



Exploring themes for the future of third sector support services in Wales: a literature review

**David Cook, Wales Council for Voluntary Action
Dr Sioned Pearce, Cardiff University**

About the authors

David Cook is Policy Officer at Wales Council for Voluntary Action (WCVA). His interests are public service delivery, equalities and third sector communication.

Dr Sioned Pearce is Research Associate at the Wales Institute for Social and Economic Research Data and Methods (WISERD) at Cardiff University. Her research interests are constitutional change, political theory, social justice and impact (in policy and third sector organisations).

Acknowledgements

With thanks to Paul Chaney, WISERD; Anna Nicholl, WCVA; and colleagues from County Voluntary Councils.

Published by
Wales Council for Voluntary Action
Baltic House
Mount Stuart Square
Cardiff CF10 5FH
Telephone: 0800 2888 329
Website: www.wcva.org.uk
Registered charity number 218093, company limited by guarantee 425299

ISBN 978-1-910340-21-9

This report is available in Welsh and English.

Contents

1. Introduction	4
2. The third sector in Wales	4
3. The role of the third sector	5
4. What would an ideal third sector look like over the next five to ten years?	6
5. Key challenges and opportunities facing the sector in the coming five to ten years	9
6. Relationships with other parts of society	20
7. What roles should organisations like WCVA and CVCs play?	24
8. Summary	28
9. References	29

1. Introduction

This Literature Review was commissioned jointly by Third Sector Support Wales, a network made up of Wales Council for Voluntary Action (WCVA) and the 19 County Voluntary Councils (CVCs).

The Review aims to assess published literature to identify themes and challenges facing the third sector in Wales, so informing Third Sector Support Wales' strategic thinking over the coming years.

2. The third sector in Wales

The third sector in Wales is enormously diverse. It includes charities, voluntary organisations, community associations, self-help groups, faith-based organisations, development trusts, social enterprises, co-operatives and mutual organisations (WCVA, 2016).

Third sector groups in Wales range from informal neighbourhood and community groups through to complex global organisations with operations in Wales.

A definition of the values and characteristics that unite third sector organisations regularly used by WCVA and Welsh Government (Welsh Government, 2014; WCVA, 2016)) is:

- *independent, non-governmental bodies;*
- *established voluntarily by people who choose to organise themselves;*
- *'value-driven' and motivated by social, cultural or environmental objectives, rather than simply to make a profit;*
- *committed to reinvesting their surpluses to further their social aims and for the benefit of people and communities in Wales.*

Other groups such as professional associations, trade unions and universities are excluded (see more at WCVA, 2012).

WCVA's All Wales Database of Voluntary Organisations in Wales shows the following data:

- 32,555 organisations in Wales
- with 931,000 volunteers.
- 8,963 are registered charities.
- The most represented categories are sport and recreation (22%), community (20%) and religion (14%).

WCVA's *Third sector statistical resource 2016* shows that there are 277,300 governance positions in third sector organisations, and that there are between 52,800 to 79,200 posts in the sector, equivalent to 4-7% of all jobs in Wales.

3. The role of the third sector

The third sector is diverse and contributes to society on many levels. In looking at the role of the third sector, we've included discussions on the role of civil society, as third sector organisations are a significant element of civil society. Some of the different and often used descriptions of the role of the third sector and civil society are set out below.

- Antonio Gramsci defined the role of civil society as to complement - and hold to account - the state and markets, while building capacities to think differently, challenge assumptions and norms, and articulate new ideas and visions (Powercube, 2010).
- Carnegie UK Trust's report on its Commission of Inquiry into the Future of Civil Society in the UK and Northern Ireland (2007) describes civil society as the 'space' for organised activity not undertaken by the state or business; and where societal differences and problems, along with government policy and action, can be debated. Civil society can also be a shorthand for activities that promote a 'good' society. The report describes the range of civil society activity, much of which is also reflected in the diversity of third sector activity:

'Civil society activity touches on the lives of most of us at some time or another, as a provider of services, a means of entertainment and recreation, or as a channel to protest against or influence the decisions of the powerful. It can be seen everywhere and in everything from village halls to places of worship and ranges from campaigns on the street to end poverty or combat climate change to workplace organisation, and from small groups coming together on the web to self-help groups or clubs to promote sports or leisure activities.'

- Day, Dunkerly and Thompson (2006) cite civil society as 'the sphere of institutions, organisations and individuals located between the family, the state and the market, in which people associate voluntarily to advance common interests'.

The Carnegie Trust identifies four areas where civil society could make the most difference:

- (1) growing a more *civil economy* through building diversity of economic institutions including co-operatives and social enterprises and championing the development of low cost financial products e.g. mortgages with flexible repayments;
- (2) ensuring a rapid transition to a low carbon economy;
- (3) democratising *media ownership* and content through growing local media and news, strengthening transparency and protecting the free democratic nature of the internet; and
- (4) helping develop participatory and deliberative democracy through setting up neighbourhood councils, for example or more rights for petitioners and bridging institutions cutting across class, faith and race (Carnegie Trust 2010: 6).

4. What would an ideal third sector look like over the next five to ten years?

An ideal third sector is difficult to define, as different people have different hopes for what the sector can achieve. However, reviewing the literature shows a number of themes coming up time and again which are set out below.

A sector that ... empowers communities

A significant amount of third sector activity takes place at the community level. Many see an important role for the third sector as 'empowering' communities. Talwrn is an alliance of twelve diverse third sector organisations supporting disadvantaged people in Wales, including Caia Park Partnership, Samaritans Cymru and Arts Factory. They believe individual and community capacity can be developed through three key themes. These are

- Empowerment: how the third sector can support and develop the strengths of individuals, families and communities
- Enterprise - how to build self-sustaining social enterprises and promote personal and community enterprise
- Voluntary sector effectiveness - building the capacity of third sector organisations to meet needs.

Talwrn describes itself as a 'community of practice' - 'groups of people who share a concern or passion for something they do and learn how to do it as they interact regularly' (2016). Members are practitioners who share resources, including experiences, tools, and ways of addressing problems. Might the community of practice model be one the sector should look to adopt? It is a way of sharing good practice, which is a theme that occurs throughout this report.

Marilyn Taylor (1995) lists 'the ingredients of success' for empowering communities, which are:

- A full understanding of a community's problems.
- Solutions that start from a community's own perceptions and priorities, but linked into the wide local and regional economy.
- Support for residents in developing individual and organisational skills and capacity.
- New approaches to service delivery which are locally delivered and determined, but allow residents to choose how much to be involved.
- Investment to create opportunities for local jobs and training.
- New forms of local governance which share power with residents.
- Strategies to make short-term investment work for the long-term through creating community assets, endowments, opportunities to bid for service contracts and attractive opportunities for future investment.

A sector that ... is trusted and well governed

WCVA's *Good Governance: A code for the third sector in Wales* (2012) lists six principles that an effective board will follow to provide strong governance and leadership:

- Understanding their role
- Ensuring delivery of organisational purpose
- Working effectively both as individuals and as a team
- Exercising effective control

- Behaving with integrity
- Being open and accountable

The NCVO's Strategic Priorities for 2014-19 (2015) refers to expected higher standards of transparency and accountability. This is something the third sector should always aspire to achieve, but even more so given the drop in public trust that many organisations - not just in the third sector - face. The challenge to reverse this fall in opinion is discussed in more detail later.

As the third sector push government to be more transparent through initiatives such as the Open Government Partnership (see <http://www.opengovpartnership.org/>), so the third sector should be open and transparent about its activities.

Sport Wales (2015) cite research by Birkbeck Sport Business Centre (University of London). The report argues that sport cuts across socio-economic boundaries, geographies, culture and demographics and therefore sport governance has a greater focus on inclusion and diversity. The Framework described in the report includes seven principles for good governance in voluntary organisations: integrity; defining and evaluating your role on a board; setting vision, mission and purpose; objectivity, balanced and inclusive; standards, systems and controls of the board; accountability and transparency; understanding and engaging with the sporting landscape.

A sector that ... is well resourced through a diversity of income

In its 2015 report, *An insight into the future of charity funding in Wales*, Garfield Weston stress the potential - and need - for income diversification within the third sector, suggesting that income from private giving and the public sector simply isn't enough, and that there is a need to strengthen fundraising from private sources (Garfield Weston, 2015). However, there is a lack of expertise, drive and resources in order to do this, with only the provision of training services - 'where activities are embryonic and somewhat tentative' - acting as an example of entrepreneurial development. They recommend funders look to provide development grants for organisations to improve their skills in business planning, budgeting, market research, costing and so on to help charities become more proactive in seeking ways to diversify their income.

