

Third Sector COVID-19 Response Fund

Memorandum for the Public Accounts and Public Administration Committee

Date issued: July 2022

This report has been prepared for presentation to the Senedd under section 135 of the Government of Wales Act 2006.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Contents

Introduction	4
Why did the Welsh Government provide additional support to the Third Sector in Wales?.....	5
How much funding has the Welsh Government provided since April 2020 and for what purposes?	6
How did the Welsh Government administer the key elements of its additional support?.....	8
How did the Welsh Government balance requirements to ensure public funds were managed properly with the need to respond quickly?.....	10
How many organisations received support, for what activities, and are there any indications of success?.....	13
Appendix 1: Allocation of the Third Sector COVID-19 Response Fund between April 2020 and December 2021	18
Appendix 2: Timeline of key events.....	21
Appendix 3: Case study.....	25

Introduction

- 1 This memorandum focuses on the £41.79 million allocated by the Welsh Government through its Third Sector COVID-19 Response Fund during 2020-21 and 2021-22, and considers:
 - why in 2020-21 the Welsh Government provided the Third Sector¹ in Wales with extra support – through greater flexibility over existing funding and also some new funding – to respond to the immediate challenges of the COVID-19 pandemic;
 - how much continuing support was provided during 2021-22 to help deal with the ongoing effects of the pandemic and increase Third Sector resilience;
 - how the Welsh Government administered its support;
 - how the Welsh Government balanced requirements to ensure public funds were managed properly with the need to respond quickly; and
 - how many organisations received support, for what activities, and whether initial evaluations indicate successful outcomes.
- 2 We have not examined ourselves the impact on service users and the effectiveness of any of the individual awards or sought to form an overall view of value for money. Nor have we undertaken detailed testing of controls. However, we have reviewed reports and other documents that provide evidence of controls being in place that are intended to target funding, manage financial risks, and ensure value for money. **Appendix 1** provides an overview of the different elements that made up the overall fund and the allocations to different elements. **Appendix 2** provides a timeline of key events.

¹ The Welsh Government uses the term 'Third Sector' in relation to various independent, voluntary, community, and not-for-profit organisations; some of which are charities.

Why did the Welsh Government provide additional support to the Third Sector in Wales?

- 3 As the UK nations' governments implemented lockdowns in March 2020, it became apparent that the Third Sector, including Welsh charities and not-for-profit organisations, faced huge financial and operational pressures. Notably:
 - usual sources of funding through shops, events and collections had stopped;
 - travel and contact restrictions impacted on staff availability, limited activity, and constrained service delivery;
 - more people were becoming vulnerable or already suffering hardship and existing service users needed increasing support; and
 - the existing infrastructure was struggling to mobilise large numbers of willing volunteers and staff were in danger of 'burn-out'.
- 4 The Welsh Government became increasingly concerned that Third Sector organisations would fail while facing unprecedented demand for their services; leaving people in need without access to help. In response, on 27 March 2020 the Welsh Government announced that it would act quickly to:
 - use existing emergency powers to allow greater flexibility over how certain ongoing funds could be used; and
 - establish a new time-limited fund of £24 million for specific purposes related to the pandemic.
- 5 On 8 April 2020, the UK Government announced a £750 million support package for frontline charities, to be distributed through a variety of means². The package, which was later increased, included an assumption of at least £60 million being provided to the devolved governments of Scotland, Wales, and Northern Ireland under the Barnett Formula.
- 6 The Welsh Government received nearly £18 million, which was placed in its reserves from which it subsequently drew funds to support the Third Sector in Wales. The Welsh Government did not know that the UK Government would provide this funding when it announced its own support.

² In March 2021, the National Audit Office published its report, [Investigation into government funding to charities during the COVID-19 pandemic](#), setting out key facts in relation to the Department for Digital, Culture, Media & Sport's distribution and oversight of £513 million of this overall package in England.

How much funding has the Welsh Government provided since April 2020 and for what purposes?

Funds diverted or drawn from reserves for time-limited support during 2020-21

- 7 To create a support package for the Third Sector in Wales, collectively termed the Third Sector COVID-19 Response Fund, in addition to the initial £24 million of new funds, drawn from reserves (see **paragraph 4**), the Welsh Government diverted and repurposed £5.3 million from other Welsh Government-funded Third Sector initiatives. A further £4.7 million from Welsh Government reserves (£0.5 million in December 2020 and £4.2 million in January 2021), brought the total provided to the Third Sector COVID-19 Response Fund in 2020-21 to £34.05 million.

