

**Green Recovery:
Supporting the environmental sector in
Wales**

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**The Funding Centre on behalf of Natural Resources Wales –
Task and Finish Group**



| | |
|---|-----------|
| Executive summary | 4 |
| 1. Introduction | 6 |
| 1.1. Purpose | 6 |
| 1.2. Definitions | 7 |
| 2. Research methodology and parameters | 8 |
| 2.1. Research limitations | 9 |
| 3. Analysis of sector stability prior to COVID | 10 |
| 3.1. How stable was the eNGO sector in Wales prior to COVID 19? | 12 |
| 3.2. What challenges did organisations already face in terms of resilience, etc? | 14 |
| 3.2.1. Covering core costs | 14 |
| 3.2.2. Short-term funding | 15 |
| 3.2.3. Lack of diversity in funding | 16 |
| 3.2.4. Insufficient staffing or capacity | 17 |
| 3.2.5. Other comments | 17 |
| 3.3. What support is being accessed in order to improve their resilience? | 18 |
| 4. Impact of COVID-19 on the eNGO and wider third sector | 18 |
| 4.1. Impact of COVID on wider third sector | 19 |
| 4.2. Impact of COVID on eNGO sector | 20 |
| 4.3. Have any positives emerged from the crisis? | 25 |
| 5. Analysis of existing or proposed support provision including effectiveness | 27 |
| 5.1. Fundraising in a Welsh Context | 27 |
| 5.1.1. Individual giving in Wales | 27 |
| 5.1.2. Support from businesses | 28 |
| 5.1.3. Support from charitable trusts and foundations | 29 |
| 5.2. Support for Organisational Development | 30 |
| 5.2.1. Third sector infrastructure organisations | 30 |
| 5.2.2. Other support providers | 32 |
| 6. How to support the sector moving forward | 34 |
| 6.1. What do you think is needed to support sector moving forward and why? | 34 |
| 6.1.1. Funding - Core Costs and Longer Funding Periods | 34 |
| 6.1.2. New Delivery Models - Funding Programmes and Adopting a Strategic Partner Approach | 35 |
| 6.1.3. Role of NRW | 35 |
| 6.1.4. Strengthening Collaboration | 36 |
| 6.1.5. Developing the Skills & Organisational Capacity of the Sector | 37 |
| 6.1.6. Shared Services | 37 |

| | |
|---|-----------|
| 6.1.7. Other Suggestions | 38 |
| 6.2. What can be done to enable the sector to play an effective role in the wider Green Recovery? | 38 |
| 6.2.1. Clarity of Mission and Leadership | 38 |
| 6.2.2. Funding and Capacity | 39 |
| 6.2.3. Collaborative Approach | 39 |
| 6.2.4. Identifying Key Growth Areas | 40 |
| 6.2.5. Workforce Development | 40 |
| 6.2.6. Recognising the Importance of Volunteers | 40 |
| 6.2.7. Coordinating Support and Funding | 41 |
| 6.2.8. Other Suggestions | 41 |
| 6.3. What might success look like in the short, medium and long term? | 42 |
| 7. Conclusions | 44 |
| 8. Recommendations | 45 |
| 8.1. Core and strategic funding | 45 |
| 8.2. Facilitate collaboration | 46 |
| 8.3. Organisational Development Support | 46 |
| 8.4. Facilitate wider use of Social Enterprise | 48 |
| 8.5. Leadership from a strong NRW | 48 |
| 8.6. Focus on innovation | 48 |
| Appendices: Case studies | 50 |
| Appendix B: Interview list | 54 |
| Appendix C: Survey highlights | 55 |
| Geographic Spread of registered charities (Environment/ Conservation/ Heritage) | 55 |
| Summary | 56 |
| Risk to organisations | 57 |
| Risk to sectors | 57 |
| Future support | 58 |
| Covid-19 Impact | 58 |
| Support | 59 |
| Appendix D: Bibliography | 60 |

Executive summary

The COVID-19 crisis has brought the issue of stability and resilience into sharp relief with many important organisations struggling for their very existence - others are coping well and adapting to the new realities. Our research indicates the third sector, in particular the environmental sector (eNGO), has been hit hard by the pandemic according to our research. This report will inform a wider discussion about how best to support the sector to create the opportunities for a truly 'green recovery'.

Those stakeholders interviewed during this research welcomed the opportunity to contribute to achieving a better understanding the needs of the sector and how it can best support the Green Recovery.

The operating conditions for the third sector in Wales are more challenging now than they have ever been. The organisations that we have spoken to are extremely appreciative of the support they have received during the COVID crisis and fully recognise that some will need further support to help them through the immediate period. Others are in a stronger financial position and feel that they can weather the immediate period, but there remains a continued anxiety about what the medium and longer term will look like.

We conclude that the sector possesses a degree of inherent resilience that helped get them through the immediate challenge, but there are some underlying weaknesses that mean this resilience would be tested longer term. There are evidently some very vulnerable organisations that will need to be supported through this immediate crisis and beyond. There is already a significant amount of support to aid resilience available to the eNGO sector, the vast majority of which is available throughout Wales. eNGOs must be encouraged and supported to access this support.

It is important to note that eNGOs are still very much "in" the crisis and finding it hard to envision the long-term in such a fluid situation. It is difficult for many to look beyond resolving the immediate challenges of reduced income and the consequent reduction in capacity. Work should continue to keep taking the pulse of the sector, particularly those organisations that have been most significantly impacted by the COVID crisis.

Despite these significant challenges, those we spoke to are undaunted in their enthusiasm for a Green Recovery and are genuinely enthusiastic about their organisations playing a part. They remain keen to deliver their mission and can see the benefits of the crisis to drive positive behaviours in the sector and in wider society.

There are definite opportunities to support the sector to become not only more resilient but also more effective.

Recommendations

1. The challenge of building reliable, predictable and efficient funding within this sector has to be met. The background of limited public funding and challenging fundraising environment will almost certainly continue. Whilst it will be crucial to encourage organisations to reduce their reliance on one or two sources of funding, those limited public funds will have to be used wisely and be as effective as they can be. Public funding can play a vital role in covering those all-important core costs and so enabling the beneficiaries to be better prepared to generate further funding elsewhere.

2. There is clear recognition of the need to collaborate within the sector and an equally clear recognition that meaningful partnership will lie at the heart of the Green Recovery. Whether it is the lack of resource, the inexperience, the culture or the competitive funding environment, there is a strong sense that insufficient collaboration is taking place. Some go further and suggest that the competitive nature of the funding environment is actually discouraging collaborative behaviour as organisations compete for limited funds.
3. There are some highly successful and highly effective environmental organisations operating in Wales. Whilst there is no obvious pattern in terms of scale or discipline, they all appear to have a positive culture that thrives on self-awareness and possess a hunger for improvement of people and systems. In short, they recognise the importance of organisational development. For less successful organisations, the opposite is often true. Far more can be done to encourage eNGOs to seek out advice and support that is readily available.
4. Many of the more resilient and stable organisations that we talked to have a highly entrepreneurial approach to their work. They embrace clear business principles and have employed creative ways of using their assets to both generate trading surpluses and create businesses that further their aims.
5. All stakeholders we spoke with are calling for NRW to take an active role in supporting the sector and the green recovery. This desire to do things differently and for Wales to pursue an ambitious environmental agenda led to calls for NRW to be given the right level of resources to work effectively. Many feel that NRW is stretched at present, and that a better-resourced organisation could do even more to support the wider eNGO sector. However, it was also strongly expressed that NRW cannot be solely responsible for this role, but should help galvanise Welsh Government and other key funders.
6. We found some good examples of organisations that were innovative and had a positive attitude to managing risk and encouraging creativity. However, there was a broad sense that key players in the sector are and have been for some time, focused on their immediate survival and unable to invest time in longer term planning. Leaders that we spoke with recognised this necessity to look beyond the immediate crisis. There was strong support for the idea of a Green Recovery for Wales and agreement that we cannot continue with “business as usual”. Far more needs to be done to support innovation and to bring about the conditions that promote it.

1. Introduction

The COVID-19 crisis has brought the issue of stability and resilience into sharp relief with many important organisations struggling for their very existence - others are coping well and adapting to the new realities. Our research indicates that the third sector, in particular the environmental sector (eNGO), has been hit hard by the Pandemic according to our research. This report will inform a wider discussion about how best to support the sector to create the opportunities for a truly 'green recovery'.

The organisations working on environmental issues in Wales are a complex mosaic of third sector, private and public bodies. They have an important role to play in delivering the Government's priorities and tackling the climate and nature emergencies. Significant work has already been done in recent years to understand the challenges facing not-for profit organisations and their organisational resilience within the wider third sector, including eNGOs. This report seeks to understand impact of COVID-19 on the stability and resilience of environmental organisations working in the third sector in particular.

Drawing upon a combination of desk research, survey and in-depth qualitative interviews with eNGOs and those working to support them, this paper explores the challenges they now face to deliver their work in Wales in the immediate and longer term. In addition, the report explores some of the funding and support solutions that are currently available to environmental organisations in Wales. Finally, the report makes some recommendations for the short, medium and long term on how best to support eNGOs emerge from this crisis both stable and resilient.

1.1. Purpose

This research has been commissioned by a Natural Resources Wales (NRW) taskforce, led by Chair of NRW, Sir David Henshaw. As Wales emerges from the COVID-19 outbreak, the taskforce of experts will develop ideas that link action on climate and nature emergencies with job creation, inclusive and fair economic growth, and other development priorities. The Task and Finish Group aims to establish how we as a nation can truly embed a green recovery. This report informs part of this process, by examining the stability and resilience of the environmental sector and making recommendations over the short, medium and longer term.

The objectives defined in the brief are:

- To carry out an analysis of the current funding landscape for environmental organisations operating in Wales, covering:
 - Data on the size and scope of the sector operating in Wales
 - Context of the wider charitable sector in Wales post COVID, to include data on the scale of the funding shortfall
 - Comparison and benchmarking with other sectors with regards resilience and established support systems including any insight from other funding bodies including the National Lottery
 - Analysis of what funding and support solutions are currently available to environmental organisations in Wales.
- To undertake a consultation exercise to identify the barriers and challenges faced by environmental organisations delivering in Wales over the short, medium and longer term - to include:

- Facilitated sessions, one-to-one interviews with sector members and an online survey of sector members
- Analysis of capability and capacity of members to overcome the identified barriers and challenges.

1.2. Definitions

Environmental Non-Governmental Organisations (eNGOs)

The organisations working on environmental issues in Wales are a complex mosaic of third sector, private and public bodies. This report focusses on Environmental Non-Governmental Organisations, specifically we mean charities and other non-profit organisations concerned with our natural resources i.e. our air, land, water, wildlife, plants and soil. Throughout the report we will use the term eNGO to describe this broad range of environmental organisations.

Stability and resilience

There are differing understandings of the terms stability and resilience when used in the context of organisations. The definition of organisational resilience was discussed in a recent report commissioned by the National Lottery Community Fund¹. This definition also captures what we mean by stability in this study:

“We want civil society organisations to have the **confidence, capacity and capability** to determine their own path and have the right resources to achieve their mission. But to effectively seize opportunities and meet challenges head on, they also need to be able to **adapt and respond** to the changing environment they work in.

This means that they will have a **clear understanding of their purpose, an operating model that sustainably supports their activities**, and the **financial flexibility and resources to achieve their goals.**”²

For the purposes of this report, the terms stability and resilience will be used interchangeably.

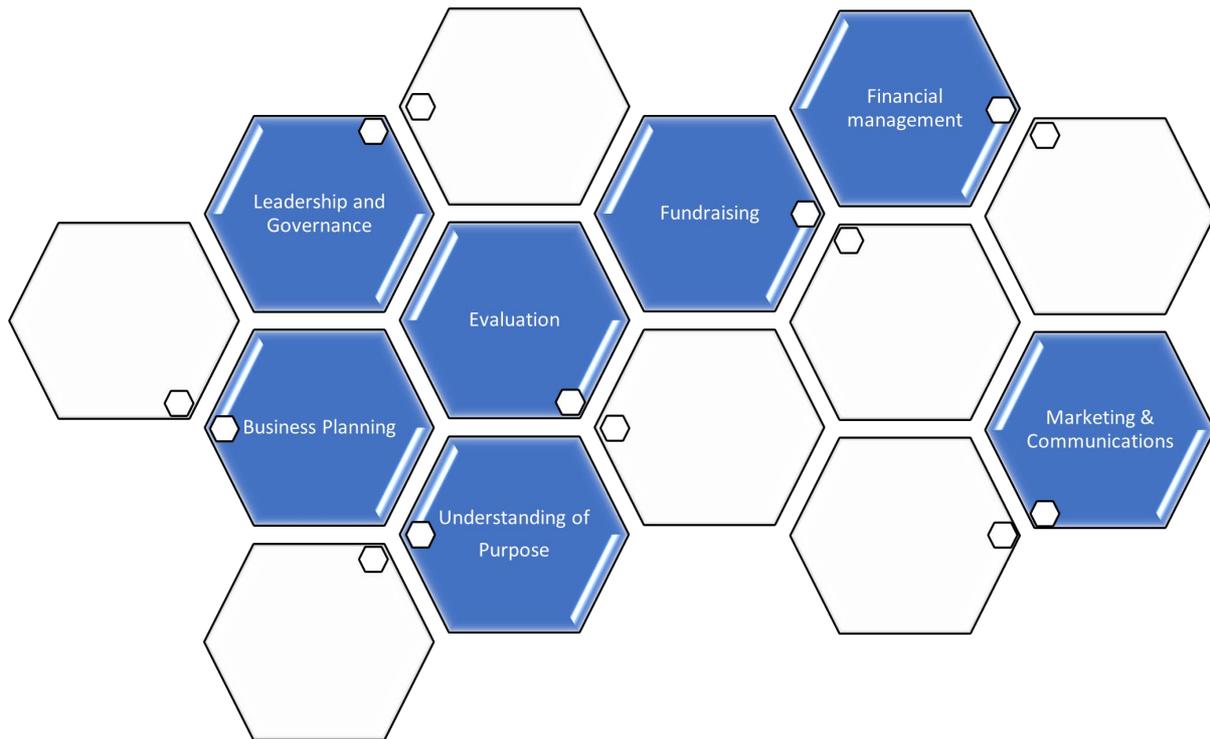
Using this definition, it is clear that organisational resilience isn't just about fundraising or winning grants and contracts. Being resilient also requires organisations to have strong governance, staff capacity and an effective method of service delivery to fulfil their mission.