The third sector of the future will require improved capacity and support. Smerdon and Deakin (2010), in a report on grant-funded organisations, highlight the importance of this by pointing out that improved capacity helps organisations stick more firmly to their purpose and values, with groups reporting that being able to use increased capacity to improve the strength and effectiveness of their negotiating methods were able to exercise more influence on how statutory bodies designed and funded services. This also lent them an improved sense of 'legitimacy' in their relationships with government.

A sector that ... encourages civic participation and democracy

The definitions of Gramsci and Carnegie earlier remind us that an important role for the sector is to scrutinise and hold to account governmental decision-making processes. Part of this process is for the sector to build strong relationships with politicians, government and local authorities in order to get the voices of the communities it serves effectively heard by decision-makers. Civicus suggest that 'failure to find the political will and breakthrough needed to confront crises of economy, inequality and climate are generating crises of legitimacy. Citizens feel excluded from the process of making decisions that directly affect their lives' (Civicus, 2013). Strong sector/decision maker links represents a

small part of the process to resolving these crises through civil participation and more participatory democracy

It's vital for the sector to be able to continue to recruit and keep hold of volunteers. Welsh Government's Volunteering Policy, *Supporting Communities, Changing Lives* (2015) sets out actions to support this - such as improving access to volunteering for under-represented groups and encouraging local authorities to put their own volunteering policies into practice - alongside the *Third Sector Scheme* and the *Partnership Agreement* (2014).

A sector that ... understands impact

Civicus also point out the importance of measuring the impact of your work (and doing so, as Lumley says, involves 'setting clear goals for your organisation before you can measure whether you're achieving them' (2013)). An ideal third sector would be doing this continually, and sharing learned good practice with others along the way. However, it must be recognised that measuring impact has often been a challenge for a number of sector organisations - there is more on these challenges in the next chapter.

5. Key challenges and opportunities facing the sector in the coming five to ten years

Money

Shrinking public funds

We are in a period of reducing public budgets, and this is set to continue for some time. Mark Jeffs (2011) highlights that funding pressures and rising demand means that Welsh public services could face a funding gap of between £2.6 billion and £4.6 billion by 2025. Phillips and Simpson (Phillips and Simpson, 2016) state that if Welsh Government protects the NHS budgets in the same way as the UK Government protects the English NHS budget, other spending would face cuts averaging 7.4% in real terms leading up to 2020.

The WCVA State of the sector survey (2015) showed a bleak outlook from the 507 organisations who took part. Headline findings included:

- The financial situation of 28% of organisations that responded had worsened over the last three months
- 44% of organisations predicted that their financial situation will get worse over the next twelve months
- Since the survey began in February 2009 a minimum of 1,243 posts have reported to have been made redundant in Wales
- 92 organisations reported 305 posts are at risk
- 69% of organisations provided a service and of those 28% (142 organisations) had seen an increase in demand during the last three months.

Many of these result from funding cuts or failure to secure new funding and this is one of the major challenges for the sector over the next five years. Eight years post-recession and five years into austerity measures in the UK and in the UK's poorest country, the need for a third sector to deliver services is on the increase. However, while need for these services is increasing due, for example, to benefit reform and cuts to legal aid, the sector continues to be asked to do more with less. For instance, the *Third sector statistical resource 2013* showed the sector received £334 million from Welsh Government. The *2014* resource showed this figure fell by £28 million in one year to £306 million. By the time of the *2016* resource, this had fallen further to £290 million.

There are fears that the UK's decision to exit the European Union will result in a further funding shortfall that could severely impact sector activity in parts of Wales. The 2017-2013 Structural Funds programme gave £100m of funding to 45 third sector schemes. Through procurement contracts, £187m was awarded to the sector. Many millions of pounds of funding has already been approved for the 2014-2020 Structural Funds programme.

Local Government funding

A report by the Local Government Data Unit (2015) found around £283 million in funding from local authorities to the third sector in Wales in 2013-14. This report distinguished between service procurement and grants with 84% from procurement and 16% as grants. Another form of support was relief from Non-Domestic Rates. The third sector service areas most likely to be funded by local authorities in 2013-14 through payment for services and grants were: social care services (£154,000), housing services (£45,181) and education services (£18,026). The least commonly funded services were: highways and transport (£811) central services (£3,095), culture (£4,351) and central services (£6,108).

So the majority of third sector funding from local authorities comes from social services. Of those the most funded in 2013-14 are services for younger adults (60%) then services for children and families (24%). The majority of funding comes from WG initiatives: Supporting People, Families First, Flying Start, Learning Disability Strategy and Local Transport Services grant.

A shift from grant funding to procurement and contracting

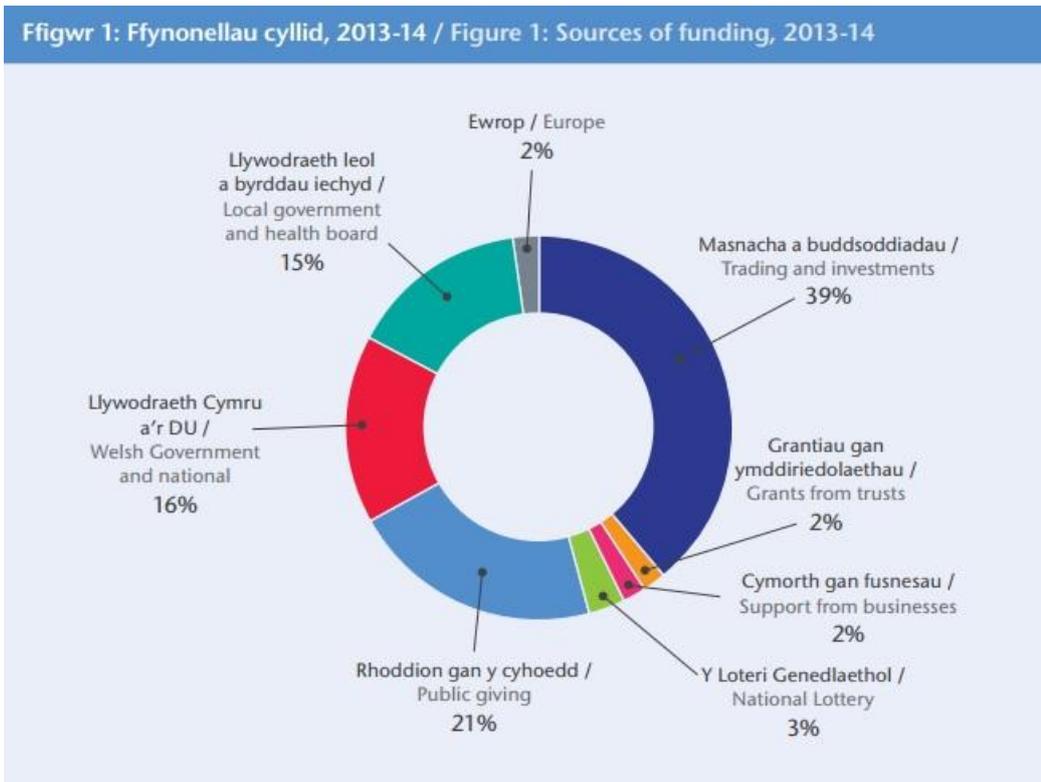
A briefing from Wales Audit Office (2015) on council funding for third sector organisations found a move away from grant funding to contracting. Referencing a report from the Local Government Data Unit commissioned by WCVA, it found that in 2009-10, councils provided £160.5 million to sector organisations, up from £68.3 million in 2001-02. However, according to Wales Audit Office figures from 2013-14, over three-quarters of funding provided to the sector was payment for specific services, with the remainder being grant funding. So while over the period of 2001-02 to 2009-10 there was an increase in funding to the sector, the nature of funding has now undergone a fundamental shift away from grants, something many sector organisations may find very concerning.