Further funding for 2021-22

- 8 Between March 2021 and the end of December 2021, the Welsh Government had made available a further £7.74 million from reserves, bringing the total committed to the Third Sector COVID-19 Response Fund since April 2020 to £41.79 million.

Greater flexibility over existing funding

- 9 Outside its specific support package, the Welsh Government permitted greater flexibility over the use of some existing funding provided through its Community Facilities Programme and the Third Sector Support Grant:
 - the Community Facilities Programme is operated by the Welsh Government, offering capital grants for improving community facilities of under £25,000 and larger grants up to £250,000. Eligible expenditure for the smaller grants was broadened for a three-month period to allow equipment to be purchased or replaced, for example, ICT equipment allowing staff and volunteers to work remotely. In 2020-21, the Community Facilities Programme received an extra £150,000 of repurposed funds. The Welsh Government awarded £5 million from the Programme to Third Sector organisations in 2020-21.
 - the Third Sector Support Grant is administered on the Welsh Government's behalf by the Wales Council for Voluntary Action (WCVA)³ and the network of 19 County Voluntary Councils (CVCs). Individual grant awards to Third Sector organisations provide support for revenue funding and totalled nearly £4.5 million in 2020-21. In response to the pandemic, the Welsh Government provided increased flexibility, initially for three months, within

³ The Wales Council for Voluntary Action (WCVA) is a national membership body for the Third Sector in Wales.

the grant's existing four activity pillars of volunteering, good governance, sustainable funding, and engagement and influencing.

Other Welsh Government and UK Government support for the Third Sector

- 10 As well as the Welsh Government's Third Sector COVID-19 Response Fund, the Third Sector in Wales could access other sources of support, provided through:
- the Volunteering Wales grant allocation which aims to encourage more people to volunteer, building on progress made during the pandemic. Grants of up to £20,000 are available to eligible projects which support the Well-being of Future Generations Act (Wales) 2015 by emphasising prevention rather than response.
 - voluntary organisations in Wales could access other Welsh Government schemes that provide support during the pandemic, including business grants and loans, subject to eligibility and checks to avoid duplicating funding.
 - the UK Government's Coronavirus Job Retention Scheme – the 'furlough scheme' – announced in March 2020 and which ran to September 2021, was available to Third Sector organisations in Wales to pay a proportion of staff wages. Via its Third Sector Resilience Fund (TSRF), which provided a mix of grants and loans, the Welsh Government initially offered bridging loans of up to £25,000 to tide Welsh voluntary organisations over while waiting for furlough scheme reimbursements from the UK Government. This loan was available in addition to a TSRF award of up to £75,000. However, in practice because Coronavirus Job Retention Scheme payments were processed quickly, only two TSRF bridging loans were made and so the remainder of the £1 million allocated for them was repurposed within the Third Sector COVID-19 Response Fund.

How did the Welsh Government administer the key elements of its additional support?

- 11 Before announcing the Third Sector COVID-19 Response Fund, the Welsh Government had already co-ordinated its actions with other principal funders drawn from Wales Funders' Forum members⁴. The Welsh Government and this group sought to:
 - maximise their collective reach, in terms of geography and communities;
 - quickly provide support to as many voluntary organisations as possible; and
 - address the pandemic's particular impacts on specific vulnerable groups.
- 12 The Welsh Government had an existing, long-standing relationship with the WCVA, for managing Third Sector grants on its behalf. The WCVA also had experience of meeting the administration and governance requirements of Welsh Government and European Union funding schemes. The Welsh Government wanted to get the Third Sector COVID-19 Response Fund flowing quickly, so chose the WCVA as an intermediary body for key elements of the Fund (see **Appendix 1**) drawing upon their grass-roots connections, knowledge and experience, and existing infrastructure for administering grants.
- 13 To mobilise quickly because of the urgent situation, the Welsh Government used flexibility in existing procurement rules allowing, in an emergency, for a direct contract award without open advertising and competition. On 9 April 2020, the Welsh Government awarded administration of the initial £10 million of TSRF, to the WCVA following a single-tender application process. The grant offer letter set out funding conditions; including the fund's purposes, monitoring requirements and the need to claim funds by 15 March 2021. When TSRF closed, the Welsh Government agreed to establish a new iteration of TSRF for 2021-22. The contract for administering this was subject to open competitive tender, generating two bids and won by the WCVA.
- 14 The Voluntary Services Emergency Fund (VSEF), and Voluntary Services Recovery Fund (VSRF) which replaced it, were established based on variations to existing funding awards to the WCVA by the Welsh Government, and so were not subject to fresh tender.
- 15 The WCVA charges interest on TSRF loans, which covers their administration costs. The WCVA has worked with Welsh Government officials and the Development Bank of Wales to calculate the costs and the interest rate. TSRF Phase 3 included £0.53 million for WCVA grant administration costs. The WCVA did not top slice any of the VSEF or VSRF. Instead, to bolster their capacity to