The following diagram describes key attributes that were identified in this earlier research as being important factors organisational resilience. These topics were addressed in our depth interviews with respondents from eNGOs during our research.

¹ Beynon, M et al (2019), *A Thriving Third Sector: Review of Resilience Support in Wales* [Online]. Available at: <https://bigblogwales.org.uk/2019/08/15/third-sector-support-directory-launched/>

² National Lottery Community Fund (2018). *Supporting Civil Society* [Online]. Available at: www.tnlcommunityfund.org.uk/abo/Betterut/supporting-civil-society

Table 1: Key attributes that were identified as being important elements of organisational resilience



2. Research methodology and parameters

A period of initial desk research was undertaken to map the environmental NGO sector in Wales and the impact of COVID-19 on the wider third sector. A review of the support provision available to the eNGO sector in Wales was also carried out. This identified key support providers in the public, private sectors and third sector, as well as charitable trusts and foundations.

The initial scoping phase also included a roundtable discussion with members of the Wales Environment Link, to explore what kind of support organisations felt would help the stability of the sector and enable eNGOs to play an active part in the Green Recovery. Participants were asked to share their thoughts on 3 main themes, namely:

- The impact that COVID has had on their organisations and the issues/species they champion (both positive and negative)
- The overall stability/resilience of the sector
- The types of support or actions that are most needed to support the sector going forward.

Following this discussion, a topic guide was developed for use in a series of in-depth qualitative interviews with a sample of stakeholders from across the sector. Interviews were subsequently conducted with 6 sector experts and support providers, and 8 eNGO representatives. All research interviews were carried out over a 6-week period between August-September 2020.

The sector expert interviews gave further context on the current stability of eNGOs in Wales and helped to shape the interview questions to the eNGOs. The eNGO interviews explored in more depth some of the issues arising from the roundtable discussion.

Finally, a survey was shared with all Wales Environment Link members was promoted on social media in September 2020 in order to gather some quantitative data from the sector. This survey focussed on the impact that COVID-19 has had to date and will have in the coming months. The survey also sought to understand the support respondents might need over the next 6-18 months to aid their recovery from the crisis.

2.1. Research limitations

The methodology outlined above, in particular the number of interviews conducted, was limited by the timescale of the project and the availability of potential interviewees. The interview sample is not intended to be statistically significant in any way. The interviews are instead intended to provide illustrative comments, which offer insight into the most relevant issues for the eNGO sector as we emerge from the first wave of the ongoing COVID-19 crisis.

It is acknowledged that there are many other environmental organisations including social businesses and those in the private sector who are facing similar challenges. These organisation are beyond the scope of this research.

3. Analysis of sector stability prior to COVID

The following section explores the stability of the eNGO sector prior to the point at which the COVID crisis forced the lockdown in March 2020. It examines the factors that were impacting on organisations as well as looking at ways in which organisations were adapting their operating approaches. It also gives us an insight as to how resilient different organisations were, providing an indication of the challenges they may face as the country emerges from the crisis in the coming months and years.

Overall, the popularity of environment and nature conservation charities has been steadily rising across the UK since 2015 according to trend data from NfpSynergy³. This is likely to be in part due to prominent activism, increased media coverage and international political attention. Their survey in May 2020 found that concern about 'climate change' was level with 'personal financial security' and 'physical health'. The only issues that came above that were the pandemic itself and 'quality of NHS services'. A recent poll by Ipsos MORI⁴ also revealed that two thirds of Britons believe climate change is as serious as Coronavirus and the majority want climate prioritised in the economic recovery from the pandemic, underlining the growing public concern in the climate and nature emergencies.

As we noted earlier on, we cannot describe eNGOs as a single homogeneous group, but there are clear, identifiable trends emerging from our desk research and from qualitative research.

The eNGO sector in Wales is a mix of organisations of varying size - from volunteer-led charities with no staff, to multi-million pound charities, employing hundreds of staff. These organisations are working across environmental policy areas that include nature conservation, local environmental quality, access, landscape and heritage. Wales Council for Voluntary Associations (WCVA) analysed data from the Charity Commission in 2019 notes there are almost 1,385 registered charities based in Wales with charitable objectives around the environment, conservation and heritage. There will be many more that are based over the border but deliver their work in Wales. By County, the spread can be seen as follows, with Powys having a third more than any other county:

³ NFP Synergy (2020), *How can charities keep the environment at the top of the post-pandemic agenda?* [Online]. Available at: <https://nfpsynergy.net/blog/keeping-the-environment-at-the-top-of-the-post-pandemic-covid-19-agenda-climate-change>

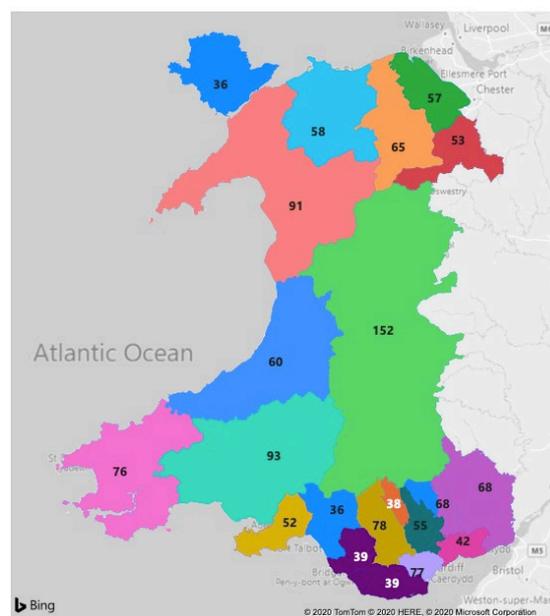
⁴ <https://www.ipsos.com/ipsos-mori/en-uk/two-thirds-britons-believe-climate-change-serious-coronavirus-and-majority-want-climate-prioritised>

Table 2: No. of Environment, Conservation and Heritage Registered Charities by County

| State | No of Environment/ Conservation/ Heritage registered charities |
|-----------------------|--|
| Powys | 152 |
| Carmarthenshire | 93 |
| Rhondda Cynon Taff | 91 |
| Cardiff | 78 |
| Pembrokeshire | 77 |
| Monmouthshire | 76 |
| Torfaen | 68 |
| Denbighshire | 68 |
| Ceredigion | 65 |
| Conwy | 60 |
| Flintshire | 58 |
| Caerphilly | 57 |
| Wrexham | 55 |
| Swansea | 53 |
| Neath Port Talbot | 52 |
| Newport | 51 |
| Bridgend | 42 |
| The Vale of Glamorgan | 39 |

| | |
|----------------|-------------|
| Merthyr Tydfil | 38 |
| Blaenau Gwent | 37 |
| Anglesey | 36 |
| Total | 1385 |

Source: WCVA Data Hub⁵



⁵ <https://wcva.cymru/the-voluntary-sector-in-wales/>

The Charity Commission does not distinguish heritage organisations separately from environmental organisations, but nevertheless it goes to show the sheer number working across this wider sector.

Wales Environment Link (WEL) is the sector membership body that connects government to a section of the eNGO sector. It presently has 30 members who collectively represent over 420,000 subscribing members and supporters⁶. WEL is one of two key organisations that support the eNGO sector in Wales.

According to WEL's current strategy their mission is:

for the WEL network to be the primary NGO sector influencer of environmental policy, legislation and practice in Wales, respected for our members' expertise and advice and at the centre of government decision making.

The membership is made up of larger eNGOs in Wales and it is their membership that provide much of the quantitative and qualitative data for this report. WEL is funded partly through membership subscriptions and grants including a £75,000 from Welsh Government and has a staff team of 4 people.

The WCVA has a much broader, sectoral role, providing support for voluntary organisations of all kinds, across Wales. It too is a membership organisation and plays a key role in Wales, supporting charities, including eNGOs. Its present goals are as follows:

The change that WCVA wants to lead is for the voluntary organisations and volunteering in Wales to:

- *Be stronger and more resilient*
- *Be more valued and trusted*
- *Make a bigger impact on current and future wellbeing*

WCVA has a wide range of programmes and interventions that support the sector and are open to eNGOs. It also distributes funds on behalf of Welsh Government – around £11.5million in 2019 and has played a crucial role in distributing emergency funds during the COVID crisis. It is significantly larger than WEL with around 90 staff.

3.1. How stable was the eNGO sector in Wales prior to COVID 19?

If we look at the voluntary sector as a whole, there is a sense that many charities across the UK have spent the previous decade "in recovery" from the impact of the last financial crisis in 2008, and the ensuing cuts in public finances, with smaller charities faring slightly worse in terms of financial recovery.

*"The NCVO's Almanac shows that while the sector seems to have now recovered its finances to pre-2008 levels, smaller charities have not managed to recover the value of their assets to the same extent as the sector on average."*⁷

⁶ The WEL strategic plan for 2020-2025 https://www.waleslink.org/sites/default/files/strategic_plan_2020_-_2025_-_proof_6_english_final.pdf#overlay-context=

⁷ <https://fundraising.co.uk/2018/05/09/sector-finances-finally-recover-pre-recession-levels-smaller-charities-still-struggling/>

The effects of the last recession can be seen in the number of charities that ceased to exist in 2009 reached, which reached 12,300, according to analysis from Charity Financials⁸. This is a four-fold increase on the 5-year average leading up to 2008 with the negative trend continuing into 2011. Charities with income of less than £100,000 made up 90% of the organisations that closed in 2009. These figures exclude those that de-registered as a result of merger. So, it is quite possible that we could see something similar happening in the wider sector in 2021 and beyond.

Our research paints a picture very broadly similar to that of the wider voluntary sector across the UK, with a definite trend of recovery, reorganisation and refocus over the last few years. However, there have been varying degrees of success.

Many eNGOs have relished the pressure to reorganise and make their organisations more effective and more resilient. The following comments are common:

“We have worked tremendously hard to cut costs in recent years; to diversify our income and really focus on what we are good at....I would say we were extremely resilient before COVID.”

“Change is good – if a crisis forces us to change in order to be more effective, then great”.

This is reflected in our survey data which shows 71% of those who responded felt that they were highly effective organisations prior to the crisis. Whilst there is no in-depth analysis of how effective the environmental third sector was as a whole, this sense of effectiveness is in contrast to those that felt they were “resilient”, with only 39% of respondents saying that they were “a resilient organisation” prior to 2020. This was clearly reflected in our interviews.

“We have reorganised quite a lot, but we are just having to work harder to stay still, in some ways”

“We have done a huge amount to make ourselves more efficient and to diversify our income, but this has not made us more effective”

“I would say we were medium to strong in terms of our resilience despite the fact that we were still very reliant on just two funders.”

There is some evidence from our interviews that the financial strength of those “indigenous” organisations, exclusively based in Wales, is poorer than those with an English headquarters, and they are possibly less effective at fundraising than those who have a strong presence in England.

There is very limited comparative data that studies this contrast between English based and Welsh based organisations in any depth. A small study was undertaken by the Garfield Weston Foundation⁹ in 2014 looking at fundraising effectiveness in Wales and compared it with a similar study undertaken in the North East of England. The Lloyds Bank Foundation have also done a small

⁸ <https://www.charityfinancials.com/insights/insider/press-release-number-of-uk-charities-closing-quadrupled-after-the-last-recession-a-warning-for-covid-19>

⁹ Allies, O, Jennings, Y, and Pharoah, C (2014), *An Insight into the Future of Charity Funding in Wales* [Online]. Published by Garfield Weston Foundation: London. Available at: <https://garfieldweston.org/what-we-do/downloads/>

comparative study of a highly localised investment and support programme in Neath Port Talbot and in Redcar in the North East of England.¹⁰

There is some variation in the level to which organisations with UK-wide operations have invested in their presence in Wales. Some of the larger organisations are very heavily invested here in Wales and are keen to develop their reach and influence with Welsh institutions. This also extends to their level of fundraising ambition and willingness to diversify their income generating activities.

“Core funding from Welsh Government was great. It allowed us to really establish a presence in Wales.”

There is also evidence that some organisations are not fully engaged with Welsh institutions and perhaps do not have a clear grasp of the potential to engage with the devolved administration.

3.2. What challenges did organisations already face in terms of resilience, etc?

There are a number of themes that emerge when we examine the challenges organisations tell us they are facing. It is important to note that the themes that have emerged are very similar to those reported amongst other charities in Wales and are certainly not unique to environmental organisations.

One issue more than any other dominates our research. Funding. The amount of funding; the method of funding; the length of funding agreements and so on. This focus by the sector on funding is telling in its own right and reflects the narrow perspective taken on the issue of resilience by most organisations we spoke with. This emphasis on income generation when it comes to resilience is perfectly understandable as we will now explore and certainly reflects similar preoccupation in the wider sector.

In a study carried out by the Funding Centre¹¹ for the National Lottery Community Fund in 2019 into sector resilience, charity leaders felt overwhelmingly that funding was the single biggest inhibitor to their organisation’s ability to deliver their mission. This was in stark contrast to many funders and sector experts who saw the challenges of funding as a symptom of far broader shortcomings within the sector. Factors such as poor leadership, limited financial management experience, lack of legal understanding, lack of experience in evaluation and poor business planning were seen as some of the key factors.

We will explore the broader, non-financial challenges in the second half of this section, but first we will have a detailed look at the main themes around funding.

3.2.1. Covering core costs

The issue of access to “core funds” has been a topic of intense discussion and debate across the voluntary sector for many years. The Esmée Fairbairn Foundation¹² describes Core funding as:

¹⁰ Lloyds Bank Foundation (2018) *The social process of supporting small charities* [Online]. Available at: <https://www.lloydsbankfoundation.org.uk/we-influence/grow-evaluation>

¹¹ Beynon, M et al (2019), *A Thriving Third Sector: Review of Resilience Support in Wales* [Online]. Available at: <https://bigblogwales.org.uk/2019/08/15/third-sector-support-directory-launched/>

¹² Esmée Fairbairn Foundation (2019) *Insights on Core Funding* [Online]. Available at: <https://esmeefairbairn.org.uk/latest-news/esmee-insights-on-core-funding/>

“money for central running costs which enables organisations to meet their needs and priorities on their own terms.

