

## Foreword

I am pleased to present the Welsh Government's Third Sector Annual Report, covering the period between 1 April 2021 and 31 March 2022.

This year started on a positive note, with the worst of the pandemic behind us and volunteers helping colleagues in the NHS roll out of the vaccination programme. This continual effort of both voluntary organisations' staff and volunteers cannot be overestimated and is a testimony to the caring and compassionate culture of the people of Wales. I am incredibly proud of our independent voluntary sector, always there supporting those most in need of help, no matter what the challenge.

The Third Sector Support Wales (TSSW) partnership of the 19 County Voluntary Councils and Wales Council for Voluntary Action has been key in providing support to the sector. TSSW works alongside, not only my own officials but colleagues across Welsh Government as well as in Local Government and Health Boards, among many others. As the year ended, we were yet again to see the importance of these invaluable partnerships.

As the pandemic subsided, we turned our focus to delivering the recommendations in the Third Sector Partnership Council's Covid-19 Recovery report. These recommendations focused on three workstreams – Relationships, Support and Volunteering – along with five cross-cutting themes: equality and justice for all; a green and just recovery; a more resilient voluntary sector; inclusive collaboration and citizen involvement; and community-led action.

I would like to briefly focus on two of these workstreams: Support and Volunteering.

Regarding Support, I'm pleased at the progress of the Third Sector Partnership Council's Funding & Compliance committee and the developing relationship with Welsh Government's Grants Centre of Excellence, particularly on co-producing multi-year funding guidance for officials.

On Volunteering, we have established a Volunteering Cross Sectoral Leadership Group to review Welsh Government's volunteering policy. The pandemic highlighted shifts in volunteering, away from the formal to the informal. This work will seek to understand the diverse and complex motivations volunteers have. Leading to refining and improving the map of volunteering in Wales and the importance of a strategic approach to future support.

In February 2022, the illegal full-scale invasion of Ukraine was launched by Russia. We have worked hard, with vital and extensive contributions from our Third Sector partners, to demonstrate our commitment to becoming a Nation of Sanctuary by supporting those who have come to Wales from Ukraine. Through Homes for Ukraine sponsorship and wraparound support, including our ground-breaking super sponsor route and the invaluable contribution of many Welsh communities and households, the Third Sector have demonstrated their critical part in our Team Wales approach.

It is through simple acts of kindness that we can all make a difference, and I would like to thank each and every one of you.

Jane Hutt MS  
Minister for Social Justice and Chief Whip

## View from the sector and the Wales Council for Voluntary Action

Looking back at the 12 months from spring 2021 to spring 2022 allows us to reflect on the vital contribution made by the third sector to support people and communities across Wales during this time.

The support provided to people and communities by the sector was as varied and diverse as the people and communities themselves. One size does not fit all and that is one of the joys of the third sector partnership with Welsh Government – it respects local experience, tailoring services to the individual needs of each community as well as supporting regional and national activity.

The second year of the pandemic was extremely challenging for voluntary organisations in Wales, but the response from our sector was unbelievable. Wales simply would not have got through this period without the incredible efforts of volunteers and voluntary organisations up and down the country.

The Welsh Government continued to work with the unique infrastructure in Wales – the Third Sector Support Wales (TSSW) partnership of the 19 County Voluntary Councils and WCVA. Through TSSW, the Welsh Government, and in particular the specialist Third Sector Unit, promoted a co-ordinated liaison between the different Ministerial portfolios and commitments in the Programme for Government.

Four main areas of focus provided a useful framework:

1. The promotion of **volunteering** and particularly youth social action was supported via advice, campaigns and small grants administered by young people for young people. Unfortunately, during this time as society started to recover from the pandemic and furlough came to an end, we noticed that recruitment and retention of volunteers was becoming harder.
2. **Governance** and **safeguarding** required constant vigilance with important regular updates from relevant regulators including the Charity Commission, Fundraising Regulator and the Information Commissioner being provided to the sector.
3. **Sustainability** of the sector was a huge challenge as demand for the services increased, whilst resource in terms of funding and volunteer time decreased. Connections with trusts and foundations developed, however could not bridge

the gap in funding linked to the closure of EU grants which have been an invaluable source of income for many years.

Peter Davies CBE – Chair WCVA until 2022

Dr Neil Wooding CBE – Chair WCVA 2022-present

Ruth Marks OBE – Chief Executive WCVA

## **Purpose and background of the Third Sector Scheme**

### **What is the third sector?**

The third sector spans virtually every facet of human interest. It includes community organisations, self-help groups, voluntary organisations, charities, faith-based organisations, social enterprises, community businesses, housing associations, co-operatives and mutual organisations, and more.