⁴ The Wales Funders' Forum (WFF), a non-political funders' network, informally linked the Welsh Government; Wales Council for Voluntary Action (WCVA); Community Foundation Wales (CFW); National Lottery Community Fund (Wales) (NLCF); Lloyds Bank Foundation; and Moondance Foundation.

administer these funds, the WCVA received £343,000 from the Infrastructure Enabling Fund in 2020-21.

- 16 Ongoing dialogue between the Welsh Government and the WCVA enabled monitoring and review of arrangements. This facilitated learning in real time which then informed improvements to processes and better targeting of funds, for example:
- TSRF appeared to exclude certain groups, particularly unincorporated⁵ organisations where trustees would be personally liable for loans. To address this, organisations that considered incorporation could apply for TSRF and, if approved, draw down the grant once they became incorporated. TSRF Phase 3 prioritised incorporated organisations providing support to people with protected characteristics, which had not previously received TSRF funding.
 - to shift focus from emergency towards recovery, and address inequalities exacerbated by the pandemic, particularly in relation to issues like mental health, in August 2020 the Welsh Government replaced VSEF with the Voluntary Services Recovery Fund (VSRF), open until the end of March 2021.

⁵ Incorporation is a legal process whereby an organisation acquires an identity and status separate from its owners, whose liability for debts is then limited to the value of their shareholding. By contrast, the trustees of unincorporated third-sector bodies have shared personal liability for the full amount of any loans.

How did the Welsh Government balance requirements to ensure public funds were managed properly with the need to respond quickly?

- 17 The Welsh Government's initial support packages within the Third Sector COVID-19 Response Fund opened quickly, to award time-limited funds to applicants before 31 March 2021 for specific purposes. To mobilise swiftly while seeking to ensure good governance of the expenditure, the Welsh Government relied upon existing frameworks of interlinked controls. These controls involved checking and reporting at the levels of:
- the Welsh Government;
 - the WCVA; and
 - applicants and recipients.

Welsh Government controls

- 18 The Welsh Government drew on advice from its Grants Centre of Excellence and built upon its existing arrangements with WCVA to put in place a range of measures for the Fund elements managed by the WCVA, including:
- guidance for the Third Sector on available support and eligibility criteria, which was periodically updated;
 - checks that payment claims from WCVA to the Welsh Government, for funds that WCVA subsequently distributes, were properly completed and evidenced;
 - checks to ensure applications from Third Sector organisations fell within the scope and requirements of the relevant fund;
 - requirements for regular monitoring, reporting and evaluation of applications, awards, and impacts;
 - sharing information with WCVA on beneficiaries from other funding streams, to avoid duplication; and
 - funding conditions including terms allowing the Welsh Government to monitor expenditure and recover any double funding, including any business rate reliefs and wage subsidies.
- 19 For example, funding could not generally be provided from the VSEF and TSRF schemes if organisations had already received funding from the Welsh Government's Economic Resilience Fund (ERF). Officials also undertook checks to ensure VSEF did not duplicate support from the UK Government or from the Local Authority Hardship Fund.
- 20 In June 2020, before the Welsh Government would release funds to WCVA for VSRF, which opened in August 2020 and replaced VSEF, WCVA was required to

produce a VSEF evaluation report. The report did not directly examine the impact on vulnerable individuals, because they are likely to have received support from a variety of sources. Instead, it looked at indicators that evaluated VSRF in relation to addressing need.

- 21 The report gave detailed information on awards and coverage of themes/user groups as well as analysis by local authority area, linked to factors such as population, virus prevalence, deprivation indices and categories of project activity. It found a strong relationship between funding allocations to local authority areas and the incidence of COVID-19, but weaker relationships between funding and social and economic deprivation, and specific vulnerabilities; indicating a need to ensure funding focuses on addressing the specific impacts of the pandemic on target groups. The report informed the arrangements the Welsh Government put in place for VSRF and subsequent phases of TSRF.
- 22 In January 2021, the Welsh Government's Internal Audit Services (IAS) reported on the design and operation of the Welsh Government's arrangements to secure governance, risk management and internal control in relation to COVID-19 support for the Third Sector. The review focused on the higher value elements of the Third Sector COVID-19 Response Fund, which were TSRF and VSEF. The IAS review sought to confirm whether the schemes were administered effectively, and management had identified and managed risks to the delivery of their outcomes. The review's conclusion was: 'IAS can provide substantial assurance on the management and controls in place to provide support to third sector organisations. In our view, the schemes have been successful, well received and on target to meet their overall objectives.'