There has been debate around the sector over the last few years around procurement. Welsh Government's 2010 report on third sector funding patterns was commissioned as a result of deliberations by the Third Sector Partnership Council around sector funding. The review which fed the report was set up to gather the views of third sector funders and funding recipients; review literature across the UK and consider new approaches to sustainability. The final report, *A review of funding patterns to the third sector*, says that procurement should not be the default means of engagement with the sector, and that it is not the only solution to 'advance outcome-based funding practices. Procurement professionals need to recognise this and need to reflect it more fully in the advice they give to those who commission services from the third sector'. And where procurement is the most appropriate engagement mechanism, it is important to recognise that 'one size does not fit all'. However, the sector needs to improve 'the way it sells itself to commissioners and purchasers'. The report finally suggests that funders and the sector need to explore investment-based funding mechanisms 'with a greater appetite and urgency'.

Decreasing public giving

The third sector statistical resource (2014) highlighted that 27% of income for the 32,555 third sector organisations in 2011-12 was public giving. However, the 2016 edition reported that, in 2013-14, this figure had dropped to 21%.

Ffigwr 1: Ffynonellau cyllid, 2013-14 / Figure 1: Sources of funding, 2013-14



From the *Third sector statistical resource 2016*

Small and medium sized charities

Lloyds Bank Foundation for England and Wales (2016) report that since 2008, small and medium sized charities have lost 44% of the income they receive from local and central government. Smaller charities experienced a higher income volatility than larger ones between 2008-09 and 2013-14, with Welsh charities losing 11% of their overall income. Over 23,000 charities in Wales and England have closed their doors since 2008. The funding crisis, say Egino, creates 'a disconnect between strategic policy and frontline delivery'. And, of course, the result of the recent EU referendum may well lead to closures of projects that were in receipt of European funding.

The Lloyds Bank Foundation issued a series of recommendation to support charities, including reform of public commissioning to ensure resources reach smaller charities; funders to confirm reduction or end of funding with plenty of notice to enable forward planning; and funders to make money available to allow charities to improve their capabilities and capacity in addition to service delivery.

Increased costs

The Third Sector Research Centre (2015) highlights the difficulties that the National Living Wage may bring, suggesting that an increase of £500 million in wage costs across the sector 'is plausible' once employer contributions to National Insurance, pensions and more are taken into account. However, they note that this level of payment is unlikely to be reached until 2020, allowing some preparation time.

Falling public trust in charities

Etherington et al (2015) highlight several concerns for the sector around fundraising regulation. Their report recommended a restructure of the way charitable fundraising is regulated, including the closure of the Fundraising Standards Board. The new Fundraising Regulator began work in the summer of 2016, backed by the new Charities Act 2016.

However, any new approach will take time to adapt to and problems may arise - which could be concerning given the current press coverage around charities seen not to be using good practice, for instance in the Olive Cooke case. The report stresses a need to 'reconnect charitable values with fundraising practice, and ensure effective oversight by trustees and management'. One area of particular concern for the sector is the proposed Fundraising Preference System, which would allow people to opt out of all charitable communications by ticking one box. However, this would make it hard for charities to attract new donors, and could also mean that donors miss out on correspondence from organisations they are actually interested in. A working group looking at FPS has suggested that it should apply on a person-by-person basis, rather than by household, and it should give the user the option of listing organisations from which they would still like to hear. It also suggests that charities with an income of under £1 million should be exempt from the FPS.

It is important for the sector that this change in regulation is efficiently managed, given the 6% drop in charitable giving in Wales reported by WCVA's *Third sector statistical resource 2016*. The Charity Commission report that public trust in charities in England and Wales is currently at its lowest level since monitoring began in 2005, with trust falling to 5.7 out of ten among the public. The reasons given for this by people were:

- Media stories about charities generally
- Media coverage about how charities spend donations
- They don't trust them/don't know where the money goes
- Use of pressurising techniques in fundraising
- Too much money spent on advertising/wages

The report goes on to say that 67% think charities spend too much of their funds on salaries and administration, and focus groups talked about a perceived lack of progress on the causes charities fight for. 74% of the public find some fundraising methods uncomfortable. However, the new regulator and the new Charities Act may go some way to bringing these figures down.

Impact

Third sector organisations want to make the biggest impact they can with the resources they have available. Understanding and measuring the impact of their actions is crucial to enable this to happen, especially as funders often want to see this.

Measuring and evidencing impact

A number of initiatives over recent years have been focussed on supporting organisations to understand and increase their impact. The UK Voluntary Sector Research Group's report on measuring impact written in 2003 gives an extensive toolkit for measuring impact in the third sector.

In the *Third Sector Scheme 2014-15 Annual Report*, WCVA state that evidence is vital. 'Social return on investment, community benefits and hearing people's own stories and experiences add real weight to the value of the contribution made by the third sector'. Some of the sector has found it difficult to evidence its impact in the past; however the need for this seems likely to increase as competition for funding continues to grow.

Welsh Government has also been promoting better understanding of impact, linked to outcomes-based funding. In Welsh Government's *Stakeholders views on the objectives of the Third Sector Partnership Agreement (2012)*, stakeholders noted that the introduction of outcome-based performance indicators would present a number of challenges - identifying them, ensuring understanding of those reporting on them, changing how people work and collecting outcome-focused data. Welsh Government's *A review of funding patterns to the third sector*, states that 'monitoring systems are fundamental to successful funding relationships that take outcomes seriously' (2010), and suggests that performance-related break clauses are built into contracts and agreed up front by both parties. It also suggests that sector funders need to 'redouble efforts to ensure commissioners understand the principles of an outcome-based approach to funding', as set out in the Code of Practice, to 'revitalise trust in, and the professionalization of, the funder'.

Increasing impact

Whilst evidencing impact is clearly crucial to the sector (and others), the real challenge is to make a positive impact, and the biggest impact possible given the available resources. It's not just the third sector that's been the focus of increased efforts to understand impact. In a climate of decreasing public funds, it's risen up the agenda of public bodies, as seen by the increasing number of What Works Centres across the UK (UK Government, 2015). A range of organisations are working on the different elements of this agenda, with an increasing wealth of expertise and resources to draw on (for example, Alliance for Useful Evidence).

A coalition of third sector organisations have come together across the UK to develop *Inspiring Impact* (see <http://inspiringimpact.org/>) to support high quality impact measurement in the not-for-profit sector. They have developed an impact toolkit, *Measuring Up*, created an Impact Hub for organisations to share ideas and practice as well as a number of publications. Currently there are lead bodies in England, Scotland and Northern Ireland, but not in Wales. WCVA is currently in discussion to see how to support the third sector in Wales to connect into the project.

Innovation

Given the challenges explored elsewhere in this paper (including economic performance, financial pressures, social changes and the threat to environmental limits), there's growing consensus that we need to do things differently in the future. Focusing on the impact we're trying to make and the outcomes that we're trying to achieve, rather than existing structures, should help to do this.

Innovation is often more associated with business and enterprise, but there's also a significant amount of thinking and practical tools around social innovation. Nesta, a social innovation charity, is a valuable resource to help understand how innovation works (Nesta, 2016) and has a host of resources.

This helps dispel the myths that innovation is some sort of magical process. As well as using existing evidence and drawing on what we already know does or doesn't work, it is

about trying out new things in a controlled way. This demands more experimental approaches (Mulgan, 2013). In Wales, Y Lab has been established as a joint venture between Welsh Government and Cardiff University to support a more experimental approach.

Behavioural insights is increasingly recognised as giving a huge potential to achieve greater impact, without necessarily demanding greater resources (Kahneman, D, 2011). This has seen the development of The Behavioural Insights Team and in Wales, the Wales Centre for Behaviour Change. Good Practice Wales sees the influence of behavioural insights reflected in the Wellbeing of Future Generations Act and the shift to prudent healthcare - two areas of great interest to the third sector (Good Practice Wales, 2016).

Currently, there is a great deal of focus on government and public bodies. However, increasing impact, including through innovation, is just as relevant to (and some would argue a more natural home of) the third sector. Should this be an area of focus for third sector infrastructure bodies?

New legislation

The third sector has an important role in shaping new legislation and must also adapt to new legislation in the way it carries out its activities.

The Well-being of Future Generations (Wales) Act 2015 is a significant piece of framework legislation that will not only impact directly on the public bodies within its remit, but also on third sector organisations that work with them. The Act requires public bodies to put long-term sustainability at the forefront of their thinking, and work with each other along with other relevant organisations and the public to prevent and tackle problems (Welsh Government, 2015b). It sets out seven wellbeing goals and five sustainable development principles:

Wellbeing goals

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- Wales of vibrant culture and thriving Welsh Language
- A globally responsible Wales

Sustainable development principles

- Long-term thinking
- Preventing problems occurring or worsening
- Considering how a body's wellbeing objectives impact on the wellbeing goals; their other objectives or the objectives of other bodies
- Collaborative working
- Involving people, and ensuring they reflect the diversity of the local area

The third sector in Wales is extremely well-placed to help achieve the wellbeing goals. Sector organisations will feature on Public Service Boards set up as part of the Act to help work towards the sustainable development principles, while third sector organisations are working in areas that cut across all the wellbeing goals.