The third sector comes in a range of institutional forms, including registered and unregistered charities, companies limited by guarantee (which may also be registered charities), community interest companies, industrial and provident societies, and unincorporated associations. Each organisation has its own aims, distinctive culture, set of values and way of doing things.

Despite this great variety, third sector organisations all have some important characteristics in common. They are:

- independent, non-governmental bodies, established voluntarily by citizens who choose to organise.
- committed to reinvesting their surpluses to further their social, cultural or environmental objectives.
- 'value-driven' and motivated by the desire to further social, cultural or environmental objectives, rather than simply to make a profit.

We remain convinced of the case for viewing bodies with these characteristics as a distinctive "sector".

The sector is known both as the third sector and the voluntary sector and both terms are used in this report.

Some key numbers:

- 40,061 voluntary organisations active across Wales. (*Data from TSSW's database*)
- Volunteering increased during the COVID-19 pandemic and the 2022-23 results show this higher level has been maintained of those aged 16+ (from 26% in 2019-20, to 29% in 2021-22 and 30% in 2022-23).

These figures have been taken from WCVA's data hub - For further information please see the following link:

[The voluntary sector in Wales - WCVA](#)

## The Third Sector scheme

The [Third Sector Scheme](#) is made under [Section 74 of the Government of Wales Act 2006](#). This legislation requires Welsh Ministers to make a scheme, which is a statement of their intent to support and promote, in the exercise of their functions as Welsh Ministers, the interests of relevant voluntary organisations.

This annual report for 2021 to 2022 shows how proposals set out in the Third Sector Scheme were implemented in that financial year.

The purposes of the Third Sector Scheme:

- sharing views and information
- monitoring and evaluating programmes and schemes
- a shared interest in the way wider public services interact with the third sector
- joint planning and design
- ensure funding across policy areas
- cross cutting themes of the scheme:
  - tackling poverty
  - sustainable development
  - equalities
  - Welsh language

The Third Sector Scheme is designed to deliver a partnership between the Welsh Government and the third sector which is intended to help us to develop and support processes which will ultimately lead to:

- stronger, more resilient, communities: the way most people make a voluntary contribution to the vibrancy and regeneration of their communities, provide care and help build people's confidence and skills; and the opportunities the Third Sector creates for employment and local enterprise
- better policy: the knowledge and expertise the third sector offers through its front-line experience to help shape policies, procedures and services

- better public services: the innovative and transforming role the third sector can play in making public services reach more people and become more sensitive to their needs

All Cabinet Members, Deputy Ministers and officials are expected to promote the interests of the third sector in their work and decision making. The Third Sector Scheme commits the Welsh Government to:

- maintain arrangements for meaningful engagement and consultation with the third sector
- maintain arrangements for supporting communities and volunteers
- maintain arrangements for supporting structures that allow the third sector to flourish
- seek to adhere to the code of practice for funding the Third Sector (contained as an annex to the Scheme)

It covers arrangements for consultation, working in partnership with the sector and also funding.

These arrangements continue to be supported by the Wales Council for Voluntary Action (WCVA) and the Welsh Government.

## **What happened in 2021 to 2022**

The Scheme sets out the formal arrangements for engagement across 5 areas:

### **Dialogue and cooperation**

This activity involved agreeing practical arrangements, dialogue and exchange of information. One good example of where this has worked in practice, and delivered positive outcomes for stakeholders during this reporting period is the development of the Newid partnership:

#### **Case study: Newid Partnership**

During the Covid-19 pandemic, it became increasingly apparent that many voluntary sector organisations in Wales did not have the digital skills necessary to move services and operations to a virtual model.

Some organisations in the sector struggled to help staff work from home. Others needed to work out how they could continue to support clients; often these were very vulnerable people relying on the vital services provided by the sector to carry out everyday tasks or to avoid loneliness and isolation.

It was also apparent that no one organisation in the public or third/voluntary sector could help to address this urgent need for digital skills training and support.

However, the Wales Council for Voluntary Action, Wales Co-operative Centre (now Cwmpas) and Promo Cymru, working in partnership with the Welsh Government and the Office for Digital Public Services were able to start to address the issues the sector faced. This joint working led to the formation of the Newid Partnership.

The Welsh Government was able to offer the Partnership a small amount of funding to fund discovery work to establish exactly what support was needed by the sector in Wales. This work led to a Welsh Government funded large-scale pilot which offered voluntary sector organisations a range of support options including one to one mentoring, toolkits to aid the development of digital service delivery and training to improve the knowledge and skills of both staff and organisations.

