

# Clinks' response to Welsh Parliament Finance Committee: Call for information on the Welsh government Draft Budget proposals for 2023-24

## 1. About Clinks

1.1 Clinks is the national infrastructure organisation supporting voluntary sector organisations working in the criminal justice system. Our aim is to ensure the sector and those with whom it works are informed and engaged in order to transform the lives of people in the criminal justice system and their communities. We do this by providing specialist information and support, with a particular focus on smaller voluntary sector organisations, to inform them about changes in policy and commissioning, to help them build effective partnerships and provide innovative services that respond directly to the needs of their users.

1.2 We are a membership organisation with over 600 members, including the voluntary sector's largest providers as well as its smallest. Our wider national network reaches 4,000 voluntary sector contacts. Overall, through our weekly e-bulletin Light Lunch and our social media activity, we have a network of over 15,000 contacts. These include individuals and agencies with an interest in the criminal justice system and the role of the voluntary sector in rehabilitation and resettlement.

1.3 Clinks has 37 members who are either based in, or operate significant projects in, Wales. In addition, we have a dedicated member of staff whose role is specifically focussed around supporting the criminal justice voluntary sector in Wales and building relationships with statutory sector stakeholders.

1.4 The National Criminal Justice Arts Alliance (NCJAA), a national network of over 800 artists, arts organisations, and criminal justice practitioners using creative approaches to reduce reoffending is embedded in Clinks. We also support a network of women's centres and specialist women's services working in the criminal justice system, and our race and justice network supports organisations led by and focused on racially minoritised people.

1.5 Clinks provides the Chair and secretariat for the reducing Reoffending Third Sector Advisory Group (RR3). This is a formal advisory group to the Ministry of Justice and HM Prison and Probation Service made up of openly recruited senior leaders from the criminal justice voluntary sector. This meets quarterly with government officials to provide guidance and feedback from the sector. The structure of the RR3 ensures that members of the group have a diverse range of knowledge and experience, including guaranteeing representation for the sector operating in Wales.

## 2. About this response

2.1 Due to the nature of Clinks' work and expertise, our response will be focussed on consultation question seven, particularly the sub-question asking, "is support for third

sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?”

2.2 Our response draws upon our State of the Sector research undertaken during 2022 and due to be published in early 2023, as well as knowledge and intelligence gathered through our regular and ongoing engagement and support to the criminal justice voluntary sector in Wales.

### 3. Summary of key points

3.1 The key points from Clinks’ response are as follows:

- The most effective way for the Welsh government to support the sector is to ensure it is adequately resourced to deliver high-quality services through the provision of flexible, unrestricted, multi-year grant funding.
- The Welsh government plays a key role in supporting the criminal justice voluntary sector: Clinks’ research found it is the biggest funding source for grants and contracts for organisations operating in Wales.
- While justice is not a devolved issue in Wales, many of the drivers of contact with the criminal justice system, such as poverty relief, substance use, and accommodation, are devolved. Therefore, many of the services that the voluntary sector provides to people in contact with the justice system in Wales are areas where the Welsh government can provide support.
- In addition to ensuring funding in these devolved areas is sufficient and sustainable, the Welsh government should work with the Ministry of Justice and HM Prison and Probation Service to ensure their funding models for the voluntary sector in Wales achieves the same.
- Organisations are reporting taking on more service users with greater need. In response to this, many organisations said their staff are taking on larger caseloads.
- Staff recruitment and retention is a particular challenge for criminal justice voluntary organisations, driven by increased demand for services and inflationary pressures.
- Grant funding is the most effective way of funding the voluntary sector. Organisations spoke more positively about grants, compared to contracts, across a number of different domains, both administrative and financial.
- Many organisations said they did not receive full cost recovery on at least some of their contracts, forcing them to subsidise the shortfalls using their reserves or other funding sources.
- Three-quarters of organisations reported their running costs had risen, with more than a third saying they rose significantly.

### 4. The state of the criminal justice voluntary sector 2021-22<sup>1</sup>

4.1 Clinks carries out annual research into the landscape of the criminal justice voluntary sector, and publishes this in our report, *The state of the sector*. As part of the research for this year’s forthcoming report, Clinks carried out a survey of the criminal justice voluntary sector in England and Wales.

4.2 Our survey attracted responses from 89 organisations and eight independent arts practitioners who work with people in contact with the criminal justice system. Of the organisations who responded, 33% delivered services in Wales, with 24% of those organisations doing so exclusively (representing 8% of the overall sample). We found most organisations operating in Wales provided services in South Wales (79%) and North Wales (76%). A smaller proportion operated in Gwent (59%) and Dyfed Powys (52%).

