Institute of Fundraising (UK) has provided specific support for IoFC.
- 5.7 **Recommendation 2: That future funding (under whatever format) 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.**

“To review the amount and sources of funding that each of the organisations has secured in addition to the WAG core funding to support their work”

- 5.8 The core funded work of the two organisations was not found to be comparable in terms of the extent to which they diversified their own funding and used the core funding to leverage in additional funding to the organisations they were supporting.
- 5.9 The IoFC argued that the benefits of its work would be shown in the success of those it supported and that its emphasis on good practice dissemination, advocacy and guidance did not suit an impact style evaluation approach. No estimate of the funding leveraged in to the sector as a whole as a result of the IoFC's activities could thus be made beyond anecdotal evidence.
- 5.10 In terms of sustainability, the findings revealed that the IoFC generated only an additional £0.08 per £1 of WAG funding for internal/core activities. This

represents a decrease from £0.18 per £1 of WAG funding in financial year 2007/08. Moreover, the income from commercial sources - fees, advertising and sponsorship - has decreased 46% in comparison with the 2007/08 results, despite increased WAG funding overall.

5.11 Given that at a UK level, the membership includes some of the largest UK charities, the lack of any contribution from membership fees to IoFC's operations is notable.

5.12 By contrast, the CFiW were able to show above target returns in relation to levered in funding – although it does need to be recognised that, unlike IoFC, the whole purpose of CFiW is to increase the flow of funds into and through the organisation in order to sustain donations to voluntary and community organisations. WAG provided £35,000 infrastructure funding to CFiW in the financial year 2007/2008. The grant total distributed by the CFiW to third sector groups in that financial year was around £800,000. For the period 2008 to 2011, WAG provided annual core funding of around £61,500. The average annual grant over the period 2008 to 2011 was £1.4million. This represents an increase of 75% on the 2007/08 figure.

5.13 In terms of additionality, it was not clear what the CFiW annual grant total would have been without the WAG funding. However, indicatively, the **additional** annual core funding (around £31,000) provided to CFiW has shown an additional return of £18.35 for every £1 core funding by WAG.

5.14 However, CFiW was also successful in using the WAG core funding to move towards greater sustainability. Over the core funding period the CFiW has levered in an additional £3.10 of income for internal/core activities for every £1 of WAG core funding.²² Moreover, the findings reveal that Management Fees have increased substantially in comparison with the 2007/08 results. However, it should be noted that prior to the core funding period (in the financial year

²² This is not a pure causal relationship since 'additional income' received over the current core funding period will (in small part) also relate to prior activities e.g. building up the endowment before April 2008.

2007/08) the CFiW levered in £3.97 of additional income per £1 WAG funding. This means that the CFiW has been less efficient in generating additional internal/core activity income during the current core funding period.

5.15 Recommendation 3: Any future WAG core funding agreements should contain specific measures aimed at generating more balanced and diverse income streams for the two organisations in question.

“To make judgement on the effectiveness and efficiency of WAG funded activity within the named organisations in contributing to WAG’s wider work within the policy area” and “To identify examples of good practice or otherwise in the provision of in the work of the funded organisations”

5.16 The primary and secondary research data pointed to a number of positive elements of the core funding programme.

5.17 The IoFC core funded work was particularly effective in:

The use of conferences, training, and networking events, as a means of bringing fundraisers together;

Providing innovative training and discussion topics at the various events while acknowledging the specific context and needs of fundraisers in Wales;

Providing information that was practical and up-to-date;

Delivering an inclusive approach: providing support for members and non-members alike;

Its breadth of scope including their wider work providing advice, information and good practice;

Offering a high quality service, emphasising specialist expertise.

5.18 Effective elements of the CFiW core funded work, included:

Working within a clear niche and to meet a clearly identifiable need in Wales;

The ability to engage at the grass roots level including supporting those community groups *“furthest away”*;

Supporting potential Donors to identify appropriate community groups and third sector enterprises to support;

The role in leveraging private funds including from outside of Wales.

The liquidity it brings to the fundraising process in Wales linking ‘Donors’ with ‘Do-ers’ through a multi source, flexible approach to grant dissemination;

The levels of expertise within the organisation underpinned by quality assurance accreditation and the fundraising qualification of key staff;

The development of an efficient Area Funds model as means of expanding and growing CFIW across Wales.

5.19 In terms of weaknesses in provision, the historical backdrop is one of difficulty in establishing a community foundation in Wales over the past 20 years. However, the evidence does suggest the CFIW might have been more effective if changes at Board level had been made earlier.

5.20 For the IoFC suggestions for improvement such as the need for a *“more dynamic approach”* must be considered against the limitations of the current resourcing arrangements (and particularly challenges with regard the dispersed nature of third sector organisations - and hence IoFC events - across Wales). However, more might have been done to “tighten” project monitoring arrangements and to draw on the resources of members.

5.21 More generally, the context for the IoFC was one of concern around:

The low baseline levels of fundraising skill, training and “learning culture” in Wales;

The potential for duplication between the IoFC’s activities and other activities in respect of fundraising training, notably by the WCVA and CVCs ;

The viability IoFC from operating such a small scale team in Wales.

5.22 Recommendation 4: Any future core funding agreements between WAG 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.

“To make recommendations on future funding arrangements for infrastructure support. This should be based on the research findings and consideration of funding options including procurement of contracted services”

5.23 The backdrop to the review is one of impending cuts in third sector public funding across the UK. Given this, WAG may naturally question to what effect small levels of core funding – and small core funded teams - could have on the third sector landscape in Wales. Moreover, if the need for fundraising infrastructure support is accepted, then WAG may legitimately wish to explore whether this could be undertaken in more cost effective ways through other pre-existing funding agreements.

5.24 Evidence in this report identifies a number of risks to this option, however. The findings point to high levels of satisfaction with the work of CFiW and IoFC. Their ‘specialist expertise’ in particular appears highly valued and the CFiW in particular fills a unique niche.

5.25 In the case of the CFiW strong performance leveraging additional (non-WAG) funds have also been demonstrated. With the added early successes from the roll out of their Area Based model, this all makes for a strong argument for retaining CFiW's core funding, albeit that it is likely that small reductions in core funding might be able to be absorbed without affecting performance and future plans too significantly.

5.26 In respect to the IoFC it has been less easy to link WAG core funding with specific outcomes and impacts, including additional leveraged funds and, since IoFUK is a membership organisation, the very high proportion of IoFC's overall funding that comes from the core funding is of concern. At the same time, partly because of this lack of additional funding, the IoFC operates a bare minimum of staffing and even small reductions to their core funding would bring into question the viability of the IoFC's current delivery approach. Moreover, under resourced core functions are unlikely to add much value to the third sector in Wales.

5.27 Notably however current IoFC plans for extensive expansion (via IoFUK) of their training, CPD and qualifications provision are thought to present some opportunities. In this respect WAG may wish to consider continuation of core funding linked to demonstrable improvements in current levels of non-WAG funded income. However, WAG should also consider very carefully, the potential alignment of any expanded IoFC offer with pre-existing fundraising training and capacity development work being undertaken by other organisations in Wales to avoid any risk of competition or duplication.

5.28 Alternatively, consideration might be given for a "pay as you go" model for purchasing training, network events, conferences and other activities as appropriate. This might be delivered via a tendered framework contract.

Recommendation 5: WAG 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: WAG should consider carefully whether continued core funding for IoFC can be justified in the light of competing priorities. Should WAG 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 WAG 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 WAG 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.**