



Cefnogi Trydydd  
Sector **Cymru**

Third Sector  
Support **Wales**

## **A Framework for Regional Investment in Wales**

1. This response has been written by Wales Council for Voluntary Action (WCVA), following engagement with a cross section of third sector organisations in Wales, to give a third sector perspective on Welsh Government's proposed framework for regional investment.
2. Wales Council for Voluntary Action (WCVA) is the national membership body for voluntary organisations in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together
3. The opinions presented are informed by extensive consultation with the third sector and WCVA's members through:
  - two interactive webinars, delivered in partnership with WEFO
  - three online consultation exercises
  - a questionnaire
  - direct engagement with organisations from the sector
4. WCVA has been involved in the design and implementation of the European Structural and Investment Funds in Wales since 2000, from the development of Objective One programme documents, to the delivery of a range of operations through the successive programmes (such as the Social Risk Fund, Intermediate Labour Market and Engagement Gateway and the current Active Inclusion and Social Business Growth Funds).
5. WCVA achieved Intermediary Body (IB) status under the 2014-2020 programmes, in recognition of its ability to effectively manage and administer competitive grants on behalf of the Welsh European Funding Office (WEFO).
6. Third Sector Support Wales (TSSW) is a network of support organisations for the third sector in Wales. It comprises the 19 local and regional support bodies across Wales – the County Voluntary Councils (CVCs) and WCVA, the national support body.

### **Question 1: What are your views on a model where:**

- **strategic, pan-Wales initiatives are co-ordinated at national level; and**

- **designated regional bodies design and deliver their own programmes of investment aligned with national-level policy?**
7. A delivery model integrating a mix of national, regional and local led investment and activity is needed to achieve the preferred outcomes, with the level of administration at each tier of governance proportional to the task. Some initiatives will need to be undertaken at a national level but enough flexibility should be inbuilt within these programmes to cater for the nuances of the regions and communities.
  8. Where suited, national co-ordinated delivery will minimise the duplication of activity and spend. The preferred aims and priorities of the regions, and the structures designed to address them, are very similar. This risks a significant proportion of the funds being spent on replicating the administration process in each region, whereas economies of scale could be made by co-ordinating more at a national level.

**Question 2: Do you support our proposals for some investments to be led by the community in which the activity takes place**

9. A definition of the term 'community', in this context, is needed. Some local authorities consider themselves to function at community level; some advocate for local action groups (the 'Leader' model) and others define community as operating at the town or ward level.
10. Communities should be fully engaged in the design and development of all community targeted activity, to encourage community led development, equal partnership working and the co-production of activities - even if they are not best suited to lead delivery of the activity.
11. Irrespective of its source, all delivery is local and therefore it's vital that local intelligence and understanding is incorporated into all delivery proposals. The current hierarchy of decision making, and the plethora of partnerships at local and regional levels, often prevents many partners from both guiding and accessing any available investment. The layers of partnerships and networks are complex and sometimes disabling. (Please refer to the example listed in Appendix A example 1). These structures and their associated channels of communication often favour the public services to the detriment of other partners. The proposed framework could risk maintaining the current status quo or, even possibly, complicating it further by creating additional layers of bureaucracy. These structures must be simplified to encourage greater third sector engagement, representation and influence.
12. The Covid-19 crisis has demonstrated that local action can happen rapidly if the sometimes disabling structures and levels of bureaucracy are reduced. Communities have proved they can adapt quickly, while integrating with a range of partners. This has taken place outside the traditional structures and 'red tape' that often cause significant delays to practical activity. This must be acknowledged and learnt from as we move forward. The current way of working has, in many ways, fast tracked collaborative working and it's

important that we do not lose this momentum. Please refer to the examples listed in Appendix A (examples 2 and 3).