Core funding can include:

- staff salaries, training, expenses, rent and other overheads
- fundraising costs
- monitoring and evaluation
- communications and digital innovation

Core grants can be restricted (eg to UK-based work, or the CEO’s salary), or unrestricted (used freely for anything within the organisation’s charitable objects, including for reserves).

So why is securing core funding such a big issue for the sector?

Many organisations recognise that this challenge to cover core costs was partly driven by their reliance on a very small number of large funders. These funders, mainly NRW itself, Welsh Government and to some extent the National Lottery Heritage Fund had moved away from a model where a core grant was given that would fund the basic operating costs, to more of a project by project approach.

“A few years ago, there was a clear shift in the way that funding was distributed from a strategic to a much more operational approach”

It is argued that this more operational approach led to funding mechanisms that were largely restricted to specific activity, with only a proportion of that funding available to spend on overheads or administrative costs associated with the delivery of the activity.

“Project funding has its place, but we need to be able to at least cover our real costs. Many of the projects we run don’t allow for Full Cost Recovery, so we end up running them at a loss. That’s fine whilst we had reserves, but we can’t carry on like this.”

“Some funders allow us to claim a proportion of overhead – this is fine but we still need to cover the rest of our overheads from another project. If one of those projects comes to an end what am I supposed to do – sack half of a project officer or cancel the lease on half my office?”

“I’d agree with the need for core funding ...even prior to COVID we could see a lot of organisations that had increasingly unstable finances because they were chasing too much project funding which was too short-term”

Writing complicated and involved applications and being able to manage budgets around full cost recovery are possible. However, the level of complexity in the application processes often means that they are only accessible to organisations that are large enough to have professional bid writers and highly effective financial systems in place. The result is that smaller applicants are often discouraged and the money flows back to larger organisations, perpetuating any difference in capacity over time.

3.2.2. Short-term funding

The short-term nature of project funding is a particular challenge for most eNGOs we spoke with:

“over the years we have had to spend more and more time applying for project funding that may only last a year. Everyone is chasing the same pots of money”

Project funding is often seen as inefficient by environmental organisations particularly when the funding is only short term. There is the direct impact of having to spend time completing application forms and managing the risk around failing to secure that funding. There is also the indirect impact on the wider capacity of managers in particular.

“A few years ago, all of my time was paid for out of core funding. Because the way that funding has moved to more of a project, by project basis, about 4.5 of my 5 days a week are devoted to project management. That means that I simply don't have time to innovate or really focus my time on growing the organisation in Wales”.

The short-term nature of some funds can create a degree of anxiety amongst staff as there is a constant concern about continuity of employment for those individuals who are “project funded”. One-year contracts and grants are typical from public sector funders. Managers have to deal with the risks around failing to secure grants, the administrative burden of closing projects down and setting up again the next year as well as dealing with the HR issues around short-term employment contracts, induction, redundancy and recruitment.

Short-term contracts from government in particular were often reported to be slow to be awarded and payments often delayed. For organisations with poor cashflow or limited reserves this can be very serious:

“Welsh Government is particularly poor - its slow to award, slow to pay and admin heavy.”

Payments are usually made in arrears by statutory funders which places an enormous burden of risk on beneficiary organisations as they have to prepare or even start projects before permission has been granted and well before any cash has been received.

3.2.3. Lack of diversity in funding

There is widespread recognition that there is an over-reliance on a small number of funding organisations across the sector. This lack of diversity creates a number of problems and risks that are deeply interconnected with the funding challenges outlined above. The chief amongst these are the potential impact of the loss of one of these funders; the challenge of finding unrestricted funding that can be used to build financial reserves and the inability to grow.

Many argued that they were very limited in their capacity or ability to diversify their income away from one or two large grants. This is attributed to a range of factors including lack of capacity or a lack of assets such as land or lack of a commercial market for their skills. Others quoted a lack of reserves and an inability to take significant risks as a reason for not being able to diversify.

Reliance on a narrow group of public funders is by no means universal and we identified a number of very positive examples of diversification and innovation.

“From the outset we were determined not to be reliant on government handouts. That is why we established the endowment to give us a regular source of unrestricted income”

“We came into the COVID crisis riding a bit of a wave. Our funding was growing on the back of increased awareness of the climate emergency and we had worked really hard over the previous seven years to completely restructure...we have also done well to build our income from a wider range of sources including trading, donations and grants”

Others are keen to try to diversify but have been limited by the availability of experienced staff.

“We made the decision to appoint a fundraiser so that we could broaden our fundraising, but we just couldn’t find the right person. In the end we have split the role across a number of staff but it’s not really working in the way I’d like.”

3.2.4. Insufficient staffing or capacity

After the financial crisis in 2008, the amount of funding available to the sector from traditional sources fell and the move to a project funding model forced a clear trend of rationalisation and cost cutting across the voluntary sector. Much of this rationalisation was needed and allowed for real improvements for some organisations as they had to focus far more on effectiveness and productivity as their teams of employed staff were reduced. However, for many organisations these reductions in staffing have left them below the capacity required to be effective over time. This dynamic is clearly reflected in the interviews we have conducted.

“We used to have a development officer who could help pull together new projects. That now falls to our project officers who now have to both run their current projects whilst trying to look up and work on the next one”

“We are expected to do more and more for the same money”

Organisations bidding for contracts know that they have to be competitive on price and will therefore try and allocate the minimum number of staff and resources to projects to ensure that they win the work.

“We know we have to be competitive, so we try and keep our costs as low as possible [when bidding] – even at a loss. This means that we set the bar very low in terms of cost and the funder expects the same next time.”

3.2.5. Other comments

Some respondents offered the view that there was a lack of “change at the top” at a number of organisations. This lack of movement in key staff and trustees was seen in some ways as a strength as it supported stability and consistency. However, the opposite impact was also suggested, creating a resistance to change.

Two respondents mentioned that there was not enough diversity amongst trustees, particularly lacking young trustees and those from BAME communities. This was seen as being symptomatic of the wider sector but something that was an important characteristic of eNGOs. It was also mentioned in the context of discussion around the need for innovation and different ways of working.

3.3. What support is being accessed in order to improve their resilience?

We were keen to understand what kind of support eNGOs had been receiving prior to the COVID crisis taking hold earlier this year. Had they been taking advice and external support to increase the resilience of their organisations. How aware were they of the need to strengthen the non-financial aspects of their work? How eager were they to understand how they could improve governance, leadership, evaluation of their effectiveness and so on?

When discussing the wider issue of organisational resilience and sector stability it was very difficult to move respondents on from an understandable focus on money. Few people were able to list any types of support that the organisations had received beyond the immediate grants for COVID recovery or the larger grants they had been receiving prior to the crisis.

In group discussion there was a degree of irritation at the line of questioning around the take up of advice and support.

“we know what we are doing when it comes to fundraising – what we need is greater capacity to do it”

There may well be a lack of awareness of the level of support that is being accessed. The National Lottery Heritage Fund has funded a number of iterations of Catalyst Cymru over many years. This programme managed and delivered by WCVA initially focused on improving fundraising capacity within the sector and had moved on to provide mentoring and wider support for organisational development in its third iteration launched in 2019. According the NLHF team in Cardiff the Catalyst Cymru – Heritage Fundraising project delivered by WCVA (2015-17), 43% of the participants, were involved in landscape and natural heritage. Take up of their sector campaigns on digital skills and leadership programmes has been good from larger organisations in Wales.

Whilst most organisations we talked to did focus very much on funding there were some very interesting exceptions. Three of the most resilient organisations we spoke to had accessed a significant amount of external support - both free (funded) and paid for themselves.

“We are only two years into this but the culture has gone from going to NRW and saying “please sir, can we have some more” to “this is what we want to do and it would be great if you fund us but if you don’t, we’ll go and find someone else who will...”

“ We have paid for external fundraising advice; we have had support from Chwarae Teg with our HR policies; WVCA have been great with advice on safeguarding; we do a lot of networking and I really value those peer-to-peer opportunities; ...we have done a full skills audit of our board and are looking to plug some gaps...”

4. Impact of COVID-19 on the eNGO and wider third sector

The COVID-19 epidemic has presented all organisations with significant challenges, regardless of whether they are in the public, private or third sectors. However, charities and voluntary organisations are particularly exposed to crises of this kind, in part because of their heavy reliance on grants, fundraising, trading income and volunteer input.

This research has sought to specifically explore the impact of COVID-19 on eNGOs in Wales to date and consider how this compares to what is being seen across the wider third sector. The data should

tell us more about the stability and resilience of the sector, and point to what support might be needed to enable eNGOs to thrive and play an active role in the Green Recovery.

As we outlined in the last section, eNGOs were already facing some significant and underlying challenges going into the crisis. As such, it would have been reasonable to expect the effects of COVID-19 to have hit eNGOs particularly hard. That said, the inherent resilience of many eNGOs and their ability to quickly adapt may have helped them pivot and provided some insulation from the worst effects of the crisis. We have asked eNGOs and Sector Experts to identify how eNGOs have been affected, and how they have responded to mitigate the challenges that have emerged.

It has also been important to identify whether any positives have emerged from the crisis and to identify whether the way the sector has responded points to any opportunities for future growth and stability, especially in the context of the proposed Green Recovery.

To provide some context to how COVID 19 has impacted eNGOs, we first consider how the crisis has affected the wider third sector.

4.1. Impact of COVID on wider third sector

Whilst this naturally remains an emerging picture, there has already been a large body of research, reports and surveys that have focussed on the immediate impact of COVID 19 on the third sector. The consistent message that emerges from this literature is that the pandemic has hit the third sector hard. With few exceptions, surveys have produced very consistent responses, indicating that the crisis has had a very negative financial impact. Money, or more specifically the lack of it, appears to be everyone's overriding concern.

Pro Bono Economics (PBE) held weekly surveys¹³ throughout May and June to highlight the difficulties that charities were facing. The key findings pointed to a potential £10.1 billion funding gap in the sector over the second half of 2020, with many charities also still fearing that the worst was to come. In August, they also began a new monthly survey¹⁴, with key findings that have been remarkably consistent with their earlier weekly surveys.

In terms of the financial impact, the PBE surveys showed that nine in ten charities are expecting a decline in income this financial year, and one in four think it will take more than two years to return to pre-crisis income levels. The Chartered Institute of Fundraising¹⁵ notes that whilst their survey showed that 84% of charities reported a decrease or a significant decrease in their total income during lockdown, there were also major discrepancies between income sources. On average, charities reported that their trading income was 72% lower than expected, and voluntary income was 14% lower. This is juxtaposed with charities reporting that grants from trusts and foundations were 29% higher than expected and government grants and contract 51% higher than expected.

Charities Aid Foundation (CAF) have also increased the frequency of their surveys since the start of this crisis. Even at the very start of lockdown, over half (53%) their respondents reported a decrease

¹³ Pro Bono Economics (2020), *Charities in the time of COVID (and beyond)* webinar slides [Online].

<https://www.probonoeconomics.com/resources/pbe-tracker-survey-headline-results-charities-time-covid-and-beyond-webinar>

¹⁴ Pro Bono Economics (2020), *Weathering the storm: PBE COVID Charity Tracker August 2020* [Online].

<https://www.probonoeconomics.com/resources/weathering-storm-pbe-covid-charity-tracker>

¹⁵ Chartered Institute of Fundraising (2020), *Impact on the charity sector during coronavirus - research report June 2020* [Online]. Available at: <https://www.institute-of-fundraising.org.uk/news/charities-are-facing-a-124bn-shortfall-in-income-for-the-year/>

in donations to their charity¹⁶. When the survey was carried out in May, only 63% of charities said that they could accept some form of digital donations, which will account for some of the decline to date and will undoubtedly have an impact going forward. CAF's survey of donors¹⁷ notes that overall, only 14% of people say they are likely to donate to charity less than they usually do over the next six months. Unsurprisingly, they also report that NHS charities garner most support with 40% of respondents saying they're likely to donate in the next three months because of the crisis.

The financial impact on smaller charities may be even greater. Lloyds Bank Foundation¹⁸ have been monitoring the impact of COVID-19 on their grant holders, who are all charities with an income of less than £1 million per annum. They note that for more than half of their grant holders, charity reserves covered fewer than three months of operating costs at their point of application. Even for those with reserves for 3-6 months, the anticipated prolonged impact on income alongside sustained pressures on demand will draw down on these reserves in the medium to long-term.

Survey findings around the impact on staffing levels are also painting a worrying picture. NPC's COVID-19 charities redundancies monitor¹⁹ reports that the sector looks set to lose a significant proportion of its staff. This is particularly worrying given the reported rise in demand for services delivered by many charities.

Lloyds Bank Foundation also reports that more than 500 emergency funds have opened since the crisis hit, helping charities respond to the challenges they face. However, in many cases this funding is for small amounts, and often has to be spent within a short timescale. Charities are finding it difficult to navigate this maze of new funding at a time when some staff are furloughed (or have been made redundant) and their capacity to apply for funding has diminished.

It is clear that the financial impact of the pandemic on the wider third sector has left many organisations struggling, scaling back their operations as income and staffing levels decline. There will undoubtedly be some casualties and the PBE August survey already elicited a response of 9% when respondents were asked if they had merged with another organisation as a result of financial challenges.

4.2. Impact of COVID on eNGO sector

Whilst the amount of research literature that specifically focuses on the eNGO sector is inevitably more limited, the available data suggests that the picture is largely consistent with what is being seen across the wider third sector.

The Wildlife and Countryside Link (WCL)²⁰ undertook a survey among eNGOs across the UK at the very beginning of the crisis. Of the 55 that responded, 15 (27%) said they were either at high risk of becoming financially unviable in the coming months or confirmed that they have less than 4 months' worth of financial reserves to survive on.