WCVA controls

- 23 The WCVA has operated as an intermediary body for many years, working with the network of CVCs and managing Welsh Government grants to the Third Sector. It already had systems and controls in place and so was able to gear up quickly to meet the governance standards required for the elements of the Third Sector COVID-19 Response Fund that it would administer on the Welsh Government's behalf, including:
- TSRF; and
 - VSEF and its replacement VSRF.
- 24 The WCVA and Welsh Government agreed where existing processes could be streamlined to speed up applications, assessments, and awards to ensure funds were distributed quickly, while managing risks. As a result, processes were tailored to meet the requirements of the specific funds. For VSEF and VSRF application questions were scaled back, retaining only those that were considered to add value. However, because TSRF involved loan finance, a more rigorous two-stage process was involved, with detailed questions: firstly, to establish eligibility; and then to ensure good governance, value for money, and ability to repay.

- 25 For the funds administered by the WCVA during the peak period of 2020-21, applications and supporting documents – such as accounts, bank statements and governing documents – were submitted to WCVA for due diligence checks via a single online portal and triaged to assess urgency of need. A panel, including independent members, met regularly to assess and score applications, then made recommendations. Only then were awards signed off by the WCVA Chief Executive. Grant offer letters were issued electronically through a document signing portal to avoid delays, and awards reported to the Welsh Government.
- 26 Direct access to a large existing database covering Third Sector organisations enabled the WCVA to perform initial screening checks of funding applications to see if they came from bodies already known to them. The Welsh Government and the WCVA reviewed information on applications and awards promptly to manage the risk of fraud, avoid any duplication of funds, or gaps in terms of geographical coverage or purpose. Weekly information provided a detailed breakdown of organisations that received funding, the intended beneficiaries; volunteers used; sums bid for and approved. Welsh Government officials told us the information summaries and reports they received from the WCVA were more detailed than would have been possible if the Welsh Government had managed the Fund itself, given capacity constraints and building on the WCVA's existing systems.

Applicant and recipient controls

- 27 Funding applications to WCVA required applicants to provide information about their arrangements for governance and value for money. For successful applicants, grant or loan award letters clearly specified the intended purpose of funding as well as information requirements necessary to support claims and draw down payments.
- 28 Funding recipients were asked to provide updated income and expenditure information to WCVA at the end of the first quarter following the first funding payment, as well as to provide evidence of progress towards the goals identified in their proposal. Providing this information was a pre-condition for releasing the second payment. Another update at the end of the funding period was required to fulfil the funding conditions. Reporting thereafter was based on agreed indicators.
- 29 While we have not audited the arrangements in detail, these information requirements ensured ongoing monitoring by recipients and facilitated oversight by WCVA, and onward reporting to the Welsh Government.

How many organisations received support, for what activities, and are there any indications of success?

30 Between April 2020 and December 2021, the WCVA administered £35.2 million of TSRF, VSRF and VSEF on behalf of the Welsh Government. The WCVA routinely publishes publicly available information about all grant awards it makes, including the recipient and the amount, via a website, '360 Giving', which includes information from UK grant awarders⁶. The WCVA information on the '360 Giving' website covers the WCVA's routine grants administration activity, as well as the specific COVID-related funds within the Third Sector COVID-19 Response Fund which the WCVA manages for the Welsh Government.

The Third Sector Resilience Fund

31 TSRF was established in April 2020 to pay bills and support cash flow, with an initial £10 million. A further £2.5 million was added in December 2020 for Phase 2 and £7.23 million for Phase 3 which opened in September 2021. Phases 2 and 3 were broader in focus than Phase 1 (see also **Appendix 1**). The WCVA reported that, during 2020-21, it had:

- for Phase 1:
 - received 148 applications;
 - approved 111 awards, totalling £4.7 million;
 - protected 1,784 jobs and 7,690 volunteering positions; and
 - supported 255,256 service users at an average cost of £18.64 per user.
- for Phase 2:
 - received 136 applications;
 - approved 126 awards, totalling £7.9 million; and
 - predicted these awards would create 246 new jobs, along with 122,775 new service users or beneficiaries; and 10,222 new volunteering opportunities.
- Phase 3 for 2021-22 had not been reported at the time of preparing this memorandum.