As reported by Egino (2015), long-term thinking around the demands of this Act is one of the biggest challenges facing sector organisations and regulators. They say there is a need for Wales to get 'Act-ready, addressing strategy, leadership, financial planning and cross-sector working practices and commissioners'.

Similarly, the Social Services and Wellbeing (Wales) Act - which provides the legal framework for improving the well-being of adults and children who need care and support, and carers who need support, and for transforming social services in Wales - is now enshrined in legislation. The sector can and should play a key role in the Act's delivery.

The devolution settlement will change again once the Wales Bill makes its way through Parliament. What this will look like remains both controversial and unclear, but will inevitably impact on how the third sector engages with both the UK and Welsh Governments, as well as the Assembly and Parliament.

The Programme for Government

Welsh Government released its five-year plan, Taking Wales Forward 2016-2021, in the autumn of 2016. In it, the third sector and volunteering are mentioned. Welsh Government's plans for the third sector include:

- Work with partners across all sectors to identify more opportunities for people to volunteer
- Renew our relationship with the third sector in order to generate maximum potential for volunteering
- Work with lottery distributors to investigate the creation of a large-scale sustainability fund for voluntary organisations to grow and succeed

Although not explicitly mentioned elsewhere, there are numerous opportunities within Taking Wales Forward where the sector would expect to play a role: helping people acquire skills to return to the job market; supporting community-led projects; supporting renewable energy projects; ending mental health discrimination; protecting community assets and many more.

Partnership working

Partnership working has become very important, with funders often keen to see bids from organisations working together. *Third sector today* (2014) identifies six reasons for this:

- Cutting costs - collaboration allows for shared infrastructure and administrative expenses
- Efficiency - with more organisations involved, the pace at which tasks are accomplished can - theoretically - be increased
- New ideas - diverse staff from different organisations can offer unthought of solutions to problems
- Leadership skills - More experience and knowledge can be brought together
- Voice - like-minded organisations working together can make a message louder
- Differing focuses - Each partner is able to work on different aspects of the same mission, in areas they may be stronger than the others.

Collaborative working is now embedded in legislation in the Wellbeing of Future Generations (Wales) Act.

Welsh Government's *Local, regional, national? What services are best delivered where?* (2011) recommended that 'collaborative procurement' arrangements are put in place for the provision of high-cost packages for looked after children, mental health and learning disability; domiciliary care; tele-care; emergency duty teams and respite care.

Collaboration, it points out 'can reduce working costs, help innovation flourish as skills and expertise are aggregated' and can result in 'a greater momentum to get things done'. However, it goes on to stress that any changes made to service delivery must make an improvement for service users and citizens, with providers focusing on which function of a service is best delivered at which level, rather than placing a whole service within one level by default regardless of appropriateness.

However, partnership working is also a challenge. Reasons for this, as documented by the Third Sector Research Centre (2015), can include assumptions around a third sector organisation's capability - that it is resourced by the state and is better placed than an organisation in another sector might be at managing social problems - that can be damaging. Also, joint working can prove difficult when organisations are hierarchical and each will favour some interests over others.

Other issues around joint working identified by the Third Sector Research Centre include the difficulties rural locations can present, such as long travel times between meetings and it being harder to maintain good communication; changes in legislation from Government; the blurring of sectoral boundaries making it hard to identify lines of accountability; the differences between sectors; disparity in resources between partners; forming suitable governance relationships for new partnerships; the time needed to work effectively in partnership and past negative experience of partnership working proving a deterrent.

An aging population

An aging population may represent another challenge for the third sector, with a projected demand of 65% in the number of older people requiring residential care by 2030 and a 26% rise in those requiring a community-based service by 2030 (Wales Audit Office 2016). The Wales Audit Office report warns of the impact of cuts to community and discretionary services supporting independence, such as community transport groups and day centres, which allow older people to remain in their home and stay independent, safe and healthy. The Social Services and Wellbeing (Wales) Act provides a legal framework to improve the wellbeing of people who need care and support, and carers, and encourages prevention and early intervention. However, funding cuts could make all this more difficult.

Public Services 2025 (2011) suggest that if costs for social care in Wales rise in line with England, the real-terms cost of services for older people in Wales could double from £510 million in 2010/11 to over £1 billion by 2030.

Co-production of public services and collaboration

Welsh Government's current priorities for Third Sector Support Wales include encouraging volunteering, good governance (including around safeguarding) and strategic engagement. On this last item, co-production is consistently heralded as a way of improving user engagement in the design and delivery of public services. In WCVA's response to the 2013 *Continuity and change* consultation, it said that a 'serious exploration' of co-production by the Public Service Commission would have 'profound implications for the role of the sector in the design and delivery of public services'. Co-production then became embedded within

the updated *Third Sector Scheme* of 2014, which promised to ‘support a new approach to public services based on co-production’.

Co-productive techniques, many of which were outlined by Cartrefi Cymru, Co-Production Wales and WCVA in their proposal for a Coproduction Network for Wales (2015), can make innovative use of limited resource. A powerful example is Maggie’s Cancer Caring Centre in Swansea. It is a social space for cancer sufferers rather than a medical one, but has support and clinical professionals on hand to help their visitors, leading to improvements in physical and mental health and combating social isolation. These sorts of projects can help to hit a range of the seven wellbeing goals.

The European Network of National Civil Society Associations (ENNA) also note that ‘truly participative government means enabling stakeholders to help draft, amend, develop, execute, and evaluate government initiatives so that initiatives can truly be the result of a participative citizen-driven exercise’ (2012).

The *Public Service Leaders Survey 2015* also had a great deal to say about the importance of co-production, quoting respondents as saying:

‘Collaboration and sharing services will be increasingly important. There is emerging good practice in areas such as Health and Social Care that show the benefits of closer working.’

And:

‘The need for co-production and service user involvement is immense but this is poorly understood in the public sector. But the investment required in people, skills and culture change is a long term fundamental requirement.’

The three main challenges for the future identified by respondents to the survey were financial pressures, demographic change and public expectation. The three most important changes respondents were planning to make to transform services were:

- Collaboration with other public sector organisations
- Lean/business process improvement methods
- Service user input into service design and/or delivery

Further on collaboration, the Carnegie UK Trust (2015) identify the need to find partners beyond the usual places in order to drive change, saying that shared objectives is more important than the sector partners come from. It also identifies that collaboration leads to coherence of messages, making a more unified voice that is more likely to be heard by decision-makers. On that subject, they also stress the need to present complex data to decision-makers in simple, engaging, innovative ways that can be digested and acted upon. In a time-poor society, it’s important for the sector to remember this when they present information.

It should be noted, however, that there are concerns around this drive for collaborative working, with NICVA noting that ‘while it is welcome that sectors should work closer together on common interests, voluntary and community organisations will face challenges to how they keep their independence and continue to speak out on behalf of the people they work with’ (NICVA, 2015).

The Wales Institute of Health and Social Care also say that there are barriers preventing partnerships with the third sector from being fully realised. Issues include limited resources and capacity to engage policy-makers; lack of clear representation of the sector at regional level, 'exacerbated by tensions between the different levels of interface between third and public sectors'; and sometimes a view from within the public sector that the third sector has 'poor credibility' (2016). Recommendations to improve all this include regional bodies working together to promote procurement and commissioning opportunities for the sector and a regional lead from the third sector to play a representational and brokerage role.

Welsh language volunteering

An improvement to the provision of Welsh language volunteering provision around Wales would also improve the sector. The Welsh Language Commissioner (2014) found that comprehensive bilingual provision tends to be found within traditionally bilingual communities, and mainly in urban contexts. The Commissioner's recommendations include more consideration of Welsh language issues from the Third Sector Partnership Council's volunteering group; that third sector organisations should analyse gaps in their bilingual provision to identify volunteering opportunities; that marketing of volunteering should appeal to Welsh people specifically, rather than recycling UK-wide campaigns; and that groups take an audit of their volunteers' linguistic skills.