¹⁶ CAF (2020) *June 2020 CAF Charity Coronavirus Briefing: 3 months into lockdown, how are charities in the UK faring?* [Online]. Available at: <https://www.cafonline.org/about-us/publications/2020-publications/coronavirus-impact-on-charities>

¹⁷ CAF (2020) *April 2020 CAF Charity Coronavirus Briefing: How charities and donors are reacting to COVID-19* [Online]. Available at: <https://www.cafonline.org/about-us/publications/2020-publications/covid-19-what-it-means-for-giving>

¹⁸ Lloyds Bank Foundation (2020), *Charities responding to COVID-19* [Online]. Available at: <https://www.lloydsbankfoundation.org.uk/covid-19/covid>

¹⁹ <https://www.thinknpc.org/resource-hub/covid-19-charity-redundancies-monitor/>

²⁰ Heritage Fund (2020), *eNGO Coronavirus Impact Survey Report, March 2020* [Online]. Available at: <https://www.heritagefund.org.uk/publications/engo-coronavirus-impact-survey-report-march-2020>

Wales-based eNGOs appear to be in a similar position, with a WEL survey²¹ undertaken in July 2020, noting that 3 out of 11 respondents did not have at least 4 months' reserves. 23 organisations in the WCL survey were able to estimate their losses. Their combined loss in annual income is around £88 million, or an average loss of almost £4 million in 12 months. The WEL survey respondents reported their estimated income losses for this financial year as between 10% and 40% of their usual income. They also stated how they expect further financial hardship next year with some organisations reporting that they expect it to take 3-5 years for their operations to recover to pre-March 2020 levels. The majority expect to be able to continue to operate but note that they need to mitigate their financial losses by reducing operational capacity and considering redundancies. However, for those that had reduced operations or furloughed staff, all stated that with the right support in place, they could be fully operational again within one or two months.

The WCL survey found that eNGOs across the UK have 3 clear priorities for the help they need from funders. These are: greater flexibility on deadlines for projects they fund; replacement funding for revenue lost through closures and for projects where funding has dried up; and emergency funding for organisations at financial risk. The WEL survey had very similar responses, in particular:

- Flexibility on existing grants to allow outdoor projects to be delivered
- Payment of existing Welsh Government grant funding for work already done
- Fully reopen or expedite opening of new funds that were expected as part of the Environmental Growth agenda
- Core funding from Welsh Government
- Significant Welsh Government investment in a green recovery from COVID-19 with revenue as well as capital grants over a three to five-year commitment.

While these are not large sample sizes, they do echo the sentiments of surveys carried out more widely in the third sector. It also seems that the picture in Wales isn't that different to what is being seen across the UK, with all charities, regardless of sector, facing significant financial challenges as a result of COVID-19.

The data collected through our survey and research interviews highlights the significant negative impact that COVID-19 has had across the eNGO sector in Wales. All of the organisations that contributed to this report spoke openly about the huge challenges they have faced, and many described a state of initial panic within eNGOs as the gravity of the situation (and its potential consequences) became clear.

The introduction of COVID restrictions and then lockdown, left eNGOs unable to deliver the majority of their services and activities, and staff were forced to work from home. This had huge implications for all eNGOs in terms of staff capacity, income, and levels of engagement with members and wider stakeholders. Many organisations also rely heavily on volunteers and this aspect of their work also had to cease overnight.

Dealing with the initial implications of these challenges placed huge pressure on eNGOs and many reported having been very concerned about their immediate prospects. However, the early announcements made by the Government (both at a UK and Wales level) around the furlough scheme and then additional emergency support, gave eNGOs a lifeline. The majority of eNGOs reported that they had furloughed some staff and that this had been instrumental to helping them cope with the wider challenges presented by the crisis. Based on the comments provided, it would

²¹ Wales Environment Link (2020), *Summary of impacts of COVID-19 on WEL members*. Available from WEL on request.

not be an over exaggeration to say that without furlough, both significant job losses and closures would have been highly likely.

The quotes below illustrate some of the views expressed on the initial challenges brought by COVID and how furlough provided a vital lifeline for many:

- *“Furlough scheme was a game changer and bought the sector time to adapt and prepare for reopening/future challenges”*
- *“A couple of the organisations were on the brink at one stage, and they were only saved by the intervention of funders like NLHF, Moondance and Esmée Fairburn”*
- *“Impact of COVID has hit the charity quite hard. Offices were closed and staff were initially asked to work at home. Three out of four staff were furloughed for 4-6 weeks”*
- *“First few weeks were very scary. Before furlough there was a significant risk that many businesses would face very serious challenges. We all breathed a collective sigh of relief when the scheme was announced. Before then people were facing a situation where they would likely have to cease trading and make people redundant - so it was very serious. Furlough gave everyone a lifeline”.*

The ability to furlough staff effectively enabled eNGOs to protect their workforce and reduce costs at a time when their income was being severely restricted. The degree to which eNGOs utilised the furlough scheme varied, ranging from some small organisations deciding not to use the scheme, through to eNGOs that effectively ‘mothballed’ large parts of their operation for a block of time. Whilst all research participants agreed that furlough had been critical to safeguarding the sector, many also noted that it also generated a significant management burden in terms of overseeing the process and helping staff cope with the fallout. One interviewee noted

“We’ve lost a huge amount of management time working through changes in operating and have not had time to develop existing plans or spend time doing the thinking that we need to do to take the organisation forward”.

Access to wider business support funding has reportedly proved far more difficult, and this was seen as further evidence of how eNGOs are treated differently to the private sector. For some this was seen to reflect a wider issue of policymakers undervaluing the contribution of the sector to the economy and society.

“There seems to be a failure to grasp that when you safeguard jobs in our sector, the investment also secures environmental and societal benefits. We always seem to be down the pecking order”.

The biggest and most concerning impact of the crisis for many eNGOs has been the hit on income and wider fundraising activity. Many eNGOs reported a considerable drop in income over the period and expressed concern that it may take some time for the sector to recover. Linked to this, there has been an inevitable loss of engagement with volunteers, members, and other stakeholders, which again has implications on short and longer-term income streams. Whilst the extent to which the crisis has hit income differs from one eNGO to the next, the comments below provide a sense of the overall picture.

- *“There has been a significant drop in income. For example, a major corporate sponsor cut their support by 50% overnight”*
- *“Went from break-even to 650k deficit and all staff were furloughed except for a skeleton team”*

- *“Big impact on membership. Had quite a few cancellations initially. Also lost out on all the donations that would normally be generated through visits and events”*
- *“All education, outreach, marketing and events staff were on furlough, so this has had a big impact on engagement. We project somewhere between a 30-45% loss of income, depending on how the economy performs over the next couple of years”*
- *“Massive initial impact as our visitor centre closed, our income fell by 40% and we had to furlough all of the staff associated with the attraction side of the business”.*

It is also worth noting that this impact has likely not been evenly distributed, and it may be the case that factors such as size and the extent to which eNGOs have diversified income have shaped the level of impact. For example, it was observed that those organisations that had made the effort to diversify income before COVID, have actually been the hardest hit, because shops and other trading activities have had to stop.

A minority of eNGOs reported a less dramatic loss of income, either because they have been able to replace losses with emergency funding, or (and) they have been able to recover lost ground after the loosening of COVID restrictions.

- *“There was a dramatic fall in the number of sales during the peak season of April-June, however we have recovered well as people are keen to get outdoors and we are now only 12% down on the year”*
- *“The rest of our funding has remained solid for now – however we remain concerned about ability to keep on finding unrestricted funding for our core costs”*
- *“We accessed a couple of grants and we sent out emergency appeals to our members and supporters and they have responded at record levels. In cash terms we will probably come out of COVID with better than expected financial result”.*

Further data collection would be necessary to better understand how the impact of the crisis has differed between eNGOs with varying characteristics.

Despite this negative impact on income, eNGOs have moved quickly to try to mitigate their situation. Many have accessed emergency funding that was made available by funders, as well as making appeals for additional support from their members and the public. The efforts made by funders to respond quickly and positively to the crisis were praised by eNGOs. Funders were seen to have adopted a flexible and proactive approach during the crisis and this had helped alleviate financial and operational pressures. For example, interviewees noted that funders were allowing the targets/deadlines of existing projects to be altered, and many funders have also made additional funding available (Esmée Fairbairn & Moondance singled out for praise) which has been a big help in the short-term.

Staff and volunteers have also felt the effects of the crisis acutely. Many staff found themselves furloughed or adapting to working from home, whilst those that remained in work faced considerable workload pressures due to limited capacity and a multitude of unprecedented challenges. Volunteers were also unable to contribute, which was incredibly frustrating for those involved, especially as many draw significant health and wellbeing benefits from their activities. eNGOs also rely on volunteers as a key part of their workforce, so their absence further exacerbated the squeeze on capacity.

The crisis has taken a heavy toll on all the people involved with eNGOs and interviewees spoke of fatigue, frustration, exhaustion, uncertainty, and low morale. This has meant organisations have had

to commit a lot more time to managing and supporting colleagues. One eNGO summed up their experience as follows:

“Some staff on furlough have been worried why they were selected, and then others who have still been working are fatigued and maybe there’s some resentment about having to carry that burden over a difficult period. We perhaps didn’t foresee the amount of reassurance that would be needed”.

This human dimension must of course be recognised, as it is both a feature of the resilience of the sector and a limitation. As one sector expert commented

“Staff have gone above and beyond to keep things going over COVID, but it has taken its toll. There are only so many times you can keep on going back to the well”.

Despite the gradual return of staff and volunteers, eNGOs are still facing significant challenges. For many, the crisis has compacted a lot of activity into a shorter time frame, meaning that in some cases they are having to deliver a year’s worth of work in six months. The terms of emergency funding have exacerbated this issue, as many of the grants awarded need to be spent by the end of March 2021. A further aggravating factor has been the negative behaviours that have emerged over lockdown – with problems such as vandalism, theft, pollution and illegal activities all causing damage to nature and habitats. Dealing with these extra challenges at a time when capacity and income remain severely constrained is a tall order for eNGOs, and many feel they are playing catch up.

It was also noted that this contracted capacity is likely to impact on the longer-term ability of organisations to engage effectively in other vital areas such as research, project development, innovation and networking. In turn, this will limit activity, income, and potentially the ability of the sector to play a fully active role in the Green Recovery. Addressing this negative spiral is therefore seen as a priority.

The lockdown has also reportedly led to a huge rise in demand from people wanting to access and enjoy nature and their local environment. Whilst this is clearly positive for eNGOs, it has also tested organisations at a time when they have been working with limited capacity – for example many Wildlife Trusts opted to keep sites open, despite not having enough staff to supervise them properly. The increased usage has resulted in some problems (like vandalism, littering, etc.) and conflicts between different user groups (for example dog walkers vs. joggers vs. cyclists). This has placed additional strain on eNGOs and staff have felt a sense of frustration about not being able to manage these issues effectively. One eNGO stated:

“Unfortunately, there has been a fair bit of damage and anti-social behaviour on the sites, and the Police have had to be called. We’ve had groups of people partying and camping overnight, there’s been lots of rubbish, and a large amount of wood has been stolen. I think some people think we’ve actively chosen not to deal with the problems. They don’t grasp that we’ve been on furlough. Staff have been desperate to get out there, but our hands have been tied due to COVID”.

Despite these challenges, both sector experts and eNGOs spoke positively about the response of the sector and noted how organisations were already starting to adapt their operations. For example, there has been a rapid push to move services online and to resume some activities in a socially distanced way. These efforts are ongoing and will take time, expertise and additional resources to deliver. Nevertheless, they will also help eNGOs to recover lost ground and insulate themselves from the worst effects of any future lockdowns. Some interviewees called for the sector to share ‘lessons

learned’ and best practice in order to reduce duplication of effort and ensure that good solutions to common challenges can be utilised.

Overall, the evidence suggests that whilst COVID has had a very significant impact on the sector, most eNGOs have managed to survive with a limited loss of employment. This is a credit to their resilience, the hard work of their staff, and the efforts of funders and policymakers to actively support the sector. That said, many interviewees also made the point that it could be a very different story should another lengthy lockdown occur, especially if no furlough scheme is made available.

4.3. Have any positives emerged from the crisis?

In terms of positive impacts that have emerged as a result of COVID, the main observations related to changes in people's behaviour and attitudes. Lockdown has led to people increasingly recognising the value of their environment and having the time to explore and enjoy their local habitats. For example, Butterfly Conservation run an annual UK ‘Big Butterfly Count’ survey, and this year they saw a response that was significantly higher than usual. These examples offer hope that a different future is possible, and eNGOs feel that it is important that every effort is now made to lock-in some of these positive changes and be ambitious about what can be achieved. eNGOs also feel that building on these observed changes could play a big part in helping make the Green Recovery a reality.

Some illustrative comments included:

“Lockdown has reminded people how valuable their environment is, and there seems to be a far greater appreciation of nature. This needs to be capitalised on”

“I’ve been given hope by the surge in public sentiment around not wanting to go back to the way things were. This presents an opportunity for action”

“The crisis has shown that big changes in behaviour are possible and we remain very optimistic about the future and our ability to influence things positively”

Most research participants felt it was too early to assess whether there had been any meaningful and lasting benefit for nature itself, especially given how quickly behaviours can revert to what they were previously. Some negative behaviours have also emerged. Many eNGOs therefore remain sceptical about whether lockdown, in and of itself, has delivered any sort of ‘net gain’ for nature and the environment.

eNGOs feel that the way the sector has reacted to the crisis has been a positive, especially their ability to innovate and change at short notice. This demonstrates the resilience of eNGOs and perhaps points to their ability to grow and thrive with the right kind of support.

The response of funders and policy makers was another important positive to come out of COVID. Funders have been flexible and moved quickly to put vital emergency funding and other resources in place. There has also been a healthy level of coordination between funders, and the provision has been accessible and implemented quickly. NRW, HLF, Moondance and Esme Fairbairn were all singled out for particular praise.

The crisis has also reportedly accelerated some positive changes to practice that otherwise would have likely taken longer to achieve. For example, the adoption of digital technology as a means of

delivering services and staying in touch has been rapid and will deliver significant benefits. There are also signs that a more progressive approach to flexible working has emerged. These developments could support less travel, reduced carbon, and allow the sector to expand their reach. Helping eNGOs share and embed these new practices would therefore help the stability and resilience of organisations moving forward.

eNGOs also feel that the work that staff and volunteers had put in was a major positive that needs to be recognised and praised. The commitment shown is a key feature of the resilience of the sector that has helped sustain eNGOs through a very testing period. There have also been some positive changes to the way teams interact within organisations, with people making more of an effort to stay in touch and support one another, and eNGOs have recognised the benefit of this shift.