⁶ [Information published by the WCVA on the 360 Giving website](#) dates back to October 2015.

The Voluntary Services Emergency Fund

- 32 The VSEF, to support volunteering, opened in April 2020 with an initial £7.5 million, subsequently increased to £9 million. In 2020-21, the 19 CVCs across Wales, which cover all 22 local authority areas, were given VSEF funding (in addition to their usual annual core funding allocation from WCVA) totalling £550,000 to support their grass-roots activity with Third Sector organisations in their areas.
- 33 On 1 May 2020, the WCVA [announced](#) that it had already supported 14 organisations with VSEF and had case study examples of projects, explaining how the funding supported activities involving volunteers. When VSEF closed to new applications in July 2020, the WCVA identified that it had:
- received interest from 500 organisations, resulting in 239 applications with a total value of £10.3 million;
 - approved 156 applications, involving 6,262 volunteers, and awarded £7.0 million; and
 - provided support to an estimated 764,073 people through approved projects, at an average cost of £9.23 per beneficiary.
- 34 The Welsh Government stipulated that any unused balance of VSEF should be transferred to the VSRF, which replaced it. Before VSEF closed, £7.5 million was awarded to organisations supporting:
- health, social care, and wellbeing – £2.55 million;
 - community – £1.28 million;
 - disability – £0.98 million;
 - older people – £0.59 million;
 - children and families – £0.57 million;
 - violence against women, domestic abuse, and sexual violence – £0.55 million;
 - food distribution – £0.54 million;
 - ethnic minorities – £0.42 million; and
 - other – £0.05 million.

The Voluntary Services Recovery Fund

- 35 VSRF replaced VSEF in August 2020, with an initial £3.5 million, to focus on addressing inequalities highlighted or exacerbated by the pandemic. During 2021-22, the WCVA provided £507,000 of VSRF to the CVCs for them to distribute to Third Sector organisations in their areas (see also **paragraph 32**).
- 36 In December 2020, the VSRF received an additional £1.5 million and a further £1.5 million in January 2021. The WCVA reported that by the end of March 2021, it had:
- received interest from 427 organisations, resulting in 237 VSEF applications with a total value of £8.9 million;

- approved 182 awards to projects totalling £6.9 million, involving an estimated 6,702 volunteers; and
 - provided support to an estimated 242,163 people through approved projects, at an average cost of £28.45 per beneficiary.
- 37 Of the £6.9 million awarded to the end of March 2021, £4.98 million went to organisations supporting:
- community – £1.26 million;
 - disability – £0.64 million;
 - ethnic minorities – £0.50 million;
 - children and families – £0.43 million;
 - older people – £0.35 million;
 - food distribution – £0.30 million;
 - advice and advocacy – £0.27 million; and
 - other – £1.23 million.
- 38 Active VSRF projects which had demonstrated a successful start to delivering activity were invited to apply for an additional six months of funding. WCVA reported it had:
- received 51 extension requests, with a value of £1.7 million;
 - approved 33 extensions and awarded £1.3 million to existing projects, involving an estimated 689 additional volunteers; and
 - provided support to an estimated 26,526 additional people⁷.

What is known about the impact of the support?

- 39 Impact monitoring and reporting requirements were an integral part of Third Sector COVID-19 Response Fund administration from the outset. All Welsh Government financial support to the Third Sector, including that provided through the Third Sector COVID-19 Response Fund, is covered by an arrangement with Third Sector Support Wales (TSSW) (see **Appendix 1**). This arrangement includes an impact monitoring framework, agreed in April 2018. The monitoring framework sets out performance indicators, evidence gathering tools and reporting requirements including:
- monthly progress updates;
 - quarterly key performance indicator reports;
 - six monthly statistical reports; and
 - an annual oversight report.
- 40 The conditions under which the Welsh Government provided Third Sector COVID-19 Response funding to WCVA included compliance with the impact monitoring

⁷ VSEF and VSRF figures are sourced from [WCVA summaries](#).

framework, to facilitate evaluation. They also required WCVA to issue grant letters to recipients conforming to a template that reflects the framework.