13. Wales has the components it needs to enable this through the legislative framework that underpins the Well Being of Future Generations Act (WBFGA). Public Services Boards (PSBs) were established in response to the Act. The PSBs provide an opportunity that could be built on to drive forward a delegation of decision making to a local level, with some minor amendments to their structures.
14. To bring about change in our communities they must be enabled to make the change themselves. We cannot continue simply doing things to people, delivery must be done with people. A devolved budget for specific community action could be allocated through a structure as detailed above (point 13) to help facilitate this.
15. Foundational economy and micro organisations are rooted in their communities and have clear social values. There must be a focus on supporting and developing these short supply chains, particularly in relation to the zero-carbon economy.
16. Wales has the nationwide, local community infrastructure to support this work through Third Sector Support Wales (TSSW). TSSW comprises the 19 local and regional support bodies across Wales – the County Voluntary Councils (CVCs) and WCVA, the national support body. The CVCs have already taken a greater role in recent times - brokering relationships and supporting micro organisations to have a greater impact in communities - but with the right support, more could be achieved. Communities could be enabled to mobilise and build social capital in a broader sense and help to rebuild foundational economies.

**Question 3: Do you agree that we should continue to increase our use of repayable finance where this is viable and, where it is not, that models of combined support that maximise the repayable element should be developed?**

17. A key advantage of repayable finance is the legacy funding it generates, which can be recycled into further investments. The recycled funding should be entrusted to those delivering the investments and not diverted back to the Government purse.
18. The successor model should incorporate a mix of blended financial options, including grants and fully repayable instruments, that are proportionate and suited to the preferred outcomes.
19. A mix of investment provides a number of distinct advantages over the use of just grant finance. The Covid-19 crisis has highlighted the need for third sector organisations to diversify their income portfolios. Those with exposure to a range of income sources are faring better than those in receipt of just one source of income. Repayable instruments also encourage more partnership

and market diversity with greater shared risk and reward and secure further economic incentives with the recycling of funds for future use.

20. Consideration must be given to ensure the most appropriate funding provision is used for an activity. For example, repayable finance is not suited to all interventions, such as those addressing need where there is no market – including supporting homeless people, meetings gaps in provision, helping people affected by poverty, illness, disability and domestic abuse for example – as demonstrated by the wide range of activity supported by emergency funding during the Covid-19 crisis. Conversely, if a community/organisation plans to have a facility with some trading activity, this should contain at least some form of repayable finance.
21. Investment in infrastructure to support the culture change and ongoing business support from receipt of grant only funding to a mix of financial instruments, such as repayable finance, is needed to maximise engagement and outcomes.
22. The repayable finance model, used by WCVA's Social Business Growth Fund (SBGF), is a hybrid form of finance which connects grant and loan funding. An element of grant funding is given to the recipient organisation (40% of the ERDF support) and the remainder is provided as repayable finance (60% of the ERDF support). With SBGF, additional benefits are applied, such as a reduction in the repayable amount dependent on performance. This model encourages over performance, increases the impact of investment and creates a long-term legacy for any successor fund. We would see this kind of model being part of the types of investments offered.

**Question 4: What are your views on our plans for the transition period?**

23. The strategy contains little narrative on the plans for transition. However, a seamless transition is imperative to ensure momentum is not lost with periods of little or no activity. Transitional arrangements should be prioritised and not delayed until the end of the European programmes. This will enable Wales to hit the ground running, otherwise delivery will inevitably be delayed by up to two years.
24. Whilst negotiating its position with UK Government, Welsh Government should consider underwriting a period of activity during the transition period to enable a smooth transitional process with no loss of momentum.
25. If an extension to the current programmes is proposed, due to the disruption in delivery caused by Covid-19, Welsh Government should seek to take advantage of this. Existing underspend could be repurposed and redirected to support the development of transitional infrastructure.

**Question 5: How best can we integrate the horizontal themes of equality, sustainable development, gender mainstreaming and the Welsh Language into investments delivered at national, regional and local levels?**

26. The continued integration of the themes is welcomed and demonstrates a collective responsibility to advance equality, sustainable development, gender mainstreaming and the Welsh language. The successful incorporation and delivery against these will improve the quality of activity and legacy of the investment.
27. These principles are the building blocks of the strategy and therefore the separation of them into distinct themes disconnects them from the central design and delivery of the framework. These themes should be seamlessly integrated into the programmes, and any subsequent delivery, to prevent the 'bolt-on' of activity frequently demonstrated under the current programmes.
28. A criticism of the approach to the themes within the current programmes is it's become a largely numeric process. Instead a move towards a results based accountability approach system, designed for Wales and incorporating the Future Generations Act, should be explored.