The crisis has led to some eNGOs undertaking a comprehensive review of their operations in light of COVID. This has been testing and has required some tough decisions to be made. However, those eNGOs that have been through it, feel that it was the “right thing to do” and that it will make them far more resilient moving forward. Whilst this is a positive for those that have taken this step, it does of course raise concerns for eNGOs who haven’t used the lockdown period to address risk and protect themselves against future challenges. As one interviewee noted:

“If organisations haven’t reviewed their operations in and taken some tough decisions, then they are likely to be in a very tough spot if/when another lockdown comes”.

5. Analysis of existing or proposed support provision including effectiveness

In this section we look at the level of support that is available to environmental organisations in Wales. Given the strong emphasis on financial performance and the importance of funding in our conversations, we will first explore the fundraising environment in Wales and then look at the availability of other support to help individual organisations to improve their resilience.

5.1. Fundraising in a Welsh Context

There is a lack of detailed, in-depth, recent data available to inform our understanding of the potential for fundraising in Wales, even prior to the COVID outbreak. Better information exists for the whole of the UK. Comparisons are therefore difficult to make between Wales and the rest of the UK. But, it is fair to say that the overall context in Wales for fundraising is challenging across all potential constituencies for philanthropic giving – individuals, charitable trusts and foundations, and businesses. This is without considering the potential impact of COVID-19.

Competition for philanthropic funds has been steadily increasing in recent years as charities across Wales and throughout the UK have experienced significant changes to their funding base. In particular the share of income derived from public sector sources has decreased steadily. Welsh Government grant funding has decreased by around 21% in the 7-year period between 2010/11 (£350 million) and 2017/18 (£278 million) and Welsh Government contracts have remained largely the same with £44 million being awarded to the third sector in 2012/13 compared with £45 million in 2017/18. This means charities and non-profits across all sectors are looking at diversifying their income streams and investing more in fundraising.

5.1.1. Individual giving in Wales

The giving capacity in Wales is much less than in other areas of the UK. Examples from recent studies show that the average donation size in Wales is lower than in England. One report noted the median monthly amount given by a donor within Wales in 2018, either donating or sponsoring in the last four weeks, was £15, while the mean amount given was £36. These are both below the figures for the UK as a whole, where the median was £20 and the mean was £45²².

CAF note that this is likely due in part to the lower average salary in Wales. Indeed, there are also relatively few top rate taxpayers. According to HM Revenue and Customs²³, in 2019/2020 only 6,000 people in Wales are thought to earn over £150,000 per annum, and every other region of the UK with the exception of Northern Ireland has a higher percentage of taxpayers earning above £50,000 per annum (see Table 1 below).

²² Charities Aid Foundation (2019) *CAF Wales Giving 2019, An overview of charitable giving in Wales* [Online]. Available from: <https://www.cafonline.org/docs/default-source/about-us-publications/caf-wales-giving-2019.pdf>

²³ HMRC (2019), *Survey of Personal Incomes, Table 2.2. Number of income tax payers, by country* [Online]. Available from: <https://www.gov.uk/government/statistics/number-of-individual-income-taxpayers-by-marginal-rate-gender-and-age-by-country>

Table 3: UK Taxpayers by Region and Country 2019/20 in thousands

| | All taxpayers | Higher rate (Income >£50k pa) | Additional rate (Income >£150k pa) | % above basic rate |
|--------------------------|---------------|-------------------------------|------------------------------------|--------------------|
| London | 4230 | 776 | 152 | 21.9% |
| South East | 4670 | 726 | 101 | 17.7% |
| East of England | 3090 | 425 | 52 | 15.4% |
| Scotland | 2560 | 375 | 20 | 15.4% |
| England | 26400 | 3300 | 410 | 14.1% |
| South West | 2760 | 288 | 24 | 11.3% |
| East Midlands | 2230 | 222 | 18 | 10.8% |
| West Midlands | 2570 | 250 | 20 | 10.5% |
| North West | 3280 | 309 | 23 | 10.1% |
| Yorkshire and the Humber | 2410 | 210 | 16 | 9.4% |
| North East | 1120 | 93 | 5 | 8.8% |
| Wales | 1350 | 108 | 6 | 8.4% |
| Northern Ireland | 761 | 55 | 4 | 7.8% |

Source: HMRC Table 2.2

There are a small number of well-known and highly committed philanthropists in Wales, but they are inundated with requests for support. The 2017 Coutts Million Pound Donor Report²⁴ notes that donations greater than or equal to £1million from Wales only accounted for 1.4% of the total number in the UK (whereas London-based donors accounted for almost 60% of these major gifts). Whilst donors based outside Wales are potential supporters, the cost of communicating with them or cultivating them can be expensive and therefore only open to larger eNGOs.

CAF's research during April 2020²⁵ noted that 53% of survey respondents said that they had decreased their charitable giving since the start of the COVID-19 crisis. Not only that, but those that were giving had shifted the cause area they were supporting, with (unsurprisingly) hospital charities being the main beneficiary of this shift. The biggest losers, according to the poll are children's causes and animal welfare charities in particular. The reality is that many individuals will have taken a hit to their disposable income therefore charities will need to be more creative than ever to retain their existing donors and acquire new ones. However, a recent report²⁶ commissioned by the Chartered Institute of Fundraising suggests that 'windfalls' could potentially be available for charitable giving due to some households making significant lockdown savings.

5.1.2. Support from businesses

Finding up to date information for general philanthropy trends in Wales is challenging, but there is even less information on the value of support to charities received from businesses. The reality is that there are few major companies headquartered in Wales to make corporate fundraising effective for many charities. The Welsh business landscape is dominated by branches, regional offices, and operational centres rather than head offices resulting in relatively small discretionary

²⁴ Coutts (2017), *Million Pound Donors Report* [Online]. Available from: <http://philanthropy.coutts.com/en/reports/2017/united-kingdom/findings.html>.

²⁵ CAF (2020), *Charity Coronavirus Briefing June 2020* [Online]. Available from: <https://www.cafonline.org/about-us/research/coronavirus-and-charitable-giving>

²⁶ Pharoah, C. and McKenzie, T. (2020) *Reframing the ask - trends which will shape giving and fundraising post-COVID19* [Online]. Available at: <https://www.institute-of-fundraising.org.uk/guidance/research/reframing-the-ask-trends-which-will-shape-giving-and/>

budgets available locally. Indeed, Wales is only home to one FTSE 100 company HQ (Admiral) and the pool of other larger potential corporate prospects is very small. A dedicated strategy, which is fully resourced, would be required in order to cultivate and secure any big wins. It is true that South Wales is home to a burgeoning SME and start-up sector, but their small-scale support of charity has a tendency to focus on grassroots sport such as jersey sponsorship, or other very local causes.

Corporate fundraising is likely to see some short-term effects from the COVID-19 crisis and it is likely that many companies will reduce their giving at the end of the financial year. With many businesses feeling the economic effects of the lockdown, and with cultivation events and pitch meetings cancelled, it is very likely that this income stream will see a decline. Much corporate fundraising also centres around employees themselves fundraising in the workplace. With many now working from home, this will be harder to coordinate. However, there will be corporate donors in industry sectors that have grown their business during the crisis – these industries include pharmaceuticals, online retail of essential goods, e-commerce, technology and software as well as distribution.

Many companies are likely to reduce but not halt their giving at the end of the financial year (unless they have gone out of business altogether) and will want to maintain key stakeholder relationships. Major corporate donors tend to be in industrial sectors performing well in the FTSE, so future fundraising opportunities may lie with sectors which have grown business during COVID19, such as pharmaceuticals, online retail of essential goods, e-commerce, technology and software.

5.1.3. Support from charitable trusts and foundations

The lack of wealth that is kept in Wales, both historically and more recently, is probably a factor in explaining why there are so few large private charitable trusts and foundations based in Wales. There are only three family foundations with an annual grant expenditure of above £1m (The Moondance Foundation, The Waterloo Foundation and the Hodge Foundation) and only a handful of other smaller charitable trusts and foundations based in Wales. However, UK-wide, there are a considerable number of large charitable trusts and foundations, mainly based in London. Unfortunately, Wales has not historically been a significant beneficiary of their grants, although there is an increasing effort by both funders and charities to generate more from these sources and there is a genuine enthusiasm amongst the larger trusts to encourage more high-quality applications from Welsh charities.

While now slightly out of date, the report by the Garfield Weston Foundation in 2014 mentioned earlier, showed that among the c.9,000 registered charities in Wales, with a total income of £1.2 billion, income from charitable trusts and foundations had flat-lined since 2009. Their report concluded that this indicates there has been little growth in alternatives to public sector funding. This is not surprising given the lower levels of wealth here in Wales and giving capacity across all constituencies is less here than in other areas of the UK. There is no indication to suggest this has changed much since the report was published.

In terms of the COVID-19 impact, grants from charitable trusts and foundations should remain relatively stable in the short term. Many will have experienced a hit to their investments due to the impact on the stock market of the pandemic. This will mean they have a reduced level of both income and capital from which to make grants. However, the majority of trusts and foundations are long-term investors and will have benefited from strong returns over the last few years. Indeed in 2019, the global stock market had its strongest performance since 2009. In addition, research from the last economic crisis in 2008 shows many trusts and foundations choose to maintain or increase their level of grant spend when times are hard, even if their income and capital falls. According to a

recent survey²⁷ led by the Institute of Fundraising in collaboration with NCVO and the Charity Finance Group, income between March-May 2020 from trusts and foundations was 29% higher than expected. This is likely to be a result of many making emergency funds available.

5.2. Support for Organisational Development

What services are offered by the ‘established’ third sector infrastructure in Wales to third sector organisations to assist with organisational and financial resilience? What support is offered by other organisations – third, public and private sector? Our research shows that there is a significant amount of support available to Third Sector organisations in Wales. Much of this support is free or packaged up with financial support, which is available to environmental organisations in Wales, especially those which are registered charities.

5.2.1. Third sector infrastructure organisations

The established third sector infrastructure in Wales includes the 19 County Voluntary Councils (CVCs), WCVA and the Wales Co-operative Centre. The CVCs and WCVA work closely together under the banner of the Third Sector Support Wales network, with a recently refreshed shared goal and universal offer of support. They are largely seen as a one-stop shop for third sector organisations and all provide generalist support around four main pillars of activity: Volunteering, Governance, Sustainable funding, and Engagement and influencing. They state that their work is broadly focused on the common themes of:

- Information and advice
- Learning and development
- Networking and communication
- Shaping, influencing and building the social capital and resilience of the sector
- Raising the profile of the sector

WCVA provides support Wales-wide, while the regional CVCs provide support to third sector organisations working in a particular local authority area. While all have this universal core offer of support, some of the CVCs and WCVA have other funded programmes providing support in specific areas.

For example, WCVA, in addition to its general support and guidance for third sector organisations, also currently has funded programmes around volunteering, safeguarding, and evidencing impact. WCVA also distributes grants from statutory sources and offers EU-funded loans to social enterprises through the Social Investment Cymru programme. Gofod3, run by WCVA is currently the only large third sector conference in Wales and as such it is very well-attended and welcomed by all the third-sector organisations we spoke to.

The level of support that is provided can vary considerably between the regional CVCs. This seems largely due to the level of funding, and perhaps reflective of the size of community they serve relative to their income. For example, some of the larger CVCs provide several training events every month, while the smaller ones may only provide a few per year. Some of the CVCs administer grant schemes on behalf of other organisations, the local authority or health board and many now also deliver services within the community themselves e.g. community transport services. Clearly CVCs

²⁷ Chartered Institute of Fundraising (2020), *Impact on the charity sector during coronavirus – research report June 2020* [Online]. Available from: <https://www.institute-of-fundraising.org.uk/library/impact-on-the-charity-sector-during-coronavirus-research-report/>

are feeling significant pressure from a lack of funding themselves and this is undoubtedly having a knock-on effect on the support that some can provide.

Other third, public and private sector providers of resilience support often see the regional CVCs as a gateway organisation. They can help other providers to reach their target beneficiaries, in particular those without an established network and ability to promote themselves to the organisations they are looking to support. The CVCs can also act as a signposting service for those organisations needing advice beyond the expertise of the CVC staff.

The Wales Co-operative Centre, as the infrastructure support body for social businesses, has a much narrower remit, providing support through the Social Business Wales programme. Social business is an umbrella term which includes social enterprises, co-operatives and employee-owned businesses and the most recent mapping exercise saw over 650 social businesses in Wales included in a directory²⁸. The Social Business Wales programme provides intensive one-to-one support to those organisations which are specifically looking to expand, focussing on growth that will lead to job creation. The growth might be around increasing turnover, diversifying into new products or services, attracting new customers or changing structure. The support they offer covers almost every area including strategy and planning, finance, HR, legal issues, IT, governance and leadership, and stakeholder engagement. They don't provide any cash support through grants or loans, although the value of their in-kind support is up to £5,000. Another project delivered by Wales Co-op Centre, is the Welsh Government-funded digital inclusion project Digital Communities Wales. This could also potentially improve resilience for organisations if it enables them to reach their beneficiaries in a new way, or more efficiently.

²⁸ <https://wales.coop/social-business-directory/>

5.2.2. Other support providers

Apart from the third sector infrastructure bodies, there are a large number of third, public and private sector organisations also providing support around organisational and financial resilience.

Classifying the organisations offering support into a typology (see table below) is immediately helpful in illustrating the wide range of organisations involved, and it hints at differing motivations and contexts for this support:

Table 4: Illustration of available support for voluntary organisation in Wales

| Type | Examples | Number Identified |
|---|---|-------------------|
| 'Established' third sector infrastructure bodies | CVCs, WCVA, Wales Co-operative Centre, NCVO | 23 |
| Other public sector initiatives | Business Wales, Charity Commission resources, Arts Council of Wales, Sport Wales, Nesta | 6 |
| Grantmakers | Lloyds Bank Foundation, Garfield Weston (Weston Charity Awards), Coalfields Regeneration Trust | 5 |
| Membership organisations for organisations and individuals, including professional bodies and umbrella groups | Wales Environment Link, Charities Finance Group, ACEVO, Institute of Fundraising, ICSA The Governance Institute, Development Trusts Association, Small Charities Coalition, | 19 |
| Third sector organisations specialising in strengthening the third sector | Cranfield Trust, Pilotlight, Clore Social Leadership, New Philanthropy Capital, Coalition for Efficiency | 19 |
| Peer Networks | Association of Chairs, Ella Forums | 4 |
| Recruitment and matching platforms to find trustees, volunteers, and pro-bono advisors | Do-It, LawWorks, iProbono, TPP, CharityJob | 5 |
| Online-only resources | Good Governance Code, Social Value Wales | 5 |
| Suppliers of resources and products to the third sector (typically charities themselves) | LocalGiving, Directory of Social Change, Charities Aid Foundation | 5 |
| Commercial consultants and firms supplying bespoke services only | Not included in our research | 0 |

Support is being offered in a number of ways including: providing general information and advice (face-to-face and online); traditional training events; peer-to-peer networking; coaching and mentoring; consultancy support; grants and loans.

