



Welsh Government Dormant Assets Consultation

A response from WCVA

[Wales Council for Voluntary Action \(WCVA\)](#) is the national membership organisation for the voluntary sector in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together.

Key recommendations

We ask that Welsh Government and the National Lottery commit to fully engage and consult with the sector to devise a funding methodology aimed at increasing long-term impact of this funding in line with the **Well-being of Future Generations (Wales) Act 2015**.

Response to the consultation's questions

Children and young people

Are there any specific issues affecting children and young people that you think it is particularly important for dormant assets funds in Wales to address?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third

Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Climate change

To what extent do you believe that money from the Dormant Assets Scheme in Wales should continue to be spent on tackling climate change and also used to tackle the nature emergency?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Are there any other specific environmental issues that you think it is particularly important for dormant assets funds in Wales to address?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Financial inclusion

Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote financial inclusion?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Are there any specific issues relating to financial inclusion that you think it is particularly important for dormant assets funds in Wales to address?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Community Action

Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote community action?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Are there any specific issues relating to community action that you think it is particularly important for dormant assets funds in Wales to address?

WCVA response:

Expert advice should be sought from voluntary sector organisations specialising in the subject matter throughout the process of selection and allocation. The Third Sector Partnership Council (TSPC) presents a good opportunity for dialogue and in-depth engagement.

Preferences

Would you like to suggest other cause(s) that you think should receive funds from the Dormant Assets Scheme in Wales?

WCVA response:

We are disappointed not to see a more thorough review of the potential causes these funds could support, including a consultation process prior to shortlisting the four categories and a breakdown of the decision-making processes. Specialist organisations should have been consulted and their input together with your assessment provided alongside the consultation document. This would have enabled better engagement with the consultation and more constructive input from the wider public. As it stands, the consultation is too narrow in its scope and the work leading up to it lacks transparency.

Other issues

We have asked a number of specific questions. Do you have any other comments on our proposals or any related issues which we have not specifically addressed?

WCVA response:

We are extremely disappointed that a wider consultation on how the money is distributed has not been considered.

We feel that this consultation is very narrow in scope and does not consider what the legislation allows, [Section 16 subsection \(5\) of the Dormant Bank and Building Society Accounts Act 2008](#) reads:

For the purposes of this Part, distributing money for meeting expenditure of a particular description includes distributing money for the purpose of establishing, or contributing to, endowments (including permanent endowments) in connection with expenditure of that description.

We would like to highlight a gap in the funding market affecting voluntary organisations across the board in Wales and suggest an alternative funding model to address it.

The lack of long-term, unrestricted 'core' funding is a longstanding issue for the voluntary sector. It curbs an organisation's ability to plan strategically, maintain a consistent level of service provision, and retain their most highly skilled workforce. Short-term 'project' funding keeps organisations going but it does not allow them to maximise their impact, employ specialised fundraising staff and diversify their

income streams long-term. We have welcomed Welsh Government's recent commitment to longer-term funding under some portfolios, though we are yet to see it applied consistently.

Community Foundation Wales's [Loud and Clear report](#) substantiated these needs and informed their decision to begin providing unrestricted core funding. Others, such as the Postcode Community Trust, have also adopted this model.

We strongly feel Welsh Government and the National Lottery Community Fund should not only consider where to spend these funds but *how* to spend them. This is a great opportunity to move to a longer-term, unrestricted funding model.

This new funding could be used to address several strategic development areas for the sector by appropriately investing in:

- Digital and service design
- Equity, equality, diversity and inclusion
- Staff and volunteer recruitment and retention
- Diversifying income strategies and increased sustainability

Enabling organisations to invest in these development areas would positively impact the overall health of the voluntary sector in Wales, and therefore the wellbeing of the sector's staff and volunteers, and the communities they serve.

Digital and service design

Recent research conducted by ProMo-Cymru and Dotiau shows that voluntary organisations in Wales have less access to funding for digital development than the other UK nations.¹ For example, funds for rapid digital transformation from the National Lottery Community Fund via The Catalyst were not accessible to Welsh organisations, leaving them *'falling behind English and Scottish counterparts.'* The same research found that 69% of respondents needed funding to further develop their digital services. Their investment needs included:

- software and licences
- hardware (which requires replacing on a regular basis to remain secure and efficient)

¹ [Digital Discovery for the Welsh Third Sector](#) (ProMo-Cymru and Dotiau, 2021)

- redesign of services to ensure that user needs are being reviewed and to inform how services are delivered (whether that be through digital solutions or otherwise)

Welsh Government's Digital Strategy for Wales states that *'digital offers the potential to make our experience of the world better: enhancing people's lives, strengthening the delivery of public services and the work of government, as well as helping businesses to adapt to the future.'* This is no less true for the voluntary sector in Wales.

Resources to invest in digital skills are also a high need area for the voluntary sector. The Charity Digital Skills 2020 report² highlighted that survey participants from across the UK identified 'lack of staff skills' as the second biggest barrier to 'getting the most from digital' (only behind funding). Meanwhile, 83% of respondents rated themselves 'fair to poor' at digital service delivery, with 27% cancelling services due to not having the necessary skills and technology. 78% of respondents also reported 'fair to poor' skill levels for digital fundraising.

