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Minister for Social Justice and Chief Whip,
Welsh Government,
5th Floor,
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27 October 2023

Working together for a fairly funded voluntary sector

Dear Minister,

As inflation remains high and the cost of living crisis deepens, voluntary organisations across Wales are on the frontline of supporting the most vulnerable in society while grappling with acute financial pressures and uncertainty within the sector.

We understand the challenges facing public funders and decision makers, and that difficult decisions will have to be made to balance budgets and minimise negative impacts on people and the planet.

Byddem wrth ein boddau o glywed gennych yn Gymraeg neu'n Saesneg. Ymatebwn bob amser yn eich dewis iaith a chewch yr un gwasanaeth gennym ni waeth a ydych yn cysylltu yn Gymraeg neu'n Saesneg.

We'd love to hear from you in Welsh or English. We'll always respond to you in your preferred language and you'll get the same service from us whether you contact us in Welsh or English.



The voluntary sector in Wales is estimated to contribute around £6,630m to our nation's social and economic wellbeing.¹ We are experts in converting relatively small investments into high social impact. But as we continue to see record high service demand and escalating complexity of service user needs, we are concerned about our future ability to deliver essential services.

Voluntary organisations are under a considerable amount of pressure due to:

- The effects of inflation on ongoing operational costs
- Insufficient clarity, certainty and communication from funders
- Funding freezes and a lack of contract uplifting in line with inflation
- Severe staff and volunteer retention and recruitment challenges
- Reductions in public giving and income-generation capacities

The voluntary sector suffers the compounded impact of the end of European Union funding, the aftermath of the pandemic, cuts to public services, the deepening cost of living crisis and the climate and nature emergency. There is a shared concern about further abrupt cessations of funding and a worry that reducing funding to the sector would be perceived as a cost-saving measure by a multitude of public bodies simultaneously.

Third Sector Support Wales has seen a 19% rise in time spent supporting the sector in July–September 2023 compared to the same period in 2022 – a total of 12,574 hours, with an average of 43 minutes on each interaction. This has coincided with an 8% rise in the number of organisations supported with direct advice.

These figures are a clear indication of the increased complexity of issues that voluntary organisations are facing. It demonstrates the crucial importance of public bodies working with voluntary sector infrastructure to help support people and communities through this difficult time.

¹ Community Foundation (2023), People Places and Policy: Third Sector Trends 2023, p. 4. Available at: <https://www.communityfoundation.org.uk/wp-content/uploads/2023/05/Third-Sector-Trends-2023-People-Places-and-Policy.pdf>

We are asking you to work alongside the voluntary sector in tackling this crisis together by:

- 1. Raising with Welsh Government ministers and officials the issues facing voluntary organisations due to funding pressures**
- 2. Implementing the principles of the Code of Practice for Funding the Third Sector² when making any budgetary decisions**
- 3. Assessing your funding decisions against the wider context of ongoing cuts and ensuring a co-ordinated approach that does not disproportionately affect the voluntary sector**
- 4. Being transparent about your decision-making processes and making funding data publicly available**

These asks, if implemented, will help us prepare for the future, make better strategic and financial decisions, and support as many of the most vulnerable in society as we can. Our services are not simply ‘nice to have’; they are essential. We help bring communities together, protect the natural environment, combat social isolation, introduce healthy habits, increase people’s confidence, protect their rights, remove vulnerable individuals from dangerous situations, bring disadvantaged people into the workforce, gather first-hand evidence, and help amplify the voices of marginalised groups, among many other vital services and activities.

The voluntary sector provides a unique network of accessible, local, specialised support for people and communities across Wales. We play a crucial role in prevention and early intervention by providing wrap-around support services complementary to public provision. Public services have come to depend more and more on voluntary organisations and volunteers in their day-to-day operations. Consequently, any further loss of voluntary sector funding would risk compromising its sustainability and imposing knock-on effects beyond the sector itself.

² Welsh Government (2014), Third Sector Scheme, pp. 22-52. Available at: <https://www.gov.wales/sites/default/files/publications/2019-01/third-sector-scheme-2014.pdf>

By implementing our asks and maintaining open channels of dialogue, you will ensure that the voluntary sector can continue supporting the wellbeing of people in Wales – an ambition that we share.

Kind Regards,

Ruth Marks

Chief Executive

Wales Council for Voluntary Action

(on behalf of Third Sector Support Wales)