There are a small number of programmes, known as Grant Plus, or Funding Plus, where a grant is made alongside strategic/financial support for the beneficiary organisation. This often takes the form of consultancy and coaching, but could also include other forms, e.g. training or peer-to-peer. The Lloyds Bank Foundation has been one of the most visible providers of this type of support since the launch of its Enhance programme in 2014. Despite the relatively low number of providers in Wales with Grant Plus programmes, several providers and beneficiaries we spoke to cited Grant Plus as being a positive and holistic approach.

Some organisations are focussed on providing support in a particular area. For example, LocalGiving only provides support in the area of digital fundraising and the Media Trust only provides support around communications. However, the majority of providers offer support across multiple areas of organisational and financial resilience.

It is worth noting that for many of the organisations based outside Wales, they often only work with a handful of Welsh charities (for example Pilotlight or The Cranfield Trust). This is largely due to capacity and ability to deliver their service, rather than the demand from the third sector in Wales.

While some of these programmes will be affected by the COVID crisis, it is safe to say that there are more programmes of support available than most third sector organisations realise, and a large proportion of this support is free and accessible to all.

6. How to support the sector moving forward

Having explored the stability of the sector, and looked at how COVID-19 has impacted eNGOs, our research questions then turned to consider how the sector could be best supported in future. The proposed Green Recovery will naturally require a strong input from the sector, so consideration was also given to how eNGOs can play an active role in that process. Finally, interviewees were challenged to envisage what success might look like for the sector in the short, medium and longer term.

6.1. What do you think is needed to support sector moving forward and why?

The suggestions provided by interviewees strongly correlated with earlier comments about factors that presently detract from the stability and resilience of eNGOs. As such, there was again a heavy focus on the need for additional funding and resources to enable greater capacity, and collaboration. That said, the majority of stakeholders also seemed to accept that 'extra money' was not the sole solution to the challenges they face, and they were able to articulate a range of other ideas on how the potential of the sector can be supported moving forward.

6.1.1. Funding - Core Costs and Longer Funding Periods

All stakeholders made a strong appeal for more core-funding to be made available for the sector. Many felt this would perhaps be the single most important step that Welsh Government could take to safeguard the stability of the sector and ensure it can withstand future challenges. There is a clear frustration with the amount of time and energy that eNGOs are currently having to spend on finding ways of covering their core costs. The point was made that this effort could be better spent on developing new ideas, innovating, and actively tackling the environmental challenges we now face as a nation. In the context of the Green Recovery, eNGOs feel that moving to a position where their core costs are covered would free them up to really pursue the environmental goals set by the Welsh Government.

In making this plea, eNGOs accepted that any extra resource would need to come with clear and ambitious performance targets attached. This would include a greater emphasis on evidencing impact against strategic outcomes.

The length and continuity of funding arrangements was another area where the sector believes change is urgently needed. Providing funding over a longer time frame would offer greater certainty and allow activities the chance to deliver meaningful change. At present, eNGOs are often expected to reinvent activities year on year in order to demonstrate "innovation". This is seen as unrealistic (as some environmental activities simply need to be funded on an ongoing basis) and counterproductive (as it distracts limited time and resource away from delivery). As one eNGO commented, "If something is working and is delivering, then that should be viewed as a worthwhile programme and funding should be extended, with tweaks and additions as appropriate".

There were therefore calls for funding to be awarded over longer time frames (3-5 years), and for funding to be clearer and more accessible for eNGOs, thereby limiting bureaucracy and the administrative burden of applying for funds.

The need for more secure funding also featured strongly in the responses to our Consultation Survey, with 71% of respondents stating that the funding situation needs to be improved.

Suggestions included an extension of furlough, core funding support, access to borrowing, multi-year funding, and fairer access to small-scale contracts.

6.1.2. New Delivery Models - Funding Programmes and Adopting a Strategic Partner Approach

This desire to see a shift towards longer-term funding was also evident in calls for investment in Programmes rather than Projects, particularly in support of Strategic Priorities, and/or where there is a demonstrable ongoing need for an activity. This would both offer eNGOs greater certainty and ensure that interventions are developed at the right scale to achieve significant strategic outcomes.

Discussions around commissioning strategic programmes also led to some interesting suggestions around developing new ways of working that are more strongly 'outcome driven', and which explore the potential of adopting a different relationship between Welsh Gov/NRW and the sector. Some eNGOs recommended adopting a Strategic Partner Model, so that major programmes of activity could be delivered in support of agreed strategic environmental priorities.

Whilst a strategic partner approach might appear to favour larger eNGOs, it was also argued that the approach could be developed in a way that encourages collaboration with smaller/more specialist eNGOs. "A requirement could be placed on strategic partners to involve smaller organisations with specific local knowledge or expertise. This builds a stronger partnership model, and is far more focussed and effective than trying to spread limited resources around everyone".

By developing a strategic portfolio of big interventions (such as Natur am Byth)²⁹, the management burden could also be reduced for Welsh Government/NRW. Greater responsibility could be placed on the Strategic Partners to manage delivery and report on progress against key outcomes.

A number of stakeholders argued that the scale of the Climate/Nature Emergency, coupled with the impact of COVID now means that tough decisions have to be made and that there is a need (and opportunity) to do things differently. That includes looking at how Welsh Government and NRW work with the sector, and how activities/services are commissioned.

6.1.3. Role of NRW

This desire to do things differently and for Wales to pursue an ambitious environmental agenda led to calls for NRW to be given the right level of resources to work effectively. Many feel that NRW is stretched at present, and that a better-resourced organisation could do even more to support the wider eNGO sector. One eNGO commented, *"I don't think it would take an awful lot more to get them to where they need to be. If Welsh Government are serious about declaring a climate emergency, then they have to get serious about resourcing that agenda"*.

²⁹ 'Natur Am Byth!' is a partnership between 9 environmental NGOs and NRW to develop what will be the largest nature conservation and engagement project in Wales to save our most threatened species. An application to the National Lottery Heritage Fund will be made in March 2021 to support a 6-year programme of conservation management and outreach activity at both landscape and seascape scale, applying a multi-taxa approach to species at risk of extinction. The 10 core partners are Natural Resources Wales (lead); Amphibian & Reptile Conservation; Bat Conservation Trust; Buglife; Bumblebee Conservation Trust; Butterfly Conservation; Plantlife; Marine Conservation Society; RSPB; Vincent Wildlife Trust.

Another eNGO stated, *“There’s so much work that needs to be done, but at the moment NRW only have the capacity do what is legally required of them. We need them to be able to do more and show leadership”*.

6.1.4. Strengthening Collaboration

The level of collaboration in Wales was highlighted as an issue for the sector, with all stakeholders underlining the need for greater collaboration both within the sector and with others. Many suggested that Welsh Government and NRW are best placed to facilitate opportunities for eNGOs to work together, and with other sectors – in particular the private sector. Given how interconnected the environment agenda is with other areas of policy and practice, a ‘whole economy’ approach is needed to enable eNGOs and other organisations to explore opportunities and develop solutions to common challenges.

Whilst all interviewees were supportive of greater collaboration, some larger eNGOs urged the Welsh Government to avoid trying to keep all organisations happy. Doing things differently may mean that greater focus is required on forming partnerships on the basis of who is needed to get the job done. This could strengthen the link between strategic themes/priorities and the flow of funding to support essential activity.

The development of stronger, more consistent and strategic links with the private sector was another common theme, and again eNGOs felt Welsh Government could make use of its authority and convening power to facilitate this. Like with many of these suggestions, eNGOs feel that their limited capacity prevents them from actively pursuing opportunities. Therefore, a relatively modest level of intervention from Welsh Government and/or NRW could help unlock some significant outcomes (collaboration, investment, sponsorship, etc.). One eNGO noted,

“We don’t have the capacity to be able to engage with business in a coordinated way, so Welsh Government could play a big role here”.

The complexities of collaborative and consortium working were highlighted by some, and it was suggested that additional guidance and support might be helpful to enable eNGOs to form effective working partnerships. One eNGO commented,

“Some extra support to drive collaboration would be useful, for example to develop more buddying within the sector to facilitate that exchange of ideas and information between organisations”. Another eNGO reflected, “I shouldn’t just be working with eNGOs. I should be working with the WCVA and the Arts Council, etc. But, how do we resource that activity. Who pulls all that together? That’s where we need a bit of support”.

This point about linking the environmental agenda to other areas of policy was a common theme, and eNGOs recognise the potential for working more with organisations that deal with other societal priorities like social deprivation, economic regeneration, education, mental health, obesity, etc. Not only would this enable more rounded programmes of activity to be developed, but it would also allow eNGOs to fish for resources in a bigger pool.

“We should be turning conventional practice on its head and showing how improving the environment can directly help community cohesion, public health, tourism, etc. At the moment the environment tends to come way down the list”.

6.1.5. Developing the Skills & Organisational Capacity of the Sector

Whilst only a minority of eNGOs called for extra investment in training, skills and organisational development, there was an acknowledgement that some eNGOs might benefit from support of this kind. Smaller eNGOs in particular may lack capacity or expertise in areas such as fundraising, governance, communications, developing new trading models, etc., and as such ensuring access to effective support mechanisms could be beneficial. Larger eNGOs could also benefit from specific strands of this support, as well as opportunities for sharing best practice and encouraging peer-to-peer support.

When asked about their support requirements, eNGOs did tend to focus on funding, rather than considering any wider assistance for developing organisational skills and competencies. For example, there was only limited interest in seeing more Grant + type support from funders, with a couple of eNGOs arguing that this simply diverts much needed resources away from frontline delivery. Similarly, in our survey, only 6% of respondents felt they needed support with training.

Again, there may be a difference here between larger and smaller eNGOs, as inevitably smaller operations may have a greater need for support in specialist areas. Also, a small number of interviewees did accept that the resilience of the sector is about more than just funding. One eNGO noted:

“Money isn’t really the problem. There is never going to be enough money, so we need to look at all aspects of how we operate to ensure we are the best we can be”.

Another sector expert commented,

“Extra capacity always seems to be the answer, instead of actually looking at addressing deficiencies in skills and expertise”.

The need to rapidly shift services to digital is one example of an area where additional training and support could be beneficial. Specialist training, sharing of best practice, and some level of consultancy support could ensure that all eNGOs are able to fully adapt their work and take advantage of the opportunities of being able to operate digitally and deliver service online. Linking with existing support schemes such as Digital Communities Wales might also be advantageous.

6.1.6. Shared Services

A number of eNGOs called for support to help the sector explore options for shared services, co-location, sharing equipment, etc. This would potentially reduce costs and deliver efficiencies at a time when funding is under pressure. For example, lockdown has highlighted the cost of running expensive buildings at a time when staff have needed to work from home. Whilst most eNGOs would still hope to return to office working at some stage, there is also a growing acceptance that a more flexible approach to homeworking may be beneficial. The Welsh Government has already stated its long-term ambition to see around 30% of Welsh workers working from home or near from home, even after the threat of COVID-19 lessens³⁰. Therefore, if this is the direction of travel in Wales, then eNGOs need to embrace the challenge of doing things differently, to see what benefits can be accrued. One eNGO called for:

³⁰ <https://gov.wales/aim-30-welsh-workforce-work-remotely>

“Support for the development of community office hubs that can be used flexibly by the sector to come together and work in communities (the indycube model); hubs for collaboration that help charities reduce overheads, meet and work with other charities, keep money in the local economy, and reduce travel distances”.

The uncertainty over the length and impact of the COVID crisis, led some eNGOs and Sector Experts to draw parallels with the last economic crisis and to point to the possibility that mergers may again have a part to play in sustaining the sector. Should this be necessary, eNGOs will need expert advice and support on how to implement these changes effectively.

6.1.7. Other Suggestions

- Volunteer revolution needed – Local Authorities don’t have capacity to oversee volunteers and put them to use in support of nature. “If we are to harness public enthusiasm and energy, then we need to find better ways to oversee volunteers”.
- Greater investment needed in environmental enforcement to free charities up from dealing with problem issues in their communities.
- Messaging on nature from Welsh Government could be improved – positive messages around countryside code, public rights of way, etc., could generate interest and help people care more.
- Continued access to borrowing to replace short-term income loss, and to allow investment in efficient operations and new working practices.
- Ensure nature, environment and climate are embedded in decision making (and funding decisions) by realising the potential the Wellbeing of Future Generations Act – in particular the 5 Ways of Working.
- Uncertainty over the future of Agri-Environment schemes. This has the potential to deliver significant benefits, but nobody knows which way it is going to go.

Finally, there were pleas from eNGOs for Welsh Government, NRW and other leadership bodies to consider the pressures that organisations are working under when making future calls for contributions to consultations or other policy processes. Many organisations have found it challenging to feed into these processes at a time when staff have been on furlough and they have been dealing with a myriad of other challenges. Factoring in the work pressures of eNGOs, and providing more time to contribute, would help ensure that eNGOs aren’t overwhelmed and that levels (and quality) of engagement remains high.

6.2. What can be done to enable the sector to play an effective role in the wider Green Recovery?

The plans for a Green Recovery in Wales are overwhelmingly supported by eNGOs, who feel they have a big role to play in shaping and delivering the sort of activities that will make a real difference. There is also a strong sense that we will need to do things differently if we are to capitalise on the increased public appreciation of nature and the wider environment that has emerged over lockdown. eNGOs want to see a bold and ambitious vision for Wales and hope that the Green Recovery can provide a vehicle for beneficial change. Our interviews provided a wealth of suggestions on how the sector can be supported to take an active role in the Green Recovery process.