**Question 7: What are your views on the proposed delivery model for the strengthening of partnerships, co-operation and trade across borders, within the UK and with international partners?**

29. The third sector in Wales has a long history of engaging in cross border activity at a UK, European and Global level. The benefit of strong relationships developed through collaborative cross border activity is far reaching in the activity delivered to our communities and we must ensure the infrastructure is in place to continue to raise Wales' profile.
30. The third sector in Wales currently benefits from participating in numerous European and Global networks including the European Civic Forum and CIVICUS. These networks facilitate the exchange of knowledge, experience and learning.
31. Currently we see missed opportunities in maximising the impact from engaging with these networks and this is often down to a lack of dedicated resources. We welcome the intention to deliver a step change in cross border and international working specifically around increasing the benefits of engaging in these networks.
32. We would see the 'Agile Seed Fund', as detailed in the proposal, as a positive step towards embedding a culture of cross border working and would fully support the approach of using both horizontal and priority area investments.
33. *Horizontal Investments*  
We would like to see a more co-ordinated approach to the third sectors engagement internationally and see this type of investment as being a key driver to help the us achieve this.
34. In February 2020 WCVA organised a third sector visit to Brussels with 24 delegates from different organisation with a mixed level of experience in engaging with EU networks and institutions. The trip was funded by Welsh

Governments European Transition fund. The purpose of the trip was to explore the opportunities available to the sector when engaging with European networks.

35. The evaluation of the trip showed a clear appetite for continued engagement, but the biggest concern was organisations having the resource and capacity to be able to make a full commitment.
36. In providing the sector with the capacity and resource to have a more co-ordinated approach, third sector organisations will be able to benefit from the exchange of knowledge and shared learning that comes from this type of work in a more cost effective way.

*37. Priority Area Investments*

The sector has a key role to play in delivering the strategic outcomes of this framework and cross border learning could be a tool to help increase our impact. We would like to see funding made available for projects of up to one year linking the third and public sector together to devise solutions to shared challenges.

38. These challenges would be clearly linked to the strategic objectives of the framework. The funding would allow partners to identify specific good practice internationally and then conduct learning and research as to how the practice could be related to Wales. From this learning specific business plans for funding the action could then be developed.
39. Inter-UK relationships should not be ignored in cross border working. WCVA has benefited greatly from the 5 nations forum which brings together the senior management teams from across the sister councils in each of the UK's nations plus the Republic of Ireland.
40. We would like to see this model extended to working with our third sector colleagues in each nation with a specific focus on the shared prosperity fund and related activities.

**Question 8: What do you think of the proposed strategic objectives across the four investment priority areas? Are there other objectives that should be considered?**

**Question 9: Which indicators do you think should be used to measure progress towards achieving the proposed strategic objectives?**

41. The priority areas were determined pre Covid-19 and should be re-evaluated in light of the new context and challenges facing Wales. Significant investment will be needed to aid economic and social recovery, including supporting individuals to return to or join the labour market - particularly those disenfranchised prior to the crisis. Furthermore, the pandemic and imposed lockdown will have exacerbated some complex social issues. An individualised approach to address these, supported by community organisation involvement, will be key.

42. Some general comment on the current priority areas for investment include:

Some of the proposed strategic objectives are not too dissimilar to those used within the current European programmes, particularly those listed under the income inequality priority. Whilst supporting people to get jobs, accredited qualifications and work-based training is important to reduce income inequalities, objectives recognising some softer outcomes (and the subsequent ripple effects of these) shouldn't be disregarded. Some marginalised groups, such as those supported by WCVA's Active Inclusion Fund, require intensive support to get them closer to the labour market and yet some of the outcomes achieved through this process are often overlooked.

