Community Foundation Wales

Sefydliad Cymunedol Cymru

Loud and Clear:
Learning and reflecting

2025

Contents

Introduction

In 2020, Community Foundation Wales met and spoke to more than 100 community groups and charities across Wales to find out more about the needs of the community, the challenges they were facing and how funders could best support their organisation.

Richard Williams
Chief Executive

There was a clear message from these conversations that groups and charities wanted funders to prioritise core cost and longer-term funding.

During the pandemic, we closed all our funds. When we reopened them in April 2021, we used the findings from the report to amend and reshape the criteria for as many of our funds as possible.

The findings from the Loud and Clear report helped us to recognise how important it is for the Welsh third sector to be able to plan for the future. It evidenced the need for longer term funding programmes that show funders believe in their core purpose and which enable them to work most effectively within their communities.

We also recognised that, at that time, only a small proportion of funders offered core funding and there was not a definitive description of what core costs are.

Five years on from the Loud and Clear findings, we have analysed our data to help us to better understand how many groups have applied for core and/or multi-year funding.

This report shares what we have learnt and identifies challenges and improvements that we can make to the funding we offer. It also makes recommendations for the future in terms of our grant-making and the support we offer the Welsh third sector as a whole.

Core funding

The need for core cost funding came out as a top priority for groups in our research and was a consistent message from the smallest to the largest organisations, across all sectors and geography.

Core funding is vital to the existence of charities and community groups - to pay their utility bills, to cover training costs for staff and volunteers, to maintain membership records, for insurance cover and countless other tasks that are essential to their survival.

Groups told us that there were not enough core costs grants available and that funders tend to prefer new projects which require groups to reinvent their services to make them more attractive. Whilst project funding can contain an element of core costs, it is rarely sufficient and is often stripped back by funders.

As we started to return to normality following the Covid pandemic, this learning prompted us to look at our existing funds and consider how we could better support groups with funding for core costs.

Where we could, we amended the fund criteria to allow applications for core cost funding and advertised these opportunities on our website and social media channels. We also featured our commitment to core cost funding in our Grants Newsletter.

When applying for a core cost grant, applicants use the same application form as they would for project funding. Currently, the applicant uses their own definition of what core funding covers rather than a definition set out by us, although it is widely understood to be costs such as rent, IT equipment, insurance, memberships etc.

Between April 2021 and March 2024

£321,985

was awarded in grants to support organisations with their core costs

57%

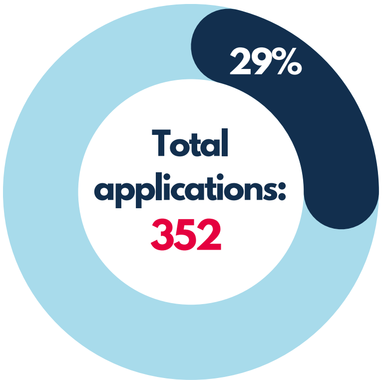
Average success rate for core funding applications between April 2021 and March 2024

The charts below show the total amount of application received and, in dark blue, the percentage of core funding applications we received between April 2021 and March 2024. The success rate* of the core cost applications received during this period is also shown.

Apr 21 - Mar 22

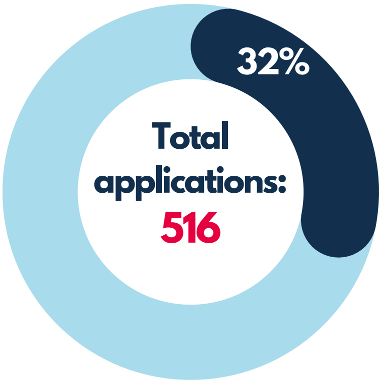
51%
success rate for core cost applications

Apr 22 - Mar 23



58%
success rate for core cost applications

Apr 23 - Mar 24



63%
success rate for core cost applications

* Only applications for core cost funding have been taken into consideration when calculating the success rate percentage. Core funding applications doubled within 2 years. During the financial year of 21/22 we saw a low number of applications across all of our funds, in line with the experience of other funders at the time.

As an organisation we rely on fundraising. Without core cost funding, the organisation wouldn't be in existence.

Tir Coed

Multi-year funding

The Loud and Clear report also provided clear evidence of the need to support groups with longer term multi-year funding.

Groups told us that, with one year funding, they were constantly having to find new funding streams every year to continue work that was needed, well attended and making a difference in their local community.

This has made it tough for organisations to offer a consistent service to its beneficiaries and has also made it difficult for them to retain good staff, causing projects to constantly stop and start activity when they should be developing and progressing.

Groups told us how difficult it is to plan for the future when working with annual project funding and encouraged us to consider multi-year funding regardless of the size of grant awarded.

Towards the end of the pandemic, as we began to think about re-opening to business as usual, this learning prompted us to look at our grant-making processes and consider how we could introduce multi-year funding whilst maintaining our success rate and continuing to fund new applications each year.