6.2.1. Clarity of Mission and Leadership

The sector is now eager to receive more detail and clarity on what the Welsh Government wants from the Green Recovery. As one eNGO remarked, *“the devil is going to be in the detail”*. A coordinated approach is also needed to ensure individual organisations don’t simply go off and do their own thing. The sector recognises that there are competing agendas that need to be balanced up, and both NRW and the Welsh Government are in a position to provide strong leadership on this front. Equally, some eNGOs called for better dialogue between NRW and Welsh Government around setting environmental priorities.

Both eNGOs and Sector Experts highlighted the importance of strong leadership and action from the Welsh Government and NRW. There is a lot of enthusiasm for the Green Recovery proposals, and eNGOs now want more detail on what this might look like in practice. As one eNGO put it:

“The Welsh Government needs to show real leadership and match the ambition set out in the Wellbeing of Future Generations & Environment Acts. This ambition needs to feed through to the way they fund action to advance the Green Recovery”.

6.2.2. Funding and Capacity

In terms of what the sector feels that it needs to be able to play a full part in the recovery, issues relating to core funding, longer-term financial awards, and investment in strategic programmes, once again featured heavily in the comments provided. These aspects were seen to be important in the content of the Green Recovery because eNGOs feel they need that bedrock of funding and extra capacity to meet the challenges ahead. Secure core funding would allow eNGOs to spend more time developing innovative new ideas, working in collaboration with others, and delivering essential activities that benefit the environment and the economy. The argument is that the Green recovery has to be properly resourced for it to be effective.

It was also noted that the sector has already been severely tested by years of austerity, and that there are still the implications of BREXIT to come. When you add on the challenges of adapting to the pandemic, it is not difficult to see why eNGOs feel that now is the right time to provide a degree of stimulus for the sector. A number of eNGOs made the argument that helping stabilise the sector now, would actually provide a launchpad for the Green Recovery, and would enable the sector to tap into the big opportunities it offers (trading, income diversification, stronger public engagement and support, etc.).

6.2.3. Collaborative Approach

Effective collaboration across the sector was seen as another important aspect, with eNGOs urging Welsh Government and NRW to use their authority to bring organisations together to achieve common goals.

Similarly, there were calls for a whole economy approach to the Green Recovery, linking eNGOs to organisations in other sectors to develop multifaceted solutions. Whilst eNGOs believe there is already a lot of positive collaboration taking place, they also feel that more could be done to formalise networking and collaborative arrangements and achieve better outcomes. One eNGO commented:

“Somebody needs to be linking eNGOs and their project ideas to other interested parties and funders. For example, I might have a nature project that would be great for developing public engagement in urban areas, and helping promote health and mental health, but how do we get

those conversations started. As eNGOs we often lack the core capacity to follow up on opportunities”.

There is also recognition that for this vision to be fully realised, difficult decisions may need to be taken. A number of eNGOs urged decision makers to be bold in the way they go about funding and implementing key activities. Some stakeholders observed a tendency in Wales to want to avoid conflict, and that as a result resources are allocated in a way that is designed to achieve equity rather than impact. If the Green Recovery is to be about doing things differently, then all options need to be on the table.

6.2.4. Identifying Key Growth Areas

A Green Recovery could also open up some areas of significant opportunity for eNGOs. Major environmental initiatives, such as plans for retrofitting social housing with insulation to make them energy efficient, could allow eNGOs to diversify their income through existing or new social enterprises. By setting up effective local supply chains, eNGOs and Social Enterprises could help the environment, diversify their income, employ local people and retain value within Welsh communities.

Another idea put forward was for Welsh Government to back a scheme to install electric charging points, which could then be delivered by regional cooperatives. This sort of creative idea illustrates the potential for eNGO to utilise the social enterprise model as a means of contributing to the Green Recovery in a way that also supports a resilient sector.

6.2.5. Workforce Development

Building a successful Green Recovery will also require a skilled workforce, and a number of eNGOs mentioned the importance of educating and training people to drive that effort. Developing effective relationships with the Further and Higher Education sectors will be essential, as will ensuring environmental skills are properly catered for in wider training offers. It was also noted that the Welsh Higher Education sector conducts world-class research across a wide range of subjects of relevance to the Green Recovery; so exploring ways of harnessing that intellectual capital and innovation could be key.

There was also a suggestion that a Programme of Green Apprenticeships needs to be developed in order to give young people the skills they need to thrive in an era where climate change and nature shortages are a reality. There are clearly opportunities for using the Green Recovery to support a strong jobs agenda for Wales and eNGOs recognise that this is going to be an important aspect of the work. One eNGO stated:

“We believe there will need to be an army of skilled construction workers trained up to be able to retro-fit homes and buildings across the UK, not just Wales. We would like to create a skills hub (or several) working with tertiary colleges to help train this cohort of highly skilled workers that will be needed for the next decade or more”.

6.2.6. Recognising the Importance of Volunteers

The volunteer workforce is also likely to play an essential part of any recovery, especially given the reliance of eNGOs on volunteers for delivering services and activities. Sustaining and growing this body of volunteers will therefore be essential to stability of the sector. A number of interviewees

observed that existing mechanisms for recruiting, supporting and deploying volunteers at a local level are ineffective. Developing a way of mobilising volunteers in support of the Green Recovery could therefore be an important step.

It was also recognised that the diversity of volunteers was limited, especially amongst trustees. This is reflective of the sector as a whole, where those who have time, resources and experience are the most likely to become trustees. As a generalisation, these tend to be people who are retired, have professional backgrounds and who are known to other trustees. This inevitably limits the range of perspectives, attitudes and ideas that used to make decisions. A greater diversity in leadership is not just the right thing to do but it could become a diver of fresh ideas and promote stronger, more resilient organisations.

6.2.7. Coordinating Support and Funding

The reaction of funders and support providers has been a positive feature of the response to the Pandemic and there were calls for this collaboration and coordination to continue. More effective signposting, straightforward application processes, realistic targets, and making better use of infrastructure organisations like the WCVA to disseminate information, could all play a part in ensuring eNGOs are fully supported to drive forward the Green Recovery.

One sector expert also reflected that support providers may need to enhance their own levels of environmental expertise, so that they can work more effectively with the sector. Another sector expert argued that support providers need to work together better to maximise the impact of limited resources. He also noted that a degree of territoriality and competition still exists between local/regional/national support organisations, and this needs to be overcome to ensure the best possible outcomes are achieved

6.2.8. Other Suggestions

- Explore opportunities for eNGO involvement in outdoor learning in schools. This could enrich the learning of young people about nature and the environment and could help schools during a period where learning indoors presents some challenges.
- Funding should be rewarding green and ethical behaviour. The Green Recovery shouldn't be an exercise in 'green washing' the same old activity.
- Plans and support for COVID recovery need to be effectively linked to investment in innovation that will allow social businesses to play a positive part in the Green Recovery. Some funding that would have traditionally been there to invest in new ideas has been diverted to help deal with the impact of COVID. Policymakers and funders need to switch back to support innovation as soon as possible, so that opportunities to develop solutions for a Green Recover aren't missed.
- Explore opportunities linked to 'Extended producer responsibility. Wales could champion this, and NRW/Government could coordinate and back it up with legislation.
- Levies – opportunities for charges on single use items and the Visitor Levy, as long as they are ring-fenced for environmental causes. That has the potential to generate significant income for good causes.
- Marine often excluded or limited within plans for the environment sector. The Green recovery is a positive ambition, but where is the blue bit?
- Use of precautionary principle when dealing with potentially damaging activity. Let's have a stronger stance that protects the environment.

- There needs to be much better enactment of existing legislation and proper enforcement when there are breaches. There also needs to be better education of key player (farmers for example) so they can get on board with the Green Recovery.
- Schemes like Natur am Byth are great, but let's take it to the next level. Let's have a Wales wide scheme that's even more ambitious and delivers for a wider community. There's so much we could do, and it would deliver a lot for the Welsh Government.

In summary, eNGOs are fully supportive of the Green Recovery, and want to see an ambitious programme to drive better environmental outcomes.

“We need to have the courage to do things differently in a way that is bold and ambitious. Let's not be afraid to make bold decisions where it's clear that positive results can be achieved”.

6.3. What might success look like in the short, medium and long term?

Views on success in the short term for eNGOs largely focussed on getting through the current pandemic intact. Because the duration and depth of the crisis remains unknown, the sector still faces significant challenges that they will need to overcome. eNGOs hope to be able to sustain their activities, maintain public engagement, recover income, retain staff and avoid the risk of failures within the sector.

Whilst all eNGOs appear keen to look at more medium-term goals (and pick up the challenge of delivering the Green Recovery), it's important to recognise the severe pressure that many are under in the short term. If further lockdowns occur, the disruption to the sector could be very serious and this could impact on their prospects in both the short and medium term. As such, funders and support providers need to continue working with the sector to get them through the immediate challenges, so that they can then move on to make an active contribution to the Green Recovery in due course. “We are not out of the woods yet” was one comment that neatly captured the sentiment of many in the sector.

The survey of WEL members asked respondents for their views on the biggest risks they and the wider sector faced over the next 6-18 months. These responses, summarised below, illustrate what the areas of uncertainty that need to be overcome for success to be achieved in the short to medium term.

Risks to the organisation in the next 6-18 months:

- The majority of respondents (71%) mentioned a risk around funding and income decline in their response.
- Just over a quarter (26%) indicated a risk was around the reduction in their activity
- 16% suggested that a lack of capacity would be a risk to the organisation.
- Another factor that respondents mentioned was the impact of Brexit (13%)

Risks to the sector in the next 6-18 months:

- Overriding concerns were financial with over half (52%) citing income as a risk to the sector
- Few mentioned a lack of capacity or the reduction in their activity (13% and 16% respectively) as a risk to the sector.
- Other responses included risks around their specific area of operation/expertise

Based on the wider comments provided, short-term success criteria would include:

- Continued access to emergency funding
- Positive dialogue and flexibility from funders
- Avoiding any need for significant job losses
- Rebuilding engagement with the public and membership
- Active consideration of Core Funding
- Support for effective collaboration within eNGO sector and with other sectors.

Views on what success might look like beyond the short term were more strategic and focussed on growing the sector and achieving positive outcomes for the environment. There remains a high degree of optimism about what can be achieved here in Wales, especially because of the strong policy and legislative framework that has been set out. However, eNGOs feel that bold action is needed now in order to realise that vision in the medium to long term. Core funding remains at the heart of the conversation, as eNGOs believe addressing this will give the sector the secure platform it needs to innovate, collaborate and deliver.

“Everyone is really keen and there’s a lot of positivity about what can be achieved here in Wales. What happens next is going to be key”.

Building effective links between eNGOs and with other sectors was also a key part of what a success might look like. eNGOs recognise the need to connect their work to people and to tap into initiatives that support jobs, education, research, community regeneration, the Welsh language, health, equal opportunities, and so on. Adopting a whole economy approach helping eNGOs to play an active role, could therefore deliver strong benefits for all.

“Utilising our economic power as a Nation to drive the Green Economy, whilst also ensuring the Green Recovery delivers the best possible impact for Welsh communities”.

Seeing positive progress against agreed environmental outcomes and indicators should also be an essential part of determining success longer term. The current NRW Pro-Forma exercise is an example of a process that should generate lots of good ideas for advancing the Green Recovery. Clear outcomes and indicators need to be developed off the back of this process to guide activity and to provide a basis against which to genuinely evaluate success.

“We need some clear metrics against which to measure our nature recovery and climate emergency progress. We need to get our outcomes and outcome measures right to focus activity. The ProFormas should give us a good basis for identifying these, so the next phase is going through these and coming up with a plan for action”.

Securing stronger public engagement and ownership of processes like the Green Recovery were also highlighted as measures of longer-term success. Growing back differently and achieving better outcomes needs the active support of communities across Wales. A more successful future would therefore see eNGOs working closely with a more supportive public to drive change.

“Much, much more public engagement in developing solutions to climate change with as little impact as possible on people’s standards of living – that’s the only way this is going to work”.

7. Conclusions

Those stakeholders interviewed during this research welcomed the opportunity to contribute to achieving a better understanding the needs of the sector and how it can best support the Green Recovery.

The operating conditions for the third sector in Wales are more challenging now than they have ever been. The organisations that we have spoken to are extremely appreciative of the support they have received during the COVID crisis and fully recognise that some will need further support to help them through the immediate period. Others are in a stronger financial position and feel that they can weather the immediate period, but there remains a continued anxiety about what the medium and longer term will look like.

We conclude that the sector possesses a degree of inherent resilience that helped get them through the immediate challenge, but there are some underlying weaknesses that mean this resilience would be tested longer term. There are evidently some very vulnerable organisations that will need to be supported through this immediate crisis and beyond. There is already a significant amount of support to aid resilience available to the eNGO sector, the vast majority of which is available throughout Wales. eNGOs must be encouraged and supported to access this support.

It is important to note that eNGOs are still very much “in” the crisis and finding it hard to envision the long-term in such a fluid situation. It is difficult for many to look beyond resolving the immediate challenges of reduced income and the consequent reduction in capacity. Work should continue to keep taking the pulse of the sector, particularly those organisations that have been most significantly impacted by the COVID crisis.

Despite these significant challenges, those we spoke to are undaunted in their enthusiasm for a Green Recovery and are genuinely enthusiastic about their organisations playing a part. They remain keen to deliver their mission and can see the benefits of the crisis to drive positive behaviours in the sector and in wider society.

There are definite opportunities to support the sector to become not only more resilient but also more effective. The following recommendations summarise the key most consistent ideas that have emerged during the research where there is evidence to support their potential for delivery.

8. Recommendations

This section draws upon the wide range of ideas put forward by respondents as well as insights from how other parts of the voluntary sector are being supported to become more effective.

8.1. Core and strategic funding

The challenge of building reliable, predictable and efficient funding within this sector has to be met. The background of limited public funding and challenging fundraising environment will almost certainly continue. Whilst it will be crucial to encourage organisations to reduce their reliance on one or two sources of funding, those limited public funds will have to be used wisely and be as effective as they can be. Public funding can play a vital role in covering those all-important core costs and so enabling the beneficiaries to be better prepared to generate further funding elsewhere.