43. The term 'income inequality', used to define the second priority area, misrepresents the ambition of the priority and its strategic objectives. It should instead be replaced with the term 'economic inequality'. Income inequality is the extent to which income is distributed unevenly within a group of people but economic inequality also includes other characteristics, such as an individual's gender, ethnic background, disability etc.

44. A fifth strategic objective should be included in the inequality priority area to further address the rise in in-work poverty within working households, through improving the number of organisations paying the living wage. All wage subsidy schemes and any jobs created through the programmes should, at the very least, be paid at the living wage.

45. In addition to forming part of the inequality priority, some of the strategic objectives described here should be applied to all programme activity by including them within the equality horizontal theme. These should be fundamental requirements asked of all projects, not just a select few.

46. The third strategic objective listed under the productive and competitive business priority references the foundational economy. A definition of the foundational economy, in this context, is needed. Some definitions include only basic universal services, others extend this to cover almost 70% of employment in Wales, including tourism and universities. Welsh Government should ensure any definition used, explicitly includes social enterprises and the third sector. The third sector is a significant employer in Wales, and can help create more jobs with sustainable wage levels, benefits and advancement opportunities, including into other sectors

47. The fourth priority area is broad and whilst it's positive that it's community development centred, as opposed to economic, it requires more specificity in what is trying to be achieved. Otherwise its risks being used to fund a wide range of activities without a framework in place to properly support it. This would present an opportunity for communities and its support agencies to help drive the required changes to the economic eco-system and create the best economic development principles that better reflect the profiles of behaviour that exist in Wales and the learning from previous approaches and programmes –activities could include:

- Effective community based approaches that develop neighbourhoods and create jobs - bringing good quality jobs to more people, including people who are most likely to be disadvantaged and less likely to access mainstream provision, creating conditions of greater economic security and mobility for more people
- Making enterprising education available locally and sharing experiences to influence similar developments in the curriculum and other provision
- Expanding the volunteer offer – including internships - to support the ability to obtain, train and retain the broadest range of skills and people from the widest range of backgrounds
- Taking and promoting decision taking through an equity lens – in terms of who makes decisions and benefits – to help challenge systemic inequality and promote greater inclusion, including racial and other economic and other ongoing forms of inequity

**Question 10: Fair, Transparent and Consistent Rules: What are your views on the approach described above?**

48. An element of risk is involved in all grant making. The current level of audit and scrutiny does not demonstrate the best use of resources – it should be proportional to the funding. Moving forward there must be proportionality in the rules applied. For example, a small grant used to develop a community garden should not be subject to the same level of scrutiny as a sizeable infrastructure operation. Too much talk has been spent on minor ineligible costs with no recognition for what has been achieved through delivery.
49. The development of new programmes, and equitable, proportional and consistent rules, gives Welsh Government the opportunity to encourage a more diverse collective of delivery partners. Under the current programmes, often those best placed to lead activity are prevented or discouraged from applying. The simplification of rules, with less bureaucracy (and the associated administration), will alleviate this and draw new deliverers, because simply supporting those organisations who are best placed to deal with heavy administration and bureaucracy stifles innovation and assumes one size fits all.
50. Flat rate costs were a welcome innovation by the European Commission. These funding mechanisms should continue and, if possible, expanded – potentially as a mechanism to address the volumes of evidence required for example.
51. Advanced payments are currently permissible for third sector led interventions. This model contributes to the alleviation of some financial risks associated with delivery. Flexible payment models must continue under future programmes.
52. If the requirement for match funding is incorporated into future funds, the eligibility of volunteer time should be continued. Under the current programmes, a financial value is attached to the hours contributed by volunteers, allowing it to be used as match funding. This is unique to Wales.



It acknowledges the true value of the contributions made by volunteers and makes the funding more accessible to the third sector by removing the need to provide cash match funding.

53. The current multi-annual funding cycles should continue in favour of those aligned to conventional political and budgetary terms, and particularly the annual funding cycles often applied to government funded initiatives. A longer-term financial commitment provides greater security and stability.