- 41 The monitoring and reporting arrangements enabled the Welsh Government and the WCVA to identify demand, uptake, gaps in existing funding and potential funding shortfalls, and informed decisions about allocating further funding and targeting needs (see also **paragraph 16**).
- 42 WCVA found that TSRF Phase 1 had been beneficial in helping otherwise sustainable organisations stay afloat, and up to that point, none of the organisations that received support had collapsed (see also **paragraph 31**), although two have failed since. However, in relation to VSEF, which closed in July 2020, the evaluation report (see **paragraph 20**) stated: ‘Taken together these findings suggest that VSEF funding so far appears to have been guided by the merit of individual applications with limited recourse to intelligence about specific community needs rising from the COVID-19 pandemic. The results of this multi-layered analysis provide the data to focus more specifically on particular target groups and needs in the next phase of funding decisions.’
- 43 Evaluating VSEF informed its replacement, VSRF which was open until the end of March 2021 and was subject to ongoing evaluation (see **paragraphs 35 to 38**).
- 44 In February 2021, the Senedd Equality, Local Government and Communities Committee published a report on the [Impact of COVID-19 on the Voluntary Sector](#)⁸. The report recognised the Third Sector’s strengths and its collaboration with the Welsh Government to shape and deliver responses to the pandemic. The Committee highlighted the value of established joint working, enabling the Welsh Government to strengthen and work through existing structures rather than creating or replacing them. The Committee also stressed the importance of maintaining and improving the Third Sector’s resilience to meeting future challenges.
- 45 The Committee did not look in detail at the effectiveness of the Welsh Government’s funding support but stated that the funding had been much welcomed and had helped the sector weather the initial months of the crisis, enabling it to provide vital support to communities across Wales. The Committee identified that:
- paradoxically, the financial impact of the pandemic on Third Sector organisations had been least on those which were wholly dependent upon grant funding, and greatest on those which had previously been successful in diversifying their income sources;
 - as the pandemic continues, further financial support and greater flexibility over how funds are used would be vital to sustain the Third Sector, ensuring it is able to continue contributing to response and recovery; and

⁸ The Committee held oral evidence sessions, received written submissions and undertook a survey of third-sector organisations.

- if the Third Sector is not sufficiently resourced, it is likely that this will undermine its ability to deliver preventative work (linked to the principles of the Well-being of Future Generations (Wales) Act 2015), increasing pressures upon statutory services.

46 In June 2021, the WCVA published an [external consultancy report](#) on the overall effectiveness of Third Sector financial support across all funding sources during the pandemic, including Welsh Government schemes. The report recognised the value of working through existing relationships and infrastructure; identified high levels of satisfaction amongst beneficiaries with grant processes; praised the coherence, pragmatism, and pace of funders' actions, and highlighted lessons learned, intended to ensure that strengths and positive experiences are carried forward to inform future collaborative or joint-funded schemes.

Appendix 1: Allocation of the Third Sector COVID-19 Response Fund between April 2020 and December 2021

Funding	Total allocated	Commentary
Third Sector Resilience Fund (TSRF)	£19.7 million	<p>TSRF received £12.5 million in 2020-21 and £7.23 million in 2021-22.</p> <p>The support was provided through a blend of 75% grant and 25% initially interest-free loan funding, usually up to a combined limit of £75,000 to help pay bills and ease cash-flow by replacing lost revenue from fund-raising.</p> <p>TSRF Phase 2, announced in December 2020 broadened the original focus on survive, by adding strands of improve and diversify, and collaboration.</p> <p>TSRF Phase 3 announced in June 2021, opened for applications in September 2021. Provided grants of up to £50,000 to support organisations' administration rather than frontline activity, focusing on strands of survive, and thrive.</p>
Voluntary Services Emergency Fund (VSEF)	£9.0 million	<p>The initial £7.5 million VSEF comprised £0.85 million of existing, repurposed funding and £6.65 million of new funding. It was then boosted by a further £1.5 million from the Welsh Government's Sustainability Fund¹.</p> <p>The VSEF operated from April to July 2020, making grants of generally between £10,000 and £100,000² to encourage more people to volunteer, support volunteering services, coordinate volunteers and meet volunteers' out-of-pocket expenses.</p>