Digital technology and communication

The Carnegie UK Trust are just one of many organisations to point out that all sectors need to look at how they provide information and services digitally, and continue to adapt and refine their digital approach. A successful future third sector needs to consistently keep on top of this. *The New Reality* (Dodd, 2015) expands on this theme, stating that the sector suffers a skills gaps when it comes to digital, including in data, process management and innovation; that sector leadership is guilty of delegating all responsibility for digital and not 'buying-in' to the concept; that funders need to support organisations' core costs during this time of change; and that the sector should stop thinking of digital as purely useful for fundraising and marketing, but explore how it can be used to progress their core missions. Civicus note that significant change can be brought about through online forms of citizen action. NICVA, in their strategic priorities for 2016-2021, agree, saying 'the digital literacy of our sector needs to improve to grasp the full potential of digital for organisations'. Good use of digital technology is now essential for the sector to flourish.

On a similar theme, good cross-sector communication - of which digital would play a major part - needs to be consistent. The Wales Institute of Health and Social Care says that there is a need to 'improve communication within the sector and between the sector and partner agencies, sharing information, knowledge, learning and best practice - possibly through creating a map of current activity and services showing connectivity, and identifying gaps' (WIHSC, 2016).

Media coverage

Another barrier is formed by media coverage in Wales, or the lack of it. The Institute for Welsh Affairs recent Media Audit found:

The decline in spending on television programming for Wales began before the banking crisis of 2007- 08 and the subsequent squeeze on public spending. The total combined spend by BBC and ITV on English language television output for Wales has declined consistently since 2002 and accelerated after BBC Wales

passed its peak spend of £26.8m in 2005-06. Up to 2006 the decline was worse in Northern Ireland (-23%) than in Wales (-18%) or Scotland (-3%). Since then it is Wales that has seen the steepest decline (IWA, 2015: 6)

The lack of media coverage of and in Wales is potentially a serious barrier to third sector and civil society organisations having their voices heard and a barrier to Welsh issues being broadcast inside and outside Wales.

6. Relationships with other parts of society

Neither the third sector nor third sector support services exist in a vacuum, and strong relationships with others sectors across society will be central to achieving goals. Also, the boundaries between sectors are becoming more blurred, with organisations often working collaboratively cross-sector to deliver services. In this chapter, we explore the key relationships for the third sector in Wales.

Academia

Collaborating with academics (Evaluation Support Scotland, 2016) gives a number of reasons why the sector should work with academia.

- To increase sector skills and capacity to generate and analyse data from projects
- To access expert advice on methodology and evidence
- To access funding that may not be available without academic support
- To access a wider evidence base
- To generate new evidence
- To reach new audiences

Shucksmith says that the future for influencing public policy involves the co-production of knowledge and long-term knowledge accumulation through shared information rather than individual information. In his report to Carnegie UK Trust (Shucksmith, 2016), he recommends third sector organisations:

- Engage proactively with universities to develop an understanding of potential partners' opportunities, constraints and perspectives. This might involve dialogue, training and staff development activities.
- Enlist academics onto their Boards, on Project Steering Groups or Advisory Groups, or in other voluntary roles.
- Invest in innovative ways of finding spaces for intersection of explicit and tacit knowledge flows.
- Have a clear idea of why they are engaging with academia and what is on offer, in order to prioritise and not over-commit.
- Consider the merits of secondment (outward or inward) with academic partners.
- Consider whether to offer volunteering opportunities to students, and in particular whether to engage in service learning provision.

Welsh Government and the National Assembly for Wales

Government priorities, policies, funding and regulations all impact on the third sector, just as third sector activity shapes government priorities, political debate, policy and service delivery. The Welsh Government is required under Section 74 of the Government of Wales Act to set out how it will promote the interests of voluntary organisations - unique in the UK. It has done this through the Third Sector Scheme (2014) and the Code of Practice for Funding the third sector. Through this, a set of shared values have been developed and an accompanying Framework for Engagement. This sets out the processes around the Third Sector Partnership Council and Ministerial Meetings, and endorses the National Principles of Public Engagement in Wales.

Academics and commentators have brought additional perspectives on these relationships, and sometimes brought challenge. Chaney (2016) looks at Wales and how one party has been in power since devolution in 1999 and argues this presents a particular context for third sector organisations to respond to. He identifies areas which are

compromised by a lack of governmental turnover in Wales and points out way in which the third sector (or civil society) organisations can overcome these in their relationship with government. He focuses on strategic bridging, action repertoires, framing and cognitive locks and civil society organisation networking and alliance building. He argues:

- (1) Strategic building refers to third sector organisations making links with political parties and in a country where there is one dominant political party, the findings suggest it may be of value to engage with weaker opposition parties to compensate for one party dominance.
- (2) Action repertoires are the techniques employed by third sector (and others) to engage with policy makers. A turnover in governing party means a change to this repertoire and avoids institutionalisation or universal acceptance of techniques to influence. In a one-party system it is important to employ a range of techniques which vary and change to *maximise criticality* (Chaney 2016:134).
- (3) Framing and cognitive locks are based on the premise that *those in power are 'more likely to adopt new frames that are resonant, rather than in conflict, with their existing dominant' frames'* (Pollack and Hafner-Burton 2000: 435) and a cognitive lock is an ideological mantra, like 'Clear Red Water', which is applied and repeated no matter what. Chaney suggests third sector organisations frame their pursuits to match the frame of numerous parties and not only the party in power, to avoid complying with a cognitive lock.
- (4) Finally on network and alliance building in a one-party state, Chaney gives an example of a civil society organisation not comfortable with providing advice to a backbench party because their specialist nature made anonymity impossible and therefore their help may have been seen as an attack on the ruling party. Coupled with this is the issue of 'crowding out', whereby a government chooses a body representing an issue to engage with, then small organisations are not consulted on policy to do with their area. Chaney says there is a choice between working with government, working with organisations working with government, or lobbying/critiquing government. For organisations funded by government, like the WCVA, he found a perception of them 'playing the game' and not being willing to 'tell the hard truth' to ministers in power. This is a perception which he argues could be overcome through emphasising the role of the WCVA as a voice conveying the views of many small organisations and not its own views or the views of one organisation.

Chapman et al (2010) also discuss this theme, arguing that when the sector works with government in what they call 'collaborative governance', it is actually 'a sophisticated form of state control, where the third sector is the object of governance rather than an equal partner'. They state that government attempts to make the sector 'governable terrain through "discourses, strategies and administrative and policy changes" broadly conceptualised as "governance".'

Royles (2007) argues that civil society in Wales is important to the devolution project (2007: 148). Her study of civil society in Wales found some organisations have closer relationships with the Welsh Government than others leading to what Gramsci describes as the growth of an *elite civil society*. Adding to this, more recently, Chaney (2016) argues that single party dominance, such as that of the Labour party in Wales since the Second World War, can result in uneven influence from civil society organisations.

The literature presents challenges for Third Sector Support Wales as it takes forward its role in supporting strategic engagement between the third sector and government.

Public bodies

The relationships with local authorities and other public bodies are particularly immediate for many organisations and are changing. Most third sector organisations operate at the local or neighbourhood level, where relationships with local and sub-local public bodies will be key. Third sector activity spans across all aspects of our lives and many third sector relationships with public bodies will focus on specific areas of shared interest - such as health, social care, leisure, criminal justice, youth services, education or the environment.

Compacts can provide a structure for more formal relationships. Whilst the Welsh Government's *Third Sector Scheme* is statutory, many public bodies have developed compacts voluntarily. The Welsh Government's review of local government compacts with the third sector (Rochester and Zimmeck, 2013) concluded that local compacts should remain voluntary. The report found effectiveness and value placed on the compacts varies across areas. In some areas, such as Caerphilly, local authorities have worked with other public bodies to develop shared compacts with the sector.

WCVA's response to the *Continuity and change* consultation of 2013 stresses that local Compacts have a continuing role in shaping the relationship between the third and public sectors in Wales, providing 'a mechanism for engagement and joint working around common agendas', and helping achieve better and joined up results for people and communities.

How public bodies themselves collaborate, and how they work with other sectors, is changing and the focus of much public service reform. Increased collaboration has been at the heart of Welsh Government's public service reform strategies, as outlined in their *Beyond Boundaries* (2006) and *Making the Connections* (2006) reports. This is now reflected in key pieces of legislation, not least the *Wellbeing of Future Generations (Wales) Act* (2015) and the *Social Services and Wellbeing (Wales) Act* (2014). The third sector should be part of these collaborative structures and there are places for third sector groups around the table in both the new Public Service Boards and Regional Partnerships. There is a challenge for third sector groups to respond to these new structures effectively.