**54. Question 11: Should the capacity to deliver the monitoring and evaluation proposals above be prioritised?**

**55. Question 12: Do you agree with the proposal outlined for development of monitoring and evaluation at the regional and local level?**

56. The existing approach to programme monitoring and evaluation is too fragmented. All evaluations are undertaken slightly differently and, once completed, sit in isolation with little read across. A streamlined methodology needs to be adopted to give a more comprehensive overview of the programmes and not just the resulting KPIs.

57. The system currently proposed does not go far enough. A Welsh Government, purpose designed, results based accountability system - constructed around the WBFGA - should be developed. The selected priority areas for investment should be mapped against the most appropriate goals within the Act. It's unrealistic to expect this funding alone to impact on every goal but the Welsh Government budget and associated activities overall should have this aim. A methodology devised specifically for Wales will have greater impact and value attributed to it, in comparison to repurposing an existing system.



## **Appendix A**

These examples have been provided by third sector organisations to illustrate some of the points made in question 2.

### **Example 1.**

#### **Anonymised**

The (Regional Partnership Board) has a complex governance structure which includes the main Group (with third sector and service user involvement), an Integrated Executive Group, a Leadership Group, a Social Value Forum (still becoming established), and multiple workstreams and task & finish groups established to deliver the transformation programme and manage the ICF funded provision. At a local level, there is also a steering group and an operational group to look at local delivery of health, social care and wellbeing, with associated workstreams to deliver the ICF-funded programme and integrated intermediate care (which in itself has a steering group and 4 workstreams). And this is only for revenue expenditure – ICF capital expenditure is a whole other structure!! Welsh Government has just published a new strategy around discharge arrangements which has precipitated the setting up of “pathway partnerships” led by the Health Board – and so it goes on. This is in no way intended as a criticism of local partners – it is just the way it is in response to the multiplicity of strategies, funding streams, performance monitoring frameworks and evaluation methodologies that exist in Wales.

It would be a salutary experience for someone to map out all the different partnerships that exist across all the policy areas, calculate the amount of time spent in meetings and the cost to the public purse. Capacity in the third sector is insufficient to properly engage in these partnerships, leaving the CVC to do its best with very limited resources. Despite the commitment to reduce complexity, the Regional Investment Framework proposal references multiple strategies and also forthcoming changes to structures as a result of new legislation going through at the moment. For a small country, it is extraordinarily complex and these complexities slow down progress and stifle creativity.

### **Example 2.**

In a matter of weeks, PAVS has worked with Pembrokeshire County Council, Hywel Dda Health Board and Delta Wellbeing to establish the Pembrokeshire Community Hub, a single point of access for all requests for help and support and enquiries relating to the COVID-19.

91 citizen-led community support groups are now registered members of the Pembrokeshire Community Support Network, with PAVS providing a sufficient level of assurance for the Hub to make referrals to PCSN members.

There is a Community Hub brand, web pages (on the PCC website), a shared communication strategy, a Community Champions award scheme, an on-line interactive map and searchable directory of Community Support groups and services. They have worked together to address issues as they have arisen, for example, around volunteer IDs, prescriptions delivery and collection, food

distribution, PPE, bereavement services, support for people with learning disabilities, and so on.

There has been agreement amongst partners to bring together a range of different funding streams to create the COVID-19 Supporting Community Action Fund. This integrated approach to grant giving was agreed within a very short time through written procedure and, more importantly, a willingness to make things happen. We have also been able to fast-track an on-line skills exchange platform through the Transformation Fund because it provides a tool for managing requests for help and offers of help. Again, this decision was taken quickly in response to the COVID-19 crisis and partners across West Wales have worked closely together to launch the Connect2 platform and develop a “kindness campaign” which will be launched next week.

It’s important to recognise that the foundation of good partnership working and mutual trust and respect amongst partners that has been laid over a period of years has enabled quick and effective working to meet the challenge of COVID-19.

### **Example 3.**

A second example of good local level engagement due to Covid-19 has been the way that many Town and Community Councils have excelled in the way they have established and coordinated a wide variety of community support that did not exist three months ago. They have mobilised the local residents to develop local responses to meet specific local challenges.