The pilot has shown that the sector both needs more knowledge and skills to navigate the digital world and that it wants to learn and grow in this area. During the period of this report the Newid Partnership has started a journey which aims to help the voluntary sector in Wales to work smarter and to reach its digital potential.

### **Third Sector Partnership Council (TSPC)**

The Third Sector Partnership Council helps the Welsh Government to work with third sector organisations to develop better policies and services. During the reporting period the TSPC was chaired by Jane Hutt MS, then Deputy Minister and Chief Whip. The Council included representatives of third sector networks who worked across 25 areas of third sector activity along with the Chief Executive Officer of Wales Council Voluntary Action (see annex a).

In 2021 to 2022 two TSPC meetings were held under the auspices of the Third Sector Scheme (on 15 July 2021 and 17 November 2021).

Below are some examples of the topics discussed:

- The Draft Social Partnership and Public Procurement (Wales) Bill
- The Covid 21-day Review
- Progress updates against the TSPC Covid Recovery Reports ‘Support’, ‘Relationships’ and ‘Volunteering’ work streams

**Minutes from the TSPC** meetings are published on Welsh Government’s website.

### **Ministerial meetings**

Wales rightly has an international reputation as a country where access to policy makers and Ministers is such that it promotes good governance. Third sector representatives meet regularly with each Welsh Government Minister to discuss issues relevant to their portfolios.

These Ministerial meetings complement day-to-day engagement between Welsh Government officials and third sector representatives, by focusing on strategic policy issues that affect more than one part of the third sector.

Under the auspices of the Third Sector Scheme, six meetings between Welsh Ministers and third sector organisations took place in 2021 to 2022. Topics discussed included, for example:

- Wales transport strategy
- Social enterprise vision and action plan
- Community learning
- Social enterprise paper

Furthermore, Welsh Ministers engaged with third sector organisations in many different ways outside these formal meetings, including visits to organisations, attending events and conferences, and via direct correspondence or meetings with individual groups or organisations to hear more specifically about issues which affected them.

## Consultations

Welsh Ministers have committed to procedures for consultation on policy changes and new policy developments which affect the third sector including:

- opportunities for continuing discussion between third sector, volunteering interests and the Welsh Government to foster early understanding and involvement in policy development.
- consultation arrangements that normally allow adequate time for wider consultation with networks and service users.
- supporting the role of umbrella bodies and intermediaries in facilitating consultation.
- feedback to respondents on the replies to and outcomes of the consultation
- opportunities for the sector to continue to be involved at the implementation and evaluation stages of the policy.

There were 72 consultations published between 1 April 2021 and 31 March 2022. Details can be found on the [consultation pages of the Welsh Government website](#).

An example of a consultation carried out in 2021 to 2022 where the third sector was able to contribute and influence policy development was the consultation regarding the Race Equality Action Plan: an anti-racist Wales.

This consulted on:

- our vision, purpose and values for an anti-racist Wales
- the different policy areas that should develop tangible goals, actions and outcomes.

- areas of government work that may have been missed.
- barriers to achieving our goals, action and outcomes.
- our use of language.

The consultation received 330 responses from more than 1,992 individuals in total. Respondents included Third sector organisations and networks, the General public and Community organisations.

A comprehensive summary of the responses was also published on the consultation webpage: [Anti-Racist Wales Action Plan - Summary of Responses](#)

Another example of a consultation carried out in 2021 to 2022 where the third sector was able to contribute and influence policy development was the consultation regarding the LGBTQ+ Action Plan.

This consulted on how we can:

- tackle inequalities experienced by LGBTQ+ communities
- challenge discrimination
- create a society where LGBTQ+ people are safe to live and love authentically, openly and freely as themselves.

In total, 1,328 individuals and organisations took the time to offer their views on the Action Plan. Together, the consultation received 1,177 responses from individuals with an interest in the Action Plan, including members of the public. One hundred and fifty-one technical responses were also received from organisations across the public, private and third sectors.

Following the outcome of the consultation process, the [final version of the LGBTQ+ Action Plan](#) was published in February 2023.