Alongside greater collaboration, public service reform is encouraging a greater focus on regional structures (Welsh Government White Paper, 2014). Debates on new structures associated with local government and public service reform have been heated in recent years. Current Welsh Government policy allows for more flexibility, whilst still encouraging regional collaboration. There's a challenge for the third sector to respond to this, and to remain flexible and adaptable enough to be able to engage with changing public body structures at local, regional and national levels.

The Alliance of Alliances, a third sector health and social care network, recently commissioned a study into improving regional leadership and the links between local and national third sector organisations. Although focusing on health and social care groups, the report identified themes of interest across the sector, as well as local government. The report (Llywelyn et al, 2016) found:

- More regional working would help in the functions being delivered.
- There were stark differences of opinion with those that responded to the survey - chiefly third sector organisations - in respect of how well they thought the identified functions are currently operating. The more operational and internal to the third sector the function is, the more people felt that it was currently effective. On the

other had the more strategic and 'external', the more likely it was to be thought to be ineffective.

- There is clear and palpable enthusiasm and commitment for what third sector groups do - they care passionately about their work. They also, on the whole, recognise that there are improvements that can be made in the way that the third sector operates, and there is an appetite for change.

7. What roles should organisations like WCVA and CVCs play?

Third Sector Support Wales is a network of the 19 County Voluntary Councils (CVCs), who provide support to third sector organisations at a local and regional level, and Wales Council for Voluntary Action (WCVA), the national membership organisation for the third sector in Wales. All members of Third Sector Support Wales champion volunteering. Relationships between the Welsh Government and Third Sector Support Wales are set out in a Partnership Agreement.

How have third sector infrastructure organisations developed over time?

The development of CVCs in Wales can be compared to the development of CVSs (Councils for Voluntary Services) elsewhere in the UK. Rochester has outlined the development of CVSs (Rochester, 2012). They emerged from the Councils for Social Services of the early twentieth century, beginning with Hampstead Council of Social Welfare in 1907, whose aim was to bring together the organisations from a local area to address the needs of the community.

The 1978 Wolfenden Report identified five functions for these bodies - development; services to other organisations; liaison; representation and direct service to individuals.

Rochester goes on to cite Osborne's 1999 review of the policy and funding climate of the time. Osborne highlighted further features of CVSs:

- The increased adoption of managerial approaches by voluntary organisations
- An enhanced role in the delivery of public services
- Better knowledge of the third sector
- A raised profile since the 1990 Home Office report on scrutiny of voluntary sector funding and the 1996 Commission on the Future of the Voluntary Sector report.

He then lists three important roles played by CVSs:

- Architects, with local authorities, of local Compacts
- Representatives of the voluntary sector in local strategic partnerships and other formal arrangements for collaboration across sector borders
- Developing the effectiveness of local voluntary organisations, particularly their capacity to deliver public services.

Rochester argues that CVSs have been under-resourced given the expectations placed upon them. He suggests that an important part of infrastructure organisations' future role should be providing opportunities to 'share experiences and exchange knowledge' and to facilitate mutual aid and shared learning across the local voluntary and community sector. He also suggests a stronger role between CVSs and their members, rather than being seen as predominantly a provider as services.

Key roles In Wales

The *Third Sector Scheme* (2014) sets the infrastructure's role as:

- Enabling other third sector organisations to grow and develop
- Supporting individual volunteers and collective voluntary action
- Promoting good and safe governance across the third sector
- Supporting Public Service design and delivery

- Providing voice and representation for the wider sector
- Sharing good practice and innovation.

In 2012, the Welsh Government published a report on stakeholder views on the objectives of the Third Sector Partnership Agreement publication (Welsh Government, 2012). Stakeholders, including CVCs, WCVA, Welsh Government, funders such as Big Lottery and third sector organisations from around Wales, felt a key role for WCVA was to articulate the views of the voluntary sector; supporting and promoting volunteering; promoting community cohesion and inclusion; and maintaining and improving performance and effectiveness.

The role of CVCs was seen as supporting local organisations; identifying common concerns and interests; representing the local sector and its concerns; linking with local third sector groups, the local authority and public bodies; and helping to establish new voluntary sector services and initiatives.

Volunteer Centres' role was seen as supporting the development of volunteering opportunities; providing volunteer-centred services available equally to all; providing efficient, informative and helpful services; maintaining and developing good practice; and monitoring their services. Volunteer Centre activity is now run within Third Sector Support Wales.

Together, the infrastructure as a whole would identify the changing needs of the sector; provide information services; respond to consultations; represent sector views; offer training; provide advice and support; and work jointly with the public sector. The section on infrastructure in WCVA's *Continuity and change* consultation response opens by praising 'our cohesive and integrated infrastructure, which is much valued and distinctive to Wales'. However it recognises that 'the role of the infrastructure in supporting good governance should be more clearly registered', and that national services - such as www.volunteering-wales.net and the National Information Framework - are best delivered by WCVA while local services - such as finding volunteer placements and establishing new community groups - should be delivered at CVC level.

Stakeholder views: clarity

Welsh Government's *Stakeholders views on the objectives of the third sector partnership agreement* (2012) also highlighted that the sector sometimes had a 'multiple voice' due to the number of 'overarching organisations' in Wales, such as WCVA, Disability Wales and Children in Wales. Stakeholders asked for more clarity on the role of the infrastructure and where the boundaries lie between the different overarching organisations.

The updated Third Sector Scheme of 2014 offers more clarity around the role of the infrastructure. Further clarity would be helpful. However, others have underlined the importance of understanding and reflecting the enormous diversity of experiences and interests across the third sector and targeting support to reflect this (Donahue, 2011). As set out above, this diversity is fundamental to the third sector.

Adapting to new demands

Stakeholders responding to Welsh Government's study above also asked for assistance with work with the private sector, especially in developing social enterprise. Further to this, Garfield Weston's *An insight into the future of charity funding in Wales* suggests that when groups seek funding help, they only seek advice from the voluntary sector infrastructure,

which is geared to public funding. This leaves a ‘fundraising expertise and support gap’. So a question that should be asked is: does the third sector infrastructure need to begin signposting groups to private organisations? Does it even have the knowledge in order to do this?

Outcomes and collaboration

A Task and Finish Group *Report on the third sector infrastructure* (2015), sets out ways in which the infrastructure can ‘ensure it can continue to support communities across Wales in the best way possible’. The reports argues the need for a renewed Partnership Agreement defining the role of the infrastructure linked to clear outcomes, with principles agreed alongside local authorities and local health boards.

Collaboration, a theme throughout this literature review, crops up again here - the Task and Finish Group believes that funding for the infrastructure for 2016/17 needs to ‘move away from the formula-based approach and take greater account of the need to encourage and support collaboration and demonstrate value for money through realising efficiencies gains’, and they ask for a new Framework for Funding for the infrastructure. The report also suggests that the infrastructure should strengthen its engagement with the Third Sector Partnership Council, and ‘maximise its use of digital solutions’.

Representational role (and competition with members)

The Task and Finish report expresses concerns about conflict between the infrastructure’s representational roles and service delivery roles. It asks for a focus on the core functions of the infrastructure, which ‘may mean visible separation of functions so representational roles are not undermined’, but acknowledges the difficulty this may pose for some CVCs.

The Wales Institute of Health and Social Care also identified some issues for the infrastructure to resolve to ensure it is fit for purpose (Wales Institute of Health and Social Care, 2016). This included perceived competition with members.

Researchers looking at third sector’s engagement with public bodies elsewhere in the UK have also identified the difficulties caused by expectations that third sector champions can effectively ‘represent’ sector-wide interests (Chapman et al, 2010). Chapman et al (2012) argue that competition is a reality in the third sector in the UK. They describe it as ‘endemic, as is the case in the private sector’. This presents challenges when someone from government, be that local or national, wants to speak with someone who can represent sector interests holistically. This supports some findings within the WIHSC report. This may highlight the role of the infrastructure in being able to reflect different, as well as, common interests across the sector.

Participants in the Chapman study also said that, ‘the sector has to feel more confident about itself’. Interviewees from public bodies perceived a lack of ‘professionalism’ within the third sector; that while people within it are positive and well-meaning, ‘they lacked vitality and drive, strategic direction and a businesslike ethos’. Whilst this study is not based in Wales, we suggest there are lessons for the infrastructure in Wales in terms of being well-placed to offer leadership, provide connections across public and third sectors and to increase understanding of the sector.