Funding	Total allocated	Commentary
Voluntary Services Recovery Fund (VSRF)	£6.5 million	<p>Replaced VSEF. Between August 2020 and March 2021, it offered grants primarily of between £10,000 and £100,000 to address inequalities that emerged due to COVID-19.</p> <p>The initial allocation of £5 million was then boosted by a further £1.5 million from the Sustainability Fund.</p>
Third Sector Infrastructure Enabling Fund	£4.7 million	<p>To temporarily increase Third Sector Support Wales' capacity to support the sector, including to develop the Volunteering Wales website and signposting local, national, and international funding sources.</p> <p>Volunteering Wales is a Welsh Government initiative to coordinate volunteering and support volunteers, operated through TSSW.</p>
Volunteering Wales	£0.75 million	Support for volunteering projects in 2021-22.
Third Sector Support Wales (TSSW)	£0.74 million	Third Sector Support Wales (TSSW) consists of the WCVA and the 19 CVCs and provides a support network for the whole Third Sector in Wales.
Charity Commission 'Revitalising Trusts' project	£0.23 million	<p>To help unlock approximately £20 million from dormant charitable trusts and foundations.</p> <p>Because its start was delayed due to operational issues during lockdown, the Welsh Government will continue to support the project in 2022-23.</p>

Funding	Total allocated	Commentary
Community Asset Loan Fund (CALF)	£0.15 million	<p>The Welsh Government used £150,000 to establish the CALF (which is being further supported by other funding outside the Third Sector Response Fund).</p> <p>CALF, administered by the WCVA following an open procurement in which WCVA was the only bidder, offers loans up to £300,000 for voluntary organisations to take ownership of a property asset for the benefit of the community.</p>
Total	£41.81 million	Differs from £41.79 million allocation due to rounding.

Notes:

¹ The Welsh Government initially retained an unallocated £5 million of the Third Sector COVID-19 Response Fund as a 'Sustainability Fund' which could be used to bolster other funds if required as the pandemic developed.

² **Appendix 3** describes support provided to the charity Mind Cymru that exceeded this typical threshold.

Source: Audit Wales analysis

Appendix 2: Timeline of key events

March 2020

- First lockdown implemented across all UK nations in response to the pandemic, involving closing schools, non-essential retail, hospitality and leisure facilities, and a wide range of businesses.
- The Welsh Government announced that it would provide £24 million from reserves to establish a new Third Sector COVID-19 Response Fund. A further £5.35 million of funds already allocated to various Third Sector funding schemes was also repurposed and added to the Fund, which encompassed sub-funds for specific purposes.

April 2020

- The UK Government announced a support package for frontline charities in England and also additional funding for devolved nations. Wales received a consequential £18 million, which the Welsh Government used to part fund its commitments to the Third Sector COVID-19 Response Fund.
- The Third Sector Resilience Fund (TSRF) launched with an initial £10 million, drawn from the Third Sector COVID-19 Response Fund, and administered by the WCVA.
- The Voluntary Services Emergency Fund (VSEF), administered by the WCVA, launched with an initial £7.5 million drawn from the Third Sector COVID-19 Response Fund, subsequently increased to £9 million.

June 2020

- Non-essential retail and outdoor sports facilities allowed to reopen subject to social distancing requirements. No team sports allowed.

July 2020

- VSEF closed, having awarded £7 million.
- Self-contained tourism accommodation, campsites, indoor attractions, beauty shops, tattoo parlours, hairdressers and barbers allowed to reopen. Cinemas, museums and galleries and outdoor pubs and restaurants reopen. Outdoor activities and team sports allowed.

August 2020

- The Voluntary Services Recovery Fund (VSRF) replaced VSEF with an initial £5 million, administered by the WCVA.

- Pubs and restaurants reopen indoors, licenced wedding venues opened for ceremonies, but wedding receptions and funerals restricted to 30 people. Swimming pools, indoor gyms and fitness studios reopen.

September 2020

- 10 PM curfew imposed for hospitality businesses. Local lockdown restrictions imposed during September in Caerphilly, Rhondda Cynon Taf, Blaenau Gwent, Bridgend, Merthyr Tydfil, Newport, Llanelli, Cardiff, Swansea, Vale of Glamorgan, Torfaen, and Neath Port Talbot.
- The Welsh Government announced TSRF Phase 2, with a broader focus, encompassing resilience as well as survival.

October 2020

- Local lockdown restrictions imposed in Wrexham, Flintshire, Denbighshire, Conwy, and Bangor.
- Circuit break/fire break lockdown restrictions imposed across Wales.

November 2020

- Gyms, cafes, pubs and restaurants allowed to reopen to groups of up to four people not including children below age 11.

December 2020

- Pubs, restaurants, and cafés could not serve alcohol and were required to close at 6 PM. Outdoor visitor attractions were allowed to remain open but indoor visitor attractions and entertainment venues closed.
- An additional £0.5 million drawn from reserves was added to the Third Sector COVID-19 Response Fund.
- From 6 PM on Christmas Eve, all hospitality, leisure and non-essential retail premises closed. People must stay at home except for very limited purposes.

