

## **Voluntary sector meeting with the Minister for Finance and Local Government**

24 June 2021

### **Cover paper – the Funding and Compliance Sub-Committee**

The Funding and Compliance Sub-Committee is a body within the Third Sector Partnership Council (TSPC). Its goal is to hold government to account on all aspects of the Code of Good Practice for Funding the Third Sector and promotes good practice. It is chaired by the Minister for Social Justice, Jane Hutt MS.

The Committee has recently been revived after a period of inactivity and, following discussions with TSPC members, has put together a Work Plan. The Plan identifies five key activity areas of work for the Committee to undertake over the next Senedd term. These are:

- **Creating greater awareness of the Code of Practice** for Funding the Third Sector and the work of the Funding and Compliance Sub- Committee.
- **Improve understanding of decision-making** processes around how to fund and procure in order to deliver the best outcomes for our communities, ensuring clarity and transparency.
- **Longer-term funding agreements** to allow more effective delivery for our communities.
- **Learning the lessons from COVID-19** to see how practices learned during the pandemic can be continued.
- Looking at what **evidence and data** is available to allow for more informed funding decisions, and ensure the sector is able to fairly and equitably access public money.

The Voluntary Sector Finance and Local Government Planning Group asks the Minister and her officials to work with them, and the Committee, to aim to achieve the priorities of the Work Plan over the course of the next Senedd term.

The Work Plan is attached to this document as an Appendix.

*The Voluntary Sector Finance and Local Government planning group*

*May 2021*

## APPENDIX

### TSPC Funding and Compliance Sub-Committee Work Plan

#### **Background:**

Following a revision of its Terms of Reference and the introduction of new members – TSPC’s Funding and Compliance sub-committee has, through a combination of group discussion with TSPC members and individual interviews, identified that the following “key” issues need to be tackled within a new work plan:

- multi-annual funding (including the potential for more sustainable funding models – e.g., links to budgeting agreements with Westminster and to full term objectives and plans of Government),
- flexibility of funding between years (by e.g. linking funding to long-term strategy rather than year on year budgets)
- Creating clear/transparent/informed pre-funding decision-making processes around how to fund (Core vs Project Grant / Grant vs Procurement) and procure in order to deliver the best outcomes for our communities at a national, regional and local level.
- reforming procurement to enable the voluntary sector to bid in a way which matches their particular skill set and value. This includes emphasising social value (including using the Welsh TOMS) and developing more creative forms of procurement, focussing on what delivers the best service for the community, rather than a competitive process,
- implementing best practice learned from funding during the COVID-19 pandemic, both within the public sector and with non-statutory funders.

This work will be divided into 5 key areas of action that will provide the high-level direction of travel for the sub-committees work over the coming Senedd term (N.B. this will not detract from its role in dealing with more immediate and reactive issues – as per the sub-committee’s TORs).

#### **Activity Areas:**

- 1. Creating greater awareness of the Code of Practice for Funding the Third Sector and the role of the Sub-Committee;** The Sub-committee will need to influence both inside and outside government – raising the sector’s awareness of the sub-committee and creating mechanisms to ensure issues are being brought forwards. Whilst at the same time supporting the Grant Centre of Excellence (GCoE), and using existing internal communication structures to ensure that new and established grant managers and department heads are aware of, and understand how the code of practice

should be applied. The Sub-committee will also seek to influence how LA's and Health Boards treat hypothecated grants (working closely with government grant officers). A Communications Plan will be established to promote and demonstrate good practice, to raise awareness both to the sector and government grant managers of the benefits of joint working.

**2. Clear/Transparent/Informed pre-funding decision-making processes around how to fund (Core vs Project Grant / Grant vs Procurement) and procure in order to deliver the best outcomes for our communities;**

Education of both the sector and government in this area is crucial. There is clearly a lack of understanding between all parties regarding how funding decisions are made which often leads to conflict and potentially organisations (and ultimately Welsh Communities) losing out. The Sub-committee will examine how these decisions are made and working with government (GCoE, Procurement) and other agencies/bodies like the Wales Audit office to look at possible alternatives/improvements and the embedding of good practice. Exploring how we ensure procurement processes that focus on what delivers the best service for the community (including how we measure the benefits of changes to a community) – rather than a competitive process. This should be linked to the code of practice and how funds or funding is developed.

In practical terms the Sub-committee will endeavour to understand and influence how these methods are applied to particular funds or activities - Mapping and identifying large grant blocks due for review and supporting policy officials with decision making and how to involve the sector. The Sub-committee will also examine how grant conditions can be used to lever activity/behaviour change around equality issues to ensure a fair and just recovery from the pandemic. The Sub-committee will also seek to influence Ministerial Portfolio meetings with the sector by encouraging government officials to develop standing items around policy development to ensure the involvement of the sector at the very beginning of shaping policy and programmes of work. The sub-committee will also work with the GCoE to explore making "payment in advance" the default position for grants to all third sector organisations.

**3. Longer-term funding agreements to allow more effective delivery for our communities:**

The Sub-committee will explore the current rationale of Government's year-on-year funding and how we can move to multi-annual funding and planning. This would help third sector organisations in effective planning to deliver on their, as well as government's, longer-term strategic aims. As well as stabilising the sector and enabling the development of longer-term relationships with government and other public bodies. Ultimately leading to a more effective use of public money. Related to multi-year funding agreements would be the ability to carry funds over between years, again building stable and longer-term relationships between the sector and government. This will involve working closely with officials in Welsh Government's Strategic Budgeting dept. to understand how we influence budget settlement and planning processes and the relationship with the UK government. Progress around these issues should also become standing

items for TSPC and portfolio meetings with Minister for Finance to drive progress.

4. **Learning the lessons from Covid;** Covid has required a different approach to funding by government with many of the funding practices, perceived by the sector as inhibitive, being put to one side. This change has been welcomed by the sector, and the Sub-committee will investigate and work with Government to see how some of these practices learned from funding during the pandemic, both within the public sector and with non-statutory funders can continue beyond the emergency of the pandemic.
5. **Evidence and Data:** One of the key functions of the Code of Practice and the sub-committee is to ensure the third sector is able to fairly and equitably access public money. The sub-committee will examine what information is needed and currently available to enable it to know whether this is the case. The Sub-committee will look at what information/data/reporting is needed to determine whether the rhetoric of policy and WG guidance documents is working at a local level (i.e., what allows us to test the system and see whether the relationships between the LAs/LHBs (commissioners) and the sector are working? The sub-committee would also work closely with Wales Audit Office on the above areas and exploring the relationship between KPIs and government interventions; aiming to change thinking between the sectors on this.

### **Next Steps:**

- Secure Work Plan sign off at Full TSPC (11<sup>th</sup> March)
- Create more detailed Actions for each area with suggested timelines and milestones and key outcomes.
- Report on progress to DMCW and TSPC at their next meeting following the election.

**End**