Chapman et al also highlight some of the challenges in cross-sector partnership working, suggesting ‘ideas surrounding partnership working are almost inevitably based on the presumption that the third sector is politically and economically subservient to the public

sector'. However, as discussed, partnership working is being seen as more and more valuable - and inevitable - to the sector, and has become part of legislation in Wales. We suggest the infrastructure is, once more, well-placed to provide leadership and guidance on how to make a success of collaboration.

Understanding the sector

A report by the Welsh Institute for Health and Social Care on regional leadership suggests the creation of 'a much better understanding within the sector and with others of how the sector is constituted, its role and purpose and contribution' is needed. This is something that infrastructure should be leading on. WIHSC suggest an exercise between infrastructure groups to map sector capacity and services.

NCVO has collaborated with ONS since 1990/91 to survey charities and fill the gap in third sector data. This is something that WCVA should explore for Wales with ONS and Stats Wales.

Quality standards

The infrastructure also continues to have a role to play in promoting the PQASSO quality standard for the third sector.

Supporting a diverse sector

Donahue (2011) has examined the role of infrastructure organisations in the UK in relation to micro organisations with no or few paid staff and particularly organisations that serve 'excluded' communities. Donahue argues that these groups are often not well connected to other groups and operate 'under the radar' of infrastructure support and are unaware of the support available. When micro organisations do access infrastructure support, it can be inappropriate, with one-size-fits all advice that's tailored to more established and more professional organisations. Donahue argues that micro organisations need tailored support to reflect their particular circumstances. Supporting a wider range of links with a variety of other bodies, including peers, has the potential to bring significant benefits. Donahue argues for infrastructure bodies to have a more inclusive approach, which reflects the wide diversity of types of organisations and structures found across the voluntary sector.

8. Summary

As we have seen by looking at the definitions of civil society, and examining the challenges we are likely to face in the future, the third sector has a huge role to play in both combating these challenges and ensuring the aims of the Social Services and Wellbeing (Wales) Act and the Wellbeing of Future Generations (Wales) Act are achieved.

However, a lack of (traditional) funding is a problem for the sector looking at the future, and this doesn't look like something that is set to be overcome any time soon. Collaborative working could help mitigate this, as discussed earlier in this report, and indeed the Social Services and Wellbeing (Wales) Act and the Wellbeing of Future Generations (Wales) Act strongly encourage collaborative working. However, collaborative working brings challenges of its own and hard work, co-operation and leadership will be necessary in order to make this a success.

Good governance and demonstrable impact of work are perhaps the other key themes to emerge from this research. It is to be hoped that the new Fundraising Regulator and the new Charities Act will arrest the fall in public trust of charities; however it is vital that the sector is seen to be getting its house in order without regulatory input. Demonstrating impact is another way for organisations to gain public trust; however it is known that this can be problematic and many organisations may need support in this area. They may also need support to find alternative ways of delivering against their objectives in a changing environment and give themselves more chance of receiving much-needed funding to continue their work.

The infrastructure will have a crucial role to play in helping the sector overcome these challenges and achieve thriving, sustainable communities across the country. Its ability to connect and signpost organisations to each other will be of great importance for collaborative working, while it remains ideally placed to listen to the sector and ensure its voices are heard by decision-makers across Wales. The third sector infrastructure can undoubtedly play a significant role in supporting a thriving third sector in Wales.

However, to ensure the success of the infrastructure itself, there is a need for greater clarity of purpose, with well-defined roles, avoiding duplication of work and services and a cohesive voice and vision. In doing this, the infrastructure can help sector groups with tailored advice and guidance, drive its work forward and play its role more fully. The infrastructure's leadership role will be especially crucial in the uncertain few years moving forward post-Brexit, and the infrastructure should provide a space for different groups to come together to debate and shape the future following the UK's exit from the European Union.

The third sector in Wales is facing perhaps unprecedented challenges over the coming years. Whether the diverse goals of organisations within the sector remain achievable may depend on how they work together in the face of adversity.

9. References

- Alliance for Useful Evidence (2016) *What Works? A discussion paper* [Online]
<http://www.alliance4usefulevidence.org/assets/Alliance-Policy-Using-evidence-v4.pdf>
- Auditor General for Wales (2015-16) *All Wales Local Government Improvement Study: council funding of third sector services*. Wales Audit Office
- Carnegie Trust UK (2010) *Making good society: final report of the commission of inquiry into the future of civil society in the UK and Ireland*, Carnegie Trust
- Carnegie UK Trust (2015) *Strategic Plan 2016-2020* [Online]
<http://www.carnegieuktrust.org.uk/carnegieuktrust/wp-content/uploads/sites/64/2016/02/pub1455011398.pdf>
- Carnegie UK Trust (2007) *Futures for civil society* [Online]
<http://www.carnegieuktrust.org.uk/carnegieuktrust/wp-content/uploads/sites/64/2016/02/pub1455011711.pdf>
- Cartrefi Cymru, Co-Production Wales, WCVA (2015) An overview of the proposal [Online]
<https://allinthistgetherwales.files.wordpress.com/2013/05/co-production-network-for-wales-overview-nov-2015.pdf>
- Chaney, P. (2016) *How does single party dominance influence civil society organisations' engagement strategies? Exploratory analysis of participative mainstreaming in a 'regional' European policy*. Public Policy and Administration. 31(2) 122-146
- Chapman, T. Brown, J. Ford, C. Baxter, B. (2010) *Trouble with champions: local public sector - third sector partnerships and the future prospects of collaborative governance in the UK* Policy Studies Vol 31 (6) p.613-630
- The Charity Commission (2016) *Public trust and confidence in charities* [Online]
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532104/Public_trust_and_confidence_in_charities_2016.pdf
- Civicus Strategic Priorities 2013-2017 [Online]
<http://www.civicus.org/index.php/en/about-us-125/strategic-directions>
- Collis, B. (2016) *Volunteering in Wales 2015 Report on two Omnibus surveys March 2014 and 2015*, WCVA
- Day, Graham; Dunkerly, David; Thompson, Andrew, *Civil Society in Wales* (2006)
University of Wales Press
- Dodd, J. (2015) *The New Reality*. [Online]
<http://thenewreality.info/>
- Donahue, K. (2011) *Have voluntary sector infrastructure support providers failed micro organisations?* Voluntary Sector Review, Volume 2
- Egino (2015) *Report and recommendations on the Wellbeing of Future Generations Act, Rhondda Cynon Taf*

Etherington, Stuart; Lord Leigh of Hurley; Baroness Pitkeathley; Lord Wallace of Saltaire (2015) *Regulating fundraising for the future* (NCVO) [Online] www.ncvo.org.uk/images/documents/policy_and_research/giving_and_philanthropy/fundraising-review-report-2015.pdf

European Network of National Civil Society Associations (2012) *Civil Participation in Governance* [Online] http://www.ennaeurope.org/ennaws/publications/view/1:36:Civil_Participation_in_Governance.html

Evaluation Support Scotland (2016) *Evidence for success: collaborating with academics* [Online] <http://evaluationsupportscotland.org.uk/resources/340/>

Garfield Weston (2015) *An insight into the future of charity funding in Wales* [Online] <http://www.garfieldweston.org/common/updateable/documents/2ecbbd0a-c6f9-4469-ba45-b1bccbe45170.pdf>

Good Practice Wales (2016) *Behavioural Change Science* [Online] Accessed 17 August 2016 <http://www.goodpractice.wales/behavioural-change>

IWA (2015) *Media Audit*. [Online] http://www.clickonwales.org/wp-content/uploads/IWA_MediaAudit_v4.pdf

Jeffs, Mark (2011), *Public Services 2025: Future pressures on Welsh public services* [Online] <http://www.walespublicservices2025.org.uk/2013/09/26/new-report-by-mark-jeffs-wales-public-services-2025/>

Kahneman, D. (2011) *Thinking Fast and Slow*. London. Penguin Books

Lloyds Bank Foundation for England and Wales (2016) *Small and medium sized charities after the crash* [Online] http://www.lloydsbankfoundation.org.uk/assets/uploads/LBF_Smallest%20Charities%20Hardest%20Hit_Executive_Summary_final.pdf

Local Government Data Unit (2015) *Local funding of the third sector in Wales*. WCVA