The nature of this challenge varies, depending on the type of funding we have to offer.

Whilst it might not be obvious to those applying for grants, we have two different sources of funding - immediate income funding, often referred to as 'flow through' funding and funding derived from invested endowment funds.

Immediate impact funding

Immediate impact funding is donated to be spent within a specified timeframe - it is not invested, and is available for immediate distribution.

Multi-year funding for this type of donation is straightforward, as we know how much is available to spend and can therefore budget accordingly.

Year one is distributed immediately, with years two and three released following submission of satisfactory monitoring forms each year.

Immediate impact funding in practice

Usually, once spent, immediate impact funding is no longer available, although some of our donors do top up their funds on a regular basis to enable ongoing grant making.

However, funding organisations with multi-year funding from immediate impact funding inevitably means that, in the short term, we are not able to fund as many applications.

With a donation of £30,000 for example, and a grant value of £10,000 per annum, we would only be able to offer multi-year funding to just one organisation over three years, where previously, it would have been three organisations over one year.

The success rate for immediate impact funding maintains itself in the longer term as recipients of multi-year funding can only hold one grant from a fund, and therefore cannot apply again until the grant they are holding comes to an end.

Invested endowment funding

Endowment funding is donated to be invested long term and most likely in perpetuity. In simple terms, it is the income from that investment that is awarded as funding.

Endowment funds are often trusts that were established many years ago and have been transferred to Community Foundation Wales to ensure the fund can continue to award funding to our future generations.

Invested endowment funding in practice

It is our duty to both grow our endowment funds for the benefit of future generations, and to award funding annually to meet the original objectives for which the fund was established.

To enable this, we take a percentage of investment growth for grantmaking, leaving some growth to be re-invested. Therefore, depending on the investment markets, the level of growth fluctuates.

It is a tricky balancing act, particularly in times of uncertainty - as we have seen recently with the pandemic, followed by the Russian invasion of Ukraine – to both protect the initial investment, whilst providing enough funding to address growing needs, especially in difficult times.

With grant-making from invested endowment funds, we know from experience, that funding will be available in future years. With multi-year grants from this type of fund, we take the first year of funding from the budget available within that year. Subsequent years' payments will be made from the income earned in those coming years. Therefore, when looking at future budgets we need to deduct any previous multi-year commitments before we can see the funding available for that financial year.

To enable us to fund new work each year, we need to carefully manage the number of multi-year awards we commit to, to avoid a situation of the multi-year payments absorbing all funding available.

We have agreed a plan with our Trustees to manage this new way of working and will keep a close eye on how we maintain this in the long term, especially in volatile investment markets.

Longer term funding

Between April 2021 and March 2024

£3,820,635

in multi-year funding of up to 3 years across 21 different immediate impact and endowment funds

49%

Average success rate for multi-year applications between April 2021 and March 2024

There is little difference between the success rate for applications which were for core funding (50%) and project funding (48%) as neither is prioritised over the other.

Prior to the findings from our Loud and Clear report, we rarely awarded multi-year funding.

There has been some learning for us with regard to planning our fund budgets, as outlined above.

We have also improved, longer-term relationships with groups. As a result, we are finding that groups are more inclined to get in touch with us when they are facing challenges, as well as when things are going well, so we have a better overall picture of the impact of our grants.

Multi-year funding has had a positive impact on the organisation. We have been able to recover more quickly from the impacts of the Covid-19 pandemic and enabled us to create a plan for the future.

Llanrhos Old School Committee

Learning and reflections

It's never easy when introducing a new way of working, to find the time to reflect and consult with others to see if the changes made have been successful or maybe need to go further. We are delighted therefore that we took the decision to undertake this review.

It's helped us to realise that whilst, overall, it has worked well, there are still things we can do to improve, particularly around better communication, use of language and guidance.

We are always looking to talk to and learn from those that apply for our funding, it's vital that we are able to offer the funding that Wales third sector needs and that the process for doing so is not burdensome, complicated or lengthy.

Our grants newsletter is our key method of communicating with the sector about our funding opportunities, our workshops, any learning we have gained as well as being one of the places we can ask for feedback. The newsletter currently reaches approximately 3,000 people on a monthly basis.

Voluntary polls were added to our newsletters in early 2023 that initiated this review of the changes we made to our grant-making in 2021, as a result of the learning published in the Loud and Clear Report. The results of these polls surprised us, causing us to reflect and re-assess the way we work.

The first poll asked about awareness of the fact that we offer core funding. The second was awareness of our offer of multi-year funding. Respondents could only answer 'yes' or 'no' and there was not an option to add comments. 18% of those who opened the newsletter took part in the poll.

20% 

of respondents were aware that we offer core funding grants.

We saw an increase in awareness of our core funding opportunities.

45% 

of respondents were aware that we offer core funding grants.

The results of the polls gave us a few things to consider:

What do we define as a 'core cost'?

