

IFRCS28 Alison Pritchard, Head of Support, WCVA (Wales Council for Voluntary Action)

Senedd Cymru | Welsh Parliament

Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol | Culture, Communications, Welsh Language, Sport, and International Relations Committee

Effaith Gostyngiadau Cyllid ar Ddiwylliant a Chwaraeon | Impact of Funding Reductions for Culture and Sport

Ymateb gan: Alison Pritchard, Pennaeth Cymorth, CGGC (Cyngor Gweithredu Gwirfoddol Cymru) | Evidence from: Alison Pritchard, Head of Support, WCVA (Wales Council for Voluntary Action)

1. What impacts has reduced funding had on your organisation and sector so far?

As the national membership body for voluntary organisations in Wales, WCVA is responding to this consultation in general terms.

Access to sustainable funding is a perennial challenge within the voluntary sector, including for culture and sport organisations. Our 2021 report Sustainable funding for the third sector outlined the impact of inadequate funding and how that was exacerbated by the Covid-19 pandemic. Today, inflation, the cost of living crisis, political instability, reduced giving, and budget cuts have only deepened the challenges we described three years ago.

Unequivocally, the 2024-25 Welsh Government budget made less funding available to voluntary organisations operating within the sport and culture spheres. Other funders have not been able to fill the revenue vacuum this has created. As a result, many organisations are reducing their activity, others are fighting for survival, some have closed their doors.

Most small voluntary organisations do not have sufficiently diversified income streams and rely on project funding for their day-to-day operation. In many ways, the funding environment they are operating within is perpetuating the funding challenges they are struggling to tackle. Most funders offer primarily short-term (often annual) project funding, which only just lets organisations keep venues open and continue delivering services. Core, unrestricted funding is much more difficult to come by. This is the type of funding which enables organisations to hire

a fundraiser, develop a robust financial plan, and diversify their income streams, so they can respond to financial shocks. As many small voluntary organisations are project-funding reliant, the sudden reduction in Welsh Government funding has left them with limited options to continue their operation.

Voluntary organisations in the sport and culture spheres are embedded in communities across Wales. Many of them are deeply intertwined with public services and/or play a pivotal role as custodians of valuable community assets, such as village halls and sports and leisure facilities. Disused churches, buildings and playgrounds have been brought back to life as community theatres, martial arts studios and youth clubs through Community Asset Transfers (CATs). When the voluntary organisations running them are no longer able to keep their doors open, the wider use of these venues as warm hubs, food banks and social clubs is also lost. The loss of funding for culture and sport will likely impact voluntary organisations beyond these spheres as gains in prevention, community cohesion, tackling loneliness, and anti-social behaviour are lost.

2. What measures have you taken in light of it, such as changing what you do and how you do it?

3. To what extent will these impacts be irreversible (e.g. venues closing, or specialist skills being lost rather than a temporary restriction in activities)?

Significant reductions in funding often lead to losses beyond temporary reduction of services. As organisations are struggling to meet the same or higher costs and service demand with less revenue, all other activities are deprioritised. Staff previously tasked with fundraising, volunteer management or community outreach may be asked to get more involved in frontline service delivery or made redundant. The financial challenges of organisations deepen without investment in fundraising activities, creating a vicious cycle. When volunteer programmes are cut, the time, expertise, lived experience and community buy-in volunteers bring are lost. Re-engagement with volunteers is not a seamless or cost-free process. Without community outreach, marginalised groups, who are most likely to have lost all other access to sport and culture, are left behind.

Some sport and culture organisations manage places of significance for local communities. These can often be venues that see limited commercial interest due to high running costs, tight regulation and restricted use in the case of listed buildings.

Some organisations have been established with the sole purpose of acquiring and managing a venue. Many have fundraised hundreds of thousands of pounds and relied on volunteers to renovate their building. If organisations can no longer staff or meet the running costs of the venue, the asset becomes disused and its condition deteriorates. Bringing it back into use can be impossible without further significant investment.

4. What interventions would you like to see from the Welsh Government, beyond increased funding?

We would like to see Welsh Government officials fully adhere to the Code of Practice for Funding the Third Sector. Over the past two years, sector representatives have been working alongside Welsh Government's Grants Centre for Excellence to refresh the original 2014 code. Five new principles have been agreed as follows:

- early and continuous dialogue
- flexibility
- appropriate funding mechanisms
- equity
- valuing and outcomes

Welsh Government should engage voluntary organisations in the policy and decision-making processes surrounding preventative spending. The last budget left voluntary sector leaders alarmed by the shift of policy direction away from prevention, which we find incompatible with the goals of the Wellbeing of Future Generations Act.

Proper consideration should be given to a wider variety of funding mechanisms, including full cost recovery, multi-year, and core/unrestricted funding. Despite strong evidence in favour of multi-year funding and existing Welsh Government guidance, multi-year grants for the sector are still rare. Voluntary organisations can not become more financially resilient without investment in non-project activities which build their ability to generate income. Investment in core funding would also help them innovate and expand their capacity through increasing their digital skills, diversifying their income, and attracting more volunteers, trustees and beneficiaries.

Welsh Government portfolio holders should work together and co-ordinate their budgetary decisions so voluntary organisations in the sport and culture spheres are not disproportionately affected by the cumulative impact of budget cuts and loss of grants.

5. To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

Voluntary organisations often deliver free or heavily discounted services and opportunities to individuals who would not otherwise have access to them. Cuts in funding for voluntary organisations delivering sport and culture activities will, therefore, disproportionately affect marginalised groups, comprised of people with protected characteristics and lower socioeconomic status. Some organisations working with marginalised communities will cease to exist, others may no longer have funding to cover the costs of meeting the diverse needs of different communities (e.g. multi-language materials, outreach staff, BSL interpreters).

Reduced funding will also impede on organisations' ability to invest in accommodations and activities to help diversify their boards, staff and volunteer pools. This will negatively impact both people with protected characteristics and the organisations themselves. Diverse perspectives create more resilient and sustainable organisations, able to efficiently deploy resources and customise services for different communities.

Cultural and sporting activities bring people together. The loss of opportunities to participate at a community level represents many missed opportunities to promote community cohesion.

6. Do you have any other points you wish to raise within the scope of this inquiry?