Lumley, Tris (2013) *Most charities need to set clearer goals before measuring impact*. [Online] <https://www.theguardian.com/voluntary-sector-network/2013/sep/17/charities-goals-aims-measuring-impact>

Mulgan, Geoff (2013) *Experimental Government* [Online] <http://www.nesta.org.uk/blog/experimental-government>

National Assembly for Wales (2014) *Third sector scheme*. [Online] http://www.wcva.org.uk/media/818409/final_third_sector_scheme_2014.pdf

National Assembly for Wales (?) *Voluntary sector scheme*. [Online] www.wcva.org.uk/media/159290/volsectorscheme_eng.pdf

Nesta (2016) *How innovation works* [Online] Accessed 17 August, 2016 <http://www.nesta.org.uk/resources/understand-how-innovation-works>

- NCVO (2016) *Proposals for a fundraising preference service discussion paper* - https://www.ncvo.org.uk/images/documents/about_us/media-centre/FPS%20key%20proposals%20and%20questions%20paper.pdf
- The New Reality* (2015) <http://thenewreality.info/>
- NICVA *Strategic Plan 2016-2021* <http://www.nicva.org/about-us/our-strategic-plan>
- Powercube, *On Gramsci and hegemony*. [Online] <http://www.powercube.net/other-forms-of-power/gramsci-and-hegemony/>
- Phillips, D. and Simpson, P. (2016) *Public Services 2025: Welsh budgetary trade-offs to 2019-20* [Online] <http://www.walespublicservices2025.org.uk/files/2016/09/IFS-report-R120.pdf>
- Rochester, Colin (2012) *Councils for Voluntary Service: the end of a long road?* Voluntary Sector Review vol 3 number 1
- Rochester, C. and Zimmeck, M. (2013) *The case for statutory compacts between Welsh Local Authorities and the Third Sector*, Welsh Government [Online] <http://gov.wales/statistics-and-research/statutory-compacts-local-authorities-third-sector/?lang=en>
- Royles, E. (2007) *Revitalising Democracy: devolution and civil society in Wales*, University of Wales Press
- Shucksmith, M. (2016) *InterAction How can academics and the third sector work together to influence policy and practice?* Carnegie Trust
- Smerdon, M., and Deakin, N. (2010), *Independence in principle and practice: relationships between the state and voluntary action*, The Policy Press
- Smith, J. (Presentation, 2016) *Response analysis in practice*, Government Social Research <http://www.dataunitwales.gov.uk/SharedFiles/Download.aspx?pageid=30&mid=64&fileid=70>
- Sport Wales (2015) *Governance and leadership framework for Wales: developed for the Sector by the Sector*.
- Talwrn (2016) *Report on progress* [Online] <http://talwrn.org.uk/wp-content/uploads/2016/06/Talwrn-update-report.pdf>
- Task and Finish Group (2015) *Report on the third sector infrastructure* <S:\Policy and Development\WCVA Internal +\Strat Review 16\Desk review\Sources>
- Taylor, Marilyn (1995) *Unleashing the potential*, Joseph Rowntree Foundation
- Third Sector Research Centre (2014) *Third sector partnerships and capability building* [Online] https://www.tblf.org.uk/-/media/Files/Research%20Documents/er_eval_building%20capabilities_partnership_report.pdf

Third Sector Research Centre (2015) *Accounting for the impact of the forthcoming National Living Wage on the third sector*. [Online]
<http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/BP-on-National-Living-WageSMc.pdf>

Third Sector Infrastructure Working Group (2015) *Report on Third Sector Infrastructure*
<S:\Policy and Development\WCVA Internal +\Strat Review 16\Desk review\Sources\WG>

Third sector today (2014) *Six good reasons for nonprofit collaboration* [Online]
<http://thirdsectortoday.com/2014/03/31/6-goods-reasons-for-nonprofit-collaboration/>

UK Government (2015) *What Works Network* [online] <https://www.gov.uk/guidance/what-works-network>

UK Voluntary Sector Research Group¹ (2003) *Case-studies of impact assessment in small and medium-sized voluntary organisations*. [Online]
http://www.wcva.org.uk/media/179404/measuring_impact_-_case_studies_2003_en.pdf

Wales Audit Office (2016) All Wales Local Government Improvement Study: Independence of Older People [Online]
<http://www.mantellgwynedd.com/mantellgwynedd/downloads/280115-independence-older-people-eng.pdf>

Wales Audit Office (2016) *All Wales Local Government Improvement Study: Council funding of third sector services - project brief*

Wales Institute of Health and Social Care (2016), *Improving regional leadership and the relationships between local and national organisations between the third sector in Wales* [Online] http://www.wcva.org.uk/media/2932906/regional_leadership_and_working_pdf.pdf

WCVA (2012a), *WCVA Statistical Resource 2012, Paper 1: Defining the Third Sector in Wales*

WCVA (2012b) *Good governance: A code for the third sector in Wales* [Online]
http://www.wcva.org.uk/media/301465/wcva_good_governance_guide_e.pdf

WCVA (2013) *Continuity and change consultation response* [Online]
http://www.wcva.org.uk/media/502913/continuity_change_wcva_response_aug13.pdf

WCVA (2014) *Third sector statistical resource*. WCVA. [Online]
www.wcva.org.uk/media/1393252/wcva_almanac_2014_web.pdf

WCVA (2015) *State of the sector survey 14*. WCVA [Online]
www.wcva.org.uk/media/1955506/recessionsurvey-report_interim_february_2015.docx

WCVA (2016) *Third sector statistical resource 2016* [Online]
www.wcva.org.uk/media/3594846/wcva_almanac_2016_6.pdf

Welsh Government (2010) *A review of funding patterns to the third sector* [Online]
<http://gov.wales/docs/caecd/research/100526-funding-patterns-thrid-sector-en.pdf>

¹ Bryan Collis WCVA, Marion Lacey SCVO, Siobhan O'Hagan NICVA, Ruchir Shah SCVO, Susan Wainwright NCVO and Karl Wilding NCVO.

- Welsh Government (2011) *Local, regional, national? What services are best delivered where?* [Online]
<http://www.wales.nhs.uk/sitesplus/documents/829/Local%2C%20regional%2C%20national-%20what%20services%20are%20best%20delivered%20where%202011.pdf>
- Welsh Government (2012) *Stakeholders views on the objectives of the Third Sector Partnership Agreement* [Online]
<http://gov.wales/docs/caecd/research/120801thirdsectorpartnershipen.pdf>
- Welsh Government (2014a) *Third Sector Scheme* [Online]
http://www.wcva.org.uk/media/818409/final_third_sector_scheme_2014.pdf
- Welsh Government (2014) *White Paper - Reforming local government* [Online]
www.wlga.gov.uk%2Fdownload.php%3Fid%3D5912%26l%3D1&usg=AFQjCNE1o7QTjM63wCySqHhOBp-PI_EPQ
- Welsh Government (2015) *Wellbeing of Future Generations (Wales) Act - The Essentials* [Online]
<http://gov.wales/docs/dsjlg/publications/150623-guide-to-the-fg-act-en.pdf>
- Welsh Government (2006) *Beyond Boundaries* [Online]
[http://www.wales.nhs.uk/sitesplus/documents/829/WAG%20-%20Beyond%20Boundaries%20\(Beecham%20Review\)%202006.PDF](http://www.wales.nhs.uk/sitesplus/documents/829/WAG%20-%20Beyond%20Boundaries%20(Beecham%20Review)%202006.PDF)
- Welsh Government (2006) *Making the connections: Delivering beyond boundaries* [Online]
http://www.cieh-cymruwales.org/uploadedFiles/Core/Policy/Professional_practice/making_connections_2006.pdf
- Welsh Government *Code of Practice for funding the Third Sector* (2014b) [Online]
http://www.wcva.org.uk/media/818409/final_third_sector_scheme_2014.pdf
- Welsh Government volunteering policy (2015) *Supporting communities, changing lives* [Online] <http://gov.wales/docs/dsjlg/publications/150805-volunteering-policy-en.pdf>
- Welsh Government (2016) *Moving forward* [Online]
<http://gov.wales/newsroom/firstminister/2016/160518fmwales/?lang=en>
- Welsh Language Commissioner (2014), *The Welsh language and volunteering* [Online]
<http://www.comisiynyddygybraeg.cymru/hybu/SiteCollectionDocuments/20140210%20DG%20S%20Adroddiad%20gwirfoddoli%20Saesneg.pdf>