We don't currently provide a definition for core costs. The results have led us to question if our understanding of the definition varies to that to the Welsh third sector, and indeed if there is a lack of clarity within the sector as a whole on the definition of core cost funding and does it vary from funder to funder?

Have we sufficiently publicised the changes we have made to funding opportunities since the Loud and Clear report?

At the time, we published a blog and have highlighted the offer within fund criteria and on fund pages, but have we done enough on an ongoing basis?

What do we know about who is receiving the grants newsletter?

The grants newsletter is distributed to those that sign up to it so there is more we can do to understand our audience.

We have made assumptions that the majority of those in receipt of the newsletter are applicants and grantees, but there may well be many people signed up that haven't yet applied for funding and therefore, are not as familiar with our fund criteria.

As the survey was anonymous, we don't know the background of those that responded.

Why don't groups apply for multi-year funding when the opportunity is available to them?

We'd like to learn more about the motivations of groups applying for funding that is offered as multi-year, to better understand why a group would apply for just one year when multi-year is an option.

Multi-year funding provide longer gaps for looking for funding so we can focus on the projects.

Home-Start Ceredigion

Case study: With Music in Mind

With Music in Mind (WMIM) works to reduce social isolation and loneliness and improve physical and mental well-being in people over the age of 50, by providing singing and social engagement for their local community.

With Music In Mind were awarded £15,000 over three years to help cover their core costs, in particular staff salaries.

This funding enabled the continuation of the weekly singing and gentle exercise groups in the Vale of Glamorgan.

The core funding grant for three years has had a positive impact on the organisation, helping to ensure that they can continue their work even when specific project grants or donations run out.

This is particularly important with their ongoing commitments to their staff team, beneficiaries and community groups, helping to prevent interruptions and ensure the provision of sustainable, longer term projects.

Sarah from With Music in Mind said:

"Multi-year core funding has enabled WMIM to attract and retain skilled and experienced staff without the pressure of constantly seeking project-specific funding. We can offer competitive salaries and benefits which is essential for maintaining a talented and dedicated workforce.

We can use the funding to buffer against financial uncertainties and unforeseen crisis. This financial cushion is crucial for emergencies, maintaining services during challenging times which has been vital for the socio-economic crisis the UK is currently facing.

As a result, other funders view the organisation as a safer bet for future funding, making us more sustainable over the longer term.

Core funding over three years enables WMIM to engage in strategic planning and building relationships with stakeholders, partners and funders over the long term.

It fosters collaboration and allows the organisation to have a more significant impact by working to resolve complex, multi-faceted issues such as loneliness and isolation amongst older people."

Core funding has enabled WMIM to attract and retain skilled and experienced staff without the pressure of constantly seeking project-specific funding. We can offer competitive salaries and benefits which is essential for maintaining a talented and dedicated workforce.

Next steps

We will commit to the following actions as a result of undertaking this review:

01

Clearer definitions

We need to be clearer with regard to our definition of what we consider eligible under 'core costs' and will add a statement to our website and fund pages, and to all fund criteria to clarify.

02

Improved external communications

We will provide more regular external communications with regard to offering core costs and multi-year funding within Grants Newsletters, social media and other external communications as well as on the fund landing pages.

03

Continue to learn from grantees

We will identify ways to evidence the impact of core and/or multi-year funding on groups that have received it, to both promote and encourage further applications, but also to provide leverage to other funders who may be wary of committing to this relatively new way of grant-making.

04

Continue to support applicants beyond funding

Where possible we will amend and add to our grants toolkit to support applicants and will work in partnership with others to share this learning. The toolkit would benefit from an additional section offering advice on how to articulate and evidence the need for multi-year funding, especially core cost multi-year funding as well as how to build core costs into a project funding application.

05

Support groups to better articulate their need for core cost funding

We will consider ways of supporting groups to better articulate the need for core cost funding within their applications and how to then evidence how this funding impacts the wider work of their organisation both short term and longer term. This could take the form of workshops and additional web pages within the Grant Toolkit.

Looking to the future

Listening to those working within the Welsh third sector is important to Community Foundation Wales. We want to listen to Welsh communities and provide a grant-making service based on evidenced need rather than on what's easy or traditional.

Andrea Powell
Director of Programmes

Taking that leap to funding core costs and offering multi-year grants wasn't easy.

We had numerous conversations with our donors and made amendments to our funds to ensure this new way of working could be maintained in the longer term.

Thank you to everyone that has taken part in our surveys, our conversations, our research and our feedback forms. We cannot adapt and evolve our service without your input.

This report shows how important it is to regularly review and follow up on learning, to ensure understanding, assess continually changing needs and identify any future training needs both for us as a funder and for those we support.

Putting learning into action is just the first step on a journey, not the last.

Acknowledgements

We would like to say thank you to everyone who has contributed to this report, with special thanks to:

- Clare Davies (former Grants and Impact Officer)
- With Music in Mind
- All those that responded anonymously to the polls in our newsletter and those that provide feedback across our various platforms. We do read it and use any learning to improve where we can.

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