- **Build trusted partnerships to allow for outcomes-based support.** Welsh Government previously provided long-term, strategic funding for key organisations that were trusted to deliver long-term strategic goals. The arts councils across the UK have been providing strategic funding for their sector for decades with a good balance of funding large and small organisations. There are examples within other devolved administrations of the need to build different relationships with the third sector and not look at them as simply another form of commercial supplier. The Scottish Government, for example allocated around £25million a year for core funding in 2018, it committed to:
 - consolidating voluntary sector funding into single grant funds to provide greater clarity for applicants
 - ensuring a transparent and fair basis for the extension of core funding
 - seeking to extend three-year rolling funding where possible
 - introducing a system across government that highlights when funding is due to end, to provide greater clarity and enable better long-term planning³¹

Non-governmental funders such as Esmée Fairbairn Foundation, The Garfield Weston Foundation, Paul Hamlyn Foundation and Comic Relief have recognised the benefits of providing core funding and are sharing the positive evidence of funding in this way. NRW has the opportunity to continue to develop its own funding policies along these lines and can encourage Welsh Government and others to take a far more collaborative approach to funding.

- **Base objectives on specific Green Recovery Outcomes.** eNGOs are keen to continue to be accountable for the funding that they receive. The focus on a green recovery has been extremely well received and there is now an opportunity for real leadership on this issue and to challenge the sector to use their creativity, and their ingenuity to offer ways in which they can support the strategy and tie funding, closely to their performance against key outcomes.
- **Multi-year packages 3-5 years – to allow for better planning.** The Green Recovery will not happen overnight. The hand-to-mouth approach to planning that short-term project funding creates is inefficient. Multi-year programmes of grant funding will give time for plans to be properly implemented and allow for greater retention and development of the skills that are going to be required to make the recovery a success.

³¹ <https://www.gov.scot/policies/third-sector/third-sector-funding/>

- **Timely grant decisions, timely payments and simple application processes.** Payments from Public sector bodies to the sector throughout the COVID crisis have been made at record speed and have often been a lifeline for organisations. This fleetness of foot is not characteristic and yet it is demonstrably effective when it is. These positive behaviours need to be maintained and other funders need to be encouraged to follow suit.

8.2. Facilitate collaboration

There is clear recognition of the need to collaborate within the sector and an equally clear recognition that meaningful partnership will lie at the heart of the Green Recovery. Whether it is the lack of resource, the inexperience, the culture or the competitive funding environment, there is a strong sense that insufficient collaboration is taking place. Some go further and suggest that the competitive nature of the funding environment is actually discouraging collaborative behaviour as organisations compete for limited funds.

- Core Funding may well help organisations to collaborate as their capacity stabilises. However **more creative funding mechanisms could be explored, to facilitate intra eNGO partnerships** as well as those partnerships that cut across sectors. EU transnational funding has required partnership bids from multiple members states for many years as a way of encouraging cohesion. Welsh Government has also trialled programmes that have encouraged or required consortium bids.
- **Use convening power of NRW and Welsh Government to bring innovative partnerships together. These partnerships should** include the whole range of government, not just those concerned directly with the Environment and nature.
- **Resource consortium and partnership building activities.** A culture of cooperation can be developed. Learning how to build consortia for bids or complex partnership when you don't know how can be almost impossible without support. Non-financial support can be provided with activities such as organising conferences, "speed-dating" events and providing expertise through placements and secondments between key organisations.
- **Resource early development (pre-development).** Ambitious collaborations often fail because they are seen as too risky or take too long for a return on investment. Many eNGOs have lost development capacity and have been forced to focus on low risk, low reward activities. By providing staff or expert advice as well as more long-term capacity for development, more effective collaborations are more likely to happen. The Natur am Byth project that is currently being prepared for a £5million request to the National Lottery Heritage Fund is a good example of how NRW can facilitate ambitious, joint projects.³²
- **Encourage shared services and more long-term strategic collaborations.** Efficiencies can be gained that can benefit organisations across the sector by exploring shared services as well as closer collaborations on projects.

8.3. Organisational Development Support

There are some highly successful and highly effective environmental organisations operating in Wales. Whilst there is no obvious pattern in terms of scale or discipline, they all appear to have a positive culture that thrives on self-awareness and a hunger for improvement of people and systems. They care about organisational development. For less successful organisations, the

³² A short case study of the Natur am Byth project can be found in the appendix

opposite is often true. Far more can be done to encourage eNGOs to seek out advice and support that is readily available.

- eNGOs could be **encouraged to undertake the Trusted Charity process**. Trusted charity “is a straightforward process designed by NCVO help you run your organisation more effectively and efficiently. It sets out what organisations need to have in place to ensure sound governance practices, proper financial and risk management systems, and a reliable system for measuring outcomes”. In Wales the process is supported and delivered by WCVA.
- Funders could **introduce an organisational “strength checker”³³** for funding requests. This self-completion survey looks at key financial and non-financial metrics, encouraging applicants or potential partners to undertake some self-diagnosis and commit to organisational development.
- NRW, Welsh Government and others could **provide funder plus support** to help with diagnostic process and offer direct support or partner with other providers to bring in additional advice, training or expertise alongside financial support. This has been done with some success by the National Lottery bodies and Lloyds Bank Foundation, with very positive evaluations over time.
- **Signpost the wealth of support already available**. Significant work has been undertaken by WCVA and the National Lottery Community Fund in the last two years to map and understand the wide range of free and funded support that is available to the voluntary sector in Wales. The Directory of sector support produced by the National Lottery Community Fund in Wales in 2019 showed that there more than 100 organisations offering direct support, advice and training, much of which is available to the eNGO sector. eNGOs should be **encouraged to have greater engagement with sector support bodies in addition to WEL (WCVA, Wales Cooperative Centre, CVCs)**.
- **Facilitate peer to peer support especially for CEOs**. There is some real innovation and plenty of success stories within the sector and leaders are often keen to share their ideas and experiences with others. What is more, many CEO’s have been operating at or beyond breaking point for many, many months as they struggle to deal with the impacts of the COVID crisis. In what is already often a very isolated role, the strain is beginning to show for many staff in the sector. Peer to peer networks can be an important source of support and advice. NRW could take a role in promoting the concept and creating opportunities for introductions.
- **Encourage and support greater diversity amongst trustees**. Like much of the voluntary sector in Wales, the leadership of eNGOs is lacking diversity in all its forms. More young people should be supported and encouraged to become trustees so that the sector better reflects the communities that will need to fully engage with their crucial work and new ideas and perspectives are considered.

It has been recognised by the National Lottery Heritage Fund that people from BAME communities are evidently underrepresented at all levels as well as in participation. NLHF has now made broadening access a required outcome for their funding and NRW and others could and should follow suit. However, addressing diversity is also about creating positive cultures that

³³ <https://www.resilientheritagechecker.org.uk/>

embrace difference and welcome and encourage open conversation and challenge. This in turn leads to better understanding and ultimately better outcomes.

8.4. Facilitate wider use of Social Enterprise

Many of the more resilient and stable organisations that we talked to have a highly entrepreneurial approach to their work. They embrace clear business principles and have employed creative ways of using their assets to both generate trading surpluses and create businesses that further their aims.

- **Support opportunities to share successful and innovative trading initiatives.** It is very hard for some organisations to recognise how they can exploit community assets. By sharing best practice and celebrating success, this may inspire others to emulate and improve their own resilience. Wales Cooperative Centre have a wealth of experience in this area and would be an ideal partner to help stimulate and facilitate more trading activity amongst eNGOs.
- **Support development of new markets for green jobs.** Many of those we have spoken to recognise the enormous opportunity that could stem from a truly green recovery. There is some anxiety that the need for an economic recovery must not come at the expense of the nature or the environment. The eNGO sector could play a central role in training apprentices for retrofitting, manufacturing new technologies and driving localised, community-based solutions. NRW and Welsh Government must ensure that these connections are understood and support collaborations in this regard.

8.5. Leadership from a strong NRW

All stakeholders we spoke with are calling for NRW to take an active role in supporting the sector and the green recovery. This desire to do things differently and for Wales to pursue an ambitious environmental agenda led to calls for NRW to be given the right level of resources to work effectively. Many feel that NRW is stretched at present, and that a better-resourced organisation could do even more to support the wider eNGO sector. However, it was also strongly expressed that NRW cannot be solely responsible for this role but should help galvanise Welsh Government and other key funders.

- There is genuine concern that **NRW should be properly resourced** so that it can fulfil its role effectively – both in its statutory responsibilities but also in its ability to convene key players across the sector and to provide that vital connection across government and the private sector.
- It was widely recognised that **NRW cannot do it all**. It must use its convening power and its access to key funders such as Welsh Government, the lottery bodies and major foundations to encourage a progressive and creative approach to funding and providing support to the sector.

8.6. Focus on innovation

We found some outstanding examples of organisations that were innovative and had a positive attitude to managing risk and encouraging creativity. However, there was a broad sense that key players in the sector are and have been for some time, focused on their immediate survival and unable to invest time in longer term planning. Leaders that we spoke with recognised this necessity

to look beyond the immediate crisis. There was strong support for the idea of a Green Recovery for Wales and agreement that we cannot continue with “business as usual”. Far more needs to be done to support innovation and to bring about the conditions that promote it.

- **More needs to be done to support organisations to manage risk positively.** Many organisations have a narrow view of how to manage risk. Most lack any kind of financial reserves they can invest in innovation and are unclear about how they can attract investment or insulate their organisation by creating new legal structures or putting insurances in place. Advice, support and encouragement needs to be given to the sector. This could be a key role for NRW.
- **Give resource to support early development.** This support could take the form of highly targeted support such as legal advice, or consultant support. eNGO staff could be supported with expert advice to help develop new ideas or to review the capacity of their organisations to deliver innovation. Alternatively, support could be in the form of extra capacity to either manage new projects or to back-fill key staff to allow them time and space to develop new projects whilst their day job is covered.
- **Encourage the sharing of best practice.** Good ideas and positive results need to be celebrated, shared and understood across the sector. This could be facilitated by NRW and other funders, bringing together key players from across the sector to share case studies and to promote ideas that have been effective in other fields.
- Public funders have a difficult relationship with risk as much as the eNGOs they support. However, there is a need to **create funding mechanisms that “give permission to fail”** to projects where potential rewards are high.

The Wye & Usk Foundation Endowment



Structure:

Registered Charity and company limited by guarantee

Turnover 2020:

c.£2.1million

Employees:

c.28

Location: Talgarth, Brecon

The Wye & Usk Foundation was established 1995 in response to the decline in Atlantic salmon in the river Wye and ongoing threats to the Wye and Usk rivers. Since then, they have worked with a range of partners and the wider public in a series of projects to remedy a range of environmental issues by delivering practical support such as habitat restoration as well as advocating for positive changes in farming practices and land use. This work has been to the benefit a wide range of flora and fauna, along with local communities and the economy.

Since their inception, the organisation was determined to have a diverse income base so that they did not become reliant on public funding or any other single source. They have built an impressive range of trading and funding activity ranging from working with the food supply to reduce risks to water and land from food production to selling fishing through a novel 'Passport' scheme and by fundraising from Government grants, trusts and foundations as well as their community.

Four years ago, they took an exciting step in their diversification strategy by launching an appeal to create an endowment. An endowment is a long-term investment fund that will create a revenue stream through dividends and profits as the fund grows. Importantly the income from endowments can be unrestricted and used to fund whatever the organisation needs at the time. Endowments are not that common the UK for charities but have been a mainstay of the voluntary sector in the United States for many years.

The appeal for the endowment was driven by the trustees of The Wye & Usk Foundation Endowment is valued at around £230,000 and the organisation is seeking to keep growing the fund steadily over time as they expand their community fundraising, legacy donations and income from local trusts.

“The presence of the endowment fund allowed me to take the risk to look up from the constant chain of funding bids and develop new markets. We are now realising offsetting and natural capital solutions approaches here which will generate considerable surpluses with the environment improving with each trade. Part of these surplus’s will be paid into the endowment fund, the rest into working reserves, with an object of getting the fund over £500k”

Simon Evans, Chief Executive

Location: Talgarth, Brecon

Natur am byth – An ambitious consortium project

amphibian and reptile
conservation 

 Bumblebee
Conservation
Trust



Bat Conservation Trust
www.bats.org.uk 

 Butterfly
Conservation

 giving
nature
a home

Plantlife 

 marine
conservation society

VWT
Vincent Wildlife Trust

 Cyfoeth
Naturiol
Cymru
Natural
Resources
Wales

Structure:
Consortium

Project cost:
c.£7.5million

Partners:
10

Location: Wales Wide

The “Natur am Byth” project aims to deliver the sustainable management of natural resources by engaging communities across Wales through a programme of conservation management and outreach activity at both landscape and seascape scale. An application will be made to the National Lottery Heritage Fund in March 2021 for a maximum of £5m funding over the 5.5 year project lifetime. The balance of funding will come from NRW itself (£1.7million) volunteer time in-kind and £300,000 which is still to be sourced by the remaining project partners from fundraising

NRW are acting as the lead partner, taking the same approach as sister projects in England and Scotland (‘Back from the Brink’ and ‘Species on the Edge’), which are led by Natural England and Scottish Natural Heritage respectively. Both have already successfully secured large grants from NLHF and are applying the same multi-taxa approach to species at risk of extinction.

Getting the project to this stage in Wales has been challenging. eNGO partners have been reluctant to take on significant fundraising for the project due to a combination of factors - lack of capacity, limited knowledge of fundraising in some cases and competing internal claims on specific grant makers. Some partner organisations have also struggled to find the resources and capacity to help

develop the project to a point where there is sufficient high-quality information necessary to submit a compelling bid to the Heritage Fund.

This project is exactly the kind of ambitious, long-term, large-scale project that will be needed to drive a green recovery in Wales. It is a good example of where the wider community of organisation can develop complex projects, but will have to build capacity and develop experience for greater collaboration.

“Natur Am Byth!’ is a partnership between 9 environmental NGOs and NRW to develop what will be the largest nature conservation and engagement project in Wales to save our most threatened species. This will be the first time that such a large range of environmental NGOs and public sector organisations in Wales have collaborated to secure funding for species conservation”

John Clark, Project Lead