In giving evidence to the Senedd's review into the impact of Covid-19 on the voluntary sector, the Welsh NHS Confederation highlighted that digital methods have led to more people being supported over a wider geography with 'none of the usual travel and transport difficulties that can be experienced in rural parts of Wales'.³ However, all commentary around improvements experienced within remote service delivery should be considered alongside the gaps in digital literacy and access also prevalent across communities in Wales.

Equity, equality, diversity and inclusion

Principle 6 of the Charity Governance Code states: *'Board diversity, in the widest sense, is important because it creates more balanced decision making. Where appropriate, this includes and centres the communities and people the charity serves. This increases the charity's legitimacy and impact.'*⁴

² [Charity Digital Skills Report 2020](#) (Skills Platform, 2020)

³ [Welsh Parliament Equality, Local Government and Communities Committee Impact of Covid-19 on the voluntary sector](#) (Welsh Parliament, 2021)

⁴ [Charity Governance Code; Principle 6. Equality, diversity and inclusion](#) (Good Governance Steering Group, 2017)

In a smaller charity, the person fulfilling the chief executive/manager/director role often has multiple responsibilities beyond what might be expected of the same post-holder in a larger charity. For example, they may also be a lead fundraiser and/or facilities manager. These roles are often funded piece-meal via full cost recovery from multiple funds and projects. This leaves the post-holder with little time to invest in reviewing equality and diversity practices and redesigning trustee, staff and volunteer recruitment methods in order to attract a more diverse pool of candidates.

Staff and volunteer recruitment and retention

The voluntary sector is struggling with the recruitment and retention of both staff and volunteers (the latter being a global crisis post-pandemic). 90% of practitioners we surveyed in November 2023 said they have experienced volunteer recruitment challenges in the past six months.⁵ Low availability of unrestricted income limits the actions charities can take to address the problems they are facing in attracting and retaining staff and volunteers.

For staff, the prevalence of project funding and public sector contracts for service delivery results in:

- high rates of fixed term contracts
- late notices of termination/contract renewal
- salary stagnation

All of this makes employment in the sector less appealing. In 2022, Charity Job found that there were 35% more vacancies advertised on their site than in 2019, with 13% fewer applications.⁶ Problems around pay are also exemplified by several charity staff teams striking for better pay during 2023 (for example, Shelter, Oxfam, St Mungo's, Citizens Advice Hull and East Riding). Research by CIPD has shown that the charity sector is the least likely to review pay structures to ensure fairness.⁷

⁵ ['In an emergency, put on your own oxygen mask first'](#) (WCVA, 2023)

⁶ [How Charity Salaries Have Changed: Key insights from the CharityJob Salary Report 2023](#) (CharityJob, 2023)

⁷ [Reward Management Survey: Focus on employee benefits](#) (CIPD, 2022)

Volunteer coordinator roles are, alongside fundraisers, hard to fund through full cost recovery and project funding or contracts. They are often perceived as not directly related to service delivery. Without the staff (dedicated coordinators or otherwise) to promote opportunities, recruit, manage, train and support volunteers charities struggle to effectively deploy volunteers and maximise their impact.

Diversifying income and increasing sustainability

Charities in Wales are often reliant on grant income. Austerity, Brexit, the Covid-19 pandemic, and the cost of living crisis have had a detrimental impact on the availability of grants from both the public and voluntary sectors. As trusts, foundations, public grant money and contracts reduce in value and number, it is becoming increasingly important for organisations to diversify their income sources. By investing in themselves in the areas outlined in this response, voluntary organisations can become more resilient and sustainable.

It is difficult to attract funding for fundraising and income generation roles within voluntary organisations. As they have no direct impact on day-to-day service delivery, they cannot be funded through full cost recovery or public sector contracts. Establishing a new fundraising role requires investment without an initial guarantee of a fixed or known return, as the fundraiser needs time to test activities, gather data about audiences and donors, and develop the vital relationships that enable income generation. Fundraising roles typically take several years to generate surplus income beyond that initial investment, which is only possible for voluntary organisations that have ample reserves or unrestricted income.

WCVA administered the Third Sector Resilience Fund (TSRF) during the Covid-19 pandemic on behalf of Welsh Government. The 'Thrive' strand in phase 3 of the fund was designed to support organisations to invest in new or additional activities

that would diversify income streams, generating a return beyond the period of funding. This is not a common model of funding within the sector, especially in Wales, but the results speak for themselves.

We followed up with recipients of the Thrive strand to understand the impact of the funding. 86% of respondents who used the funding to employ a fundraiser (full or part-time) found this 'highly' or 'extremely' useful, with an average of £129,766 in additional income generated per post (after deducting the salary costs of the post).

One of the respondents summarised the feeling shared by many in the voluntary sector well:

“It is very difficult to get funding for this role, although it is the lifeblood of most organisations. Funding for the roles is often short term which does not help with sustainability.”

We hope to see a bold and innovative approach to the distribution of this new funding stream. An approach that prioritises investment in the development areas most crucial for the sustainability of the entire voluntary sector in Wales.