4.3 Voluntary organisations working in the criminal justice system have a long history of providing services that complement and supplement statutory criminal justice services. The sector has used its knowledge and expertise as a driver for positive change, such as by pioneering distinct services for women in the criminal justice system, developing support for families of people in prison, and championing service-user-led approaches. Voluntary organisations often provide wrap-around services to enable and support individuals to undertake and complete their sentence and go on to live fulfilling lives.

4.4 The criminal justice voluntary sector is particularly well-known for providing specialist services that reflect the diversity and needs of individuals. There are many specialist organisations for groups such as racially minoritised people, women, veterans, foreign nationals, mothers and babies in prison, and networks that link common services, such as around the arts, faith, and sport. The sector remains a key provider of support for families of people in prison.

## 5. Service users

5.1 It is vital that, in its budget, the Welsh government recognises the role it plays in supporting the criminal justice voluntary sector in Wales, and the people those organisations support. Our survey found the number people criminal justice organisations support is increasing, and the level, complexity, and urgency of their needs continues to grow. Overall, 69% of organisations across England and Wales said their number of service users increased, with 28% saying the number had increased significantly. More than 80% of respondents said there was an increase in the level of need and the complexity of need, and over half reported an increase in urgency of need. Organisations with an income of under £100,000 were more likely to report that the level of service user need had risen.

5.2 When asked about their response to this change in service user need, a majority of organisations said they planned to work more flexibly with clients (63%) and increase partnership working with other voluntary sector organisations (53%). Concerningly, 46% of respondents said their staff would take on larger caseloads. This raises serious potential implications for service quality, and staff welfare and retention. The provision of flexible, unrestricted, multi-year grants for voluntary organisations is the most effective way to help them to mitigate the challenges they face and continue to deliver high-quality, effective services to people in contact with the criminal justice system.

## 6. Staffing of voluntary organisations

6.1 It is vital that Welsh criminal justice voluntary organisations have the financial resources they need to offer competitive salaries to their skilled staff. Whilst our survey found that

staffing levels remained stable, organisations reported the recruitment of skilled and experienced staff is increasing challenging. Clinks has also heard, through its networks in Wales, that organisations are struggling with staff retention. Therefore, there is risk that staff will move to jobs elsewhere. This will mean organisations are not able to provide effective, high-quality services to people who need support.

6.2 The reasons for these challenges are likely to be twofold. As we saw above, organisations are facing an increased demand for services from services users who are presenting with a higher level, complexity, and urgency of need. This means that in a significant proportion of organisations, staff are having to take on larger caseloads to respond to this. However, this puts staff under greater pressure, having a negative impact on wellbeing.

6.3 In addition to this, inflation and the increasing cost of living is impacting on staff pay. At the time of writing, inflation, measured by the Consumer Prices Index, stood at 11.1%.<sup>2</sup> Hence, staff are seeing their pay packets fall in real terms, while being asked to take on increasing workloads to respond to the increase in service user numbers and need.

6.4 Challenges around staffing are exacerbated further because there is a significant pay gap between charities and organisations in other sectors. Recent research by Pro Bono Economics<sup>3</sup> found that, across their working lives, employees in the charity sector are paid an average of 7% less per hour than those in similar roles in the rest of the economy. For staff with higher qualifications, the pay gap is even larger: while 56% of the charity workforce holds a degree, compared to 39% of the rest of the workforce, charity staff with a degree are estimated to earn about £40,000 less between the ages of 21 and 55 compared to people in other sectors.

## 7. The financial sustainability of the criminal justice voluntary sector in Wales

7.1 For organisations operating in Wales, our survey found the Welsh government to be the largest funding source for both grants and contracts. This is particularly significant because criminal justice is not a devolved area of government in Wales. There will be many organisations who work in areas such as poverty relief, substance use, and accommodation whose service users include people in contact with the criminal justice system. The support these people receive from voluntary organisations in Wales will likely be a vital lifeline to them, supporting them to transform their lives.

7.2 Therefore, it is vital that, in its budget, the Welsh government recognises the role it plays in supporting the criminal justice voluntary sector in Wales, and the people those organisations support. This is most effectively done through the provision of flexible, unrestricted, multi-year grants that reflect the pressures being placed on voluntary organisations by the cost-of-living crisis. Moreover, the Welsh government should work with the Ministry of Justice and HM Prison and Probation Service to ensure the criminal justice voluntary sector in Wales receives the same sufficient and sustainable funding from Westminster departments.

7.3 Our research found that grant funding is far more effective than contracts for voluntary organisations in England and Wales. With grants, organisations were more positive about funding managers being flexible in adjusting requirements; that the ethos/values of the organisation and the funder are similar; and that there was transparency about refreshing or reapplying for funding.