A comprehensive summary of the 1,300+ responses was also published on the consultation webpage: [LGBTQ+ Action Plan | GOV.WALES](#)

## **Policy development**

Under the Third Sector Scheme the Welsh Government is committed to ensuring that it takes into consideration, at a formative stage, the implications for the third sector of any new policies or changes. This engagement with the sector is key to informing policy development and helping to shape services to meet the needs of people in Wales. An important example of this engagement and the benefits it can bring in practice to third sector organisations being funded by Welsh Government was the development of and improvements to Welsh Government grant policy:

**Case study: Developing and improving the grant policy.**



In Autumn 2021, at the request of the First Minister and with Cabinet's support, the Welsh Government's Grants Centre of Excellence (GCoE) was asked to look at how grant schemes are re-advertised at the end of a competitive process, and whether a benchmarking exercise could be introduced to help determine which organisations would continue to receive funding.

The main aims for developing and improving the grant policy, was to end the cycle of re-competing grants each year - administratively burdensome for both grant managers and recipients alike - and move to longer duration grant schemes, where practical. These improvements would bring many benefits and efficiencies, including helping address some of the staff recruitment and retention issues faced by third sector recipients when funding is awarded on an annual or short-term basis.

Recognising the effectiveness of collaborative working, the GCoE worked closely with the Third Sector Partnership Council's Finance & Compliance Sub Committee (TSPC Sub Committee), keen to harness their wealth of experience, expertise and perspective to fully shape and develop the policy and share ideas. Co-operating in this way from the earliest, formative stage meant we could 'weave in' the essential elements collectively agreed, throughout the policy design. This in turn provided greater assurance that the end product would translate effectively 'in practice' to increase the positive, lasting impact on many individuals and communities in Wales, supported through the grant funding. The new policy also aimed to place a greater focus on delivering positive, long-term outcomes as well as outputs.

Through regular online workshops, WG officials and TSPC Sub Committee members openly and constructively discussed policy drafts in detail, sharing views, debating issues and challenges based on lived, invaluable understanding of the voluntary sector, until a clearly defined set of key principles emerged. These co-created key principles now underpin policy guidance and wider improvements, and grant managers now have the opportunity to apply this policy across their grant schemes, driving a fundamental shift from short term or annual grant cycles and thinking, towards longer duration of grant funding which enables deep rooted, lasting benefits. It is recognised, however, this policy will not be fully applicable in all settings - grant managers have the opportunity and flexibility to amend the approach taken, depending on their particular grant scheme and individual circumstances.

In parallel, working with the TSPC Sub Committee, GCoE ran a series of sessions with over 200 Welsh Government grant managers and officials, so the views from those who oversee an extremely wide, diverse number of grant schemes spanning all sectors, were included and influenced shaping the policy too. Both TSPC Sub Committee and grant managers welcomed the improved grant funding processes, which continue to be embedded. This experience has demonstrated how productive working in partnership can be and all involved are eager to repeat the co-creating experience and approach with other aspects of grants, into the future.

## Welsh Government's funding and support for the Third Sector

The Welsh Government, through its core funding of Third Sector Support Wales (TSSW) a partnership comprising the Wales Council for Voluntary Action (WCVA) and the 19 County Voluntary Councils (CVCs) across Wales, supported a Third Sector Infrastructure which, during 2020 to 2021, represented, promoted, supported and was accountable to the third sector at all levels.

This support was focused around 4 key pillars of activity: volunteering; good Governance; sustainable funding; and engagement and influencing with public service partners.

The TSSW Impact Report provides data and case studies to show the impact of Welsh Government and TSSW support around the 4 key pillars.

This year's Impact Report (2021 to 2022) also shows how Wales's unique third sector infrastructure allowed the sector to respond quickly and effectively to the needs of communities throughout the pandemic. TSSW enabled thousands of voluntary organisations across Wales to access funding, information, learning opportunities, volunteers and digital support that would not have been available without the existence of the TSSW partnership.

High-level impacts being delivered by TSSW with Welsh Government support include:

- 6,158 organisations were supported with direct information and advice.
- 21,164 hours spent supporting the sector with the four areas of activity as well as brokering other support needed.
- 772 grants were issued to organisations through TSSW totalling in £10,085,204 of grants awarded.
- 94 online courses provided training to 3,066 participants.
- 1,062 partnerships, forums, networks, and events were facilitated involving 8,027 participants.
- 4,574 Volunteers registered on the Volunteering in Wales
- 325 organisations registered on the volunteering in Wales with 1393 new volunteering opportunities advertised.
- 747 funders were listed on the Funding Wales portal with a total of 880 funds advertised. 15,190 users were registered with a total of 69,218 searches being recorded.

For more information on TSSW you can [visit their website](#).