January 2021

- An additional £4.2 million drawn from reserves was added to the Third Sector COVID-19 Response Fund.

March 2021

- Advice to 'stay at home' was replaced with 'stay local'. Outdoor sports facilities reopened. Hairdressers and barbers reopened by appointment.

- The Welsh Government announced that for 2021-22, a further £3.0 million from reserves would be allocated to the Third Sector COVID-19 Response Fund.
- Travel outside Wales was permitted for those with a reasonable reason for doing so. Garden centres, self-contained holiday accommodation, libraries and archives reopened. Outdoor sports and activities resumed for under 18s.

April 2021

- Outdoor attractions and remaining non-essential retail reopened. Outdoor hospitality resumed. Organised outdoor activities, weddings, and funerals for up to 30 people were allowed. Political canvassing was permitted.

May 2021

- Indoor hospitality reopened for groups of up to six people. All holiday accommodation, entertainment venues, indoor attractions, reopened. Up to 30 people allowed in indoor gatherings and up to 50 in outdoor gatherings, including weddings and wakes. International travel was allowed to countries, according to a traffic-light system.

June 2021

- The Welsh Government announced TSRF Phase 3, which opened for applications in September 2021, to support administration rather than frontline activity, focused on strands of 'survive' and 'thrive'.
- Up to 30 people were able to meet outdoors. Larger organised outdoor gatherings and events, such as sporting fixtures, were allowed subject to risk assessment and suitable measures, such as social distancing. Further rule changes were paused due to the arrival of the Delta variant.

July 2021

- Organised indoor events were allowed for up to 1,000 seated or 200 standing people. Up to six people were able to meet indoors in private homes and holiday accommodation.

August 2021

- No limits on numbers of people who can meet indoors or outdoors. All businesses were able to reopen. Face coverings no longer required where food or drink is served but their general use is encouraged wherever practical. Reasonable measures to prevent spread should be taken at public places and workplaces.

September 2021

- Introduction of COVID pass for entry to nightclubs, indoor and outdoor non-seated events, any event attended by more than 10,000 people.
- The Welsh Government provided a further £1.74 million from reserves to increase TSRF Phase 3 funding.

December 2021

- The Welsh Government provided a further £3 million from reserves to increase TSRF Phase 3 funding.

Appendix 3: Case study

The largest combined awards administered by WCVA for the Welsh Government were to Mind Cymru, the mental health charity, which received:

- a Voluntary Services Emergency Fund (VSEF) grant of £537,316, awarded on 19 May 2020; and
- a Voluntary Services Recovery Fund (VSRF) grant of £99,980, awarded on 12 January 2021.

Both awards were for time-limited funding to roll-out a national 'Active Monitoring' self-directed mental health support programme; providing a single, central point of contact from which vulnerable people with mental health needs in Wales were referred to those local Mind services that were involved with the project from whom they would then receive individual support packages.

VSEF awards did not usually exceed £100,000, although the WCVA made clear when advertising the funding that larger awards could be made. The WCVA and Welsh Government officials agreed that multiple separate applications below this level from local Minds would have been burdensome and protracted if dealt with individually. Therefore, Mind Cymru's application and award were aggregated. The WCVA worked with the Welsh Government to ensure the grant would not duplicate any existing direct Welsh Government funding and Mind did not receive any Third Sector Resilience Fund (TSRF), to replace lost revenue.

Mind Cymru had to evaluate VSEF before accessing VSRF and so produced monthly snapshot evaluation reports on Active Monitoring throughout the period of their VSEF grant. Both grants have been monitored in accordance with the funding conditions by Mind and WCVA. They have reported positively on service uptake, activity volumes and user satisfaction with some wider evaluation work ongoing. Between June 2020 and January 2021, 3,997 people registered interest in the service via online self-referral and 2,753 attended their first session, following initial assessment. The support pathways most commonly accessed by users were anxiety (32%), stress (18%) and depression (13%), with 17% of users accessing multiple pathways. Overall, 62% of users did not require onward referral from Active Monitoring to other forms of local mental health support.

The single central point of contact for Active Monitoring enabled local funding to be linked directly to local activity under partnership agreements that reflected service volumes, so that funds followed the user. As COVID 'hot spots' emerged, increasing anxiety and demand but reducing local service capacity as staff and volunteers fell ill, demand was diverted to areas where there was capacity.



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.