7.4 Organisations also agreed that grants offered sufficient and sustainable funding: 54% agreed that grant funding awards were adequate to deliver a high-quality service, and two thirds agreed the financial terms were sustainable.

7.5 The reverse was seen with contracts, with respondents disagreeing they provided funding that was sufficient and sustainable. Two-thirds said they did not think contract funding was adequate to deliver a high-quality service, and two-in-five reported the financial terms of their contacts were unsustainable.

7.6 Moreover, organisations described subsidising contracts from their own reserves or other funding sources, because many do not achieve full cost recovery on their contracted services. Of the respondents who delivered services under contract or sub-contract, 23% said they did not receive full cost recovery on any of their contracts, and a further 19% said they did not receive full cost recovery on more than half of their contracted services.

7.7 The running costs for organisations are rising sharply. A large majority of respondents (75%) said their costs had increased, with 35% saying they had increased significantly. It is important to note that our survey was run between June and August 2022, and inflation and energy costs have increased further since then, meaning organisations' operating costs are likely to have risen even further.

7.8 Travel costs, particularly in more rural parts of Wales, have been raised as an area of particular concern to Clinks colleagues following our research. The increased price of fuel is making it more difficult to justify staff making lots of journeys around parts of Wales to deliver services. It is also making it harder for service users to travel to central locations to access services. Limited public transport options compound these problems for both voluntary sector staff and service users.

7.9 Considering these findings, flexible, unrestricted, multi-year grant funding emerged as essential for the stability of criminal justice voluntary organisations. Unrestricted funding provides flexibility and enables organisations to use resources in ways that have the greatest potential impact on their ability to meet the needs of their service users.

## 8. Conclusion

8.1 The criminal justice voluntary sector operating in Wales is going to need increased support in order to continue to be able to deliver high-quality, effective services to people in contact with the criminal justice system. With rising numbers of people accessing services, and those people having greater and greater needs, organisations need to have the resources to be able to attract and retain skilled staff to offer people the best support.

8.2 By ensuring the Welsh criminal justice voluntary sector is adequately resourced, organisations can continue working with people in contact with the criminal justice system to help them transform their lives. Not only will this positively improve the outcomes for individuals receiving support from voluntary sector services and the communities in which they live, but it is likely to also lead to cost savings across a range of government departments. For example, a recent report by Women in Prison<sup>4</sup> found that investment in women's centres brings a three-fold return on taxpayer funds.

8.3 Insufficient funding will result in organisations having to make cutbacks to their services, but demand for help and support from people in contact with the criminal justice system will continue to rise. This means that statutory services will likely see increased numbers of people seeking help, placing further pressure on what are already often very in-demand services. With the needs of service users increasing, the longer it takes them to get help, the more complex their needs could become, requiring more costly, higher-level interventions. Not only will this lead to challenges for remaining voluntary sector and statutory services, but it will also make it harder for the Welsh government to achieve its policy aims, such as reducing reoffending and preventing more people from being swept into the criminal justice system.

8.4 The current high rates of inflation and rising cost of living is also impacting the ability of criminal justice voluntary organisations to deliver effective services. We have explored how the challenges are more acute with regards to contracted services with a significant proportion struggling to achieve full cost recovery on all or most of their contracts. The subsidies that organisations are using to cover these shortfalls are finite, and inflationary pressure is likely to mean these will run out more quickly than previously anticipated.

8.5 The evidence shows that grants are the most effective funding mechanism for the criminal justice voluntary sector in a range of different domains, including both administrative and financial. With the Welsh government emerging as the largest funder for criminal justice voluntary organisations operating in Wales in our survey, we therefore recommend the Welsh government's budget can most effectively support the sector through flexible, unrestricted, multi-year grants that reflect the current cost-of-living crisis. The Welsh government should also work with Westminster departments to ensure criminal justice voluntary organisations receive sufficient and sustainable funding from the Ministry of Justice and HM Prison and Probation Service. This will enable the sector to support people in contact with the criminal justice system and help them to transform their lives.

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<sup>1</sup> Clinks. (2023). *The state of the sector 2022*. Forthcoming.

<sup>2</sup> Office for National Statistics. (2022). *Consumer Price Inflation, UK: October 2022*. [Online]. Accessed: 16 November 2022. Available from: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2022>

<sup>3</sup> Pro Bono Economics. (2022). *The price of Purpose*. [Online]. Accessed 11 October 2022. Available from: <https://www.probonoeconomics.com/the-price-of-purpose>

<sup>4</sup> Women in Prison. (2022). *The value of women's centres*. [Online]. Accessed: 16 November 2022. Available from: <https://womeninprison.org.uk/news/report-launch-the-value-of-womens-centres>