### Funding provided from the Welsh Government to support TSSW in 2021 to 2022

<b>Funding</b>	<b>Amount</b>
Core funding to County Voluntary Councils and Wales Council for Voluntary Action	£4,914,695
Support for Safeguarding	£114,500
Third Sector Change Fund	£791,500
Support for Volunteering	£2,331,112
Partnership Capacity Fund	£87,545
<b>Total</b>	<b>£8,239,352</b>

### **Breakdown of Core Funding Allocations for WCVA and individual Country Voluntary Councils**

<b>CVC</b>	<b>Core Funding</b>
Conwy	£167,896
Denbighshire	£167,115
Flintshire	£172,354
Gwynedd	£219,216
Isle of Anglesey	£163,593
Wrexham	£167,845
<b>North Wales Region Total</b>	<b>£1,058,019</b>
Carmarthenshire	£189,667
Ceredigion	£170,054
Pembrokeshire	£169,854
Powys	£346,463
<b>West Wales and Powys Region Total</b>	<b>£876,038</b>
Neath Port Talbot	£165,463
Swansea	£212,177
<b>SBUHB Region Total</b>	<b>£377,640</b>
Cardiff	£204,181
Vale of Glamorgan	£181,284
<b>Cardiff and Vale Region Total</b>	<b>£385,465</b>
Bridgend	£164,054
Merthyr Tydfil	£162,067
Rhondda Cynon Taff	£202,841
<b>Cwm Taf and Bridgend Region Total</b>	<b>£528,962</b>
Gwent	£643,115
Torfaen	£180,112
<b>Gwent Region Total</b>	<b>£823,227</b>
<b>Sub-total CVCs</b>	<b>£4,049,351</b>

## **Other support for the third sector**

TSSW funding was not the only funding provided by the Welsh Government to third sector organisations across Wales. The Welsh Government provided support, core funding and project funding to many other third sector organisations.

In many cases these funds related to specialist areas of work and the funding was agreed by the appropriate Welsh Government Minister.

In 2021 to 2022 the Welsh Government awarded £516million in hypothecated funding to the third sector.

This does not include procurement expenditure or indirect payments made to third sector organisations where the Welsh Government provided funding to another organisation, for example a local authority, which may have subsequently funded third sector organisations.

The Welsh Government's Managing Welsh Public Money guidance sets out the framework and principles which must be applied by the Welsh Government, its sponsored bodies, the NHS in Wales, its commissioners, the Education Workforce Council, Estyn and the Welsh Government's subsidiary bodies. Further detail can be found at [Managing Welsh Public Money](#).

The Welsh Government's Code of Practice for Funding the Third Sector (the Code) governs how the Welsh Government, and its agents should approach funding of the third sector.

The Code sets out the types of funding the Welsh Government provides, the principles upon which funding decisions should be based, and the terms and arrangements under which funding should be offered.

### **Third Sector Scheme**

No breaches of the Code were reported during this reporting period.

## Further information

### Welsh Government Support for the Third Sector

For information about [volunteering](#)

Visit your [local County Voluntary Council or Volunteer Centre](#)

Alternatively contact the Third Sector Unit at [thirdsectorqueries@gov.wales](mailto:thirdsectorqueries@gov.wales)

For information on other grant programmes, please contact [Wales Council for Voluntary Action](#) (WCVA) on 0300 1110124

For further information on Third Sector Support Wales, visit their [website](#).

## Annex a: table of TSPC areas of interest and network leads

Area of interest	Network
Advice and advocacy	Independent Advice Providers forum
Animal welfare	Animal Welfare Network for Wales
Arts, culture and heritage	Creative Lives
Asylum seekers and refugees	Welsh Refugee Coalition
Children and families	Children in Wales
Community	Building Communities Trust
Community justice	Community Justice Cymru
Disability	Wales Disability Reference Group

<b>Area of interest</b>	<b>Network</b>
Education and training	Adult Learning Wales
Employment	Siawns Teg
Environment	Wales Environment Link
Ethnic minorities	Race Council Cymru
Ethnic minorities	Ethnic Youth Support Team (EYST)
Gender	Women's Equality Network Wales
Health, social care and wellbeing	Health, Social Care, Wellbeing Planning Group
Housing	Homes for All Cymru
Local and regional intermediaries	CVC Cymru
International	Welsh Centre for International Affairs
Older people	Age Alliance Wales
Religion	Interfaith Council for Wales
Sexuality	Stonewall Cymru
Social enterprise	Social Enterprise network
Sport and recreation	Welsh Sports association
Volunteering	Volunteering Wales network
Welsh Language	Mentrau Iaith Cymru

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<b>Area of interest</b>	<b>Network</b>
Youth	Council for Wales Voluntary Youth Services
WCVA Chief Executive	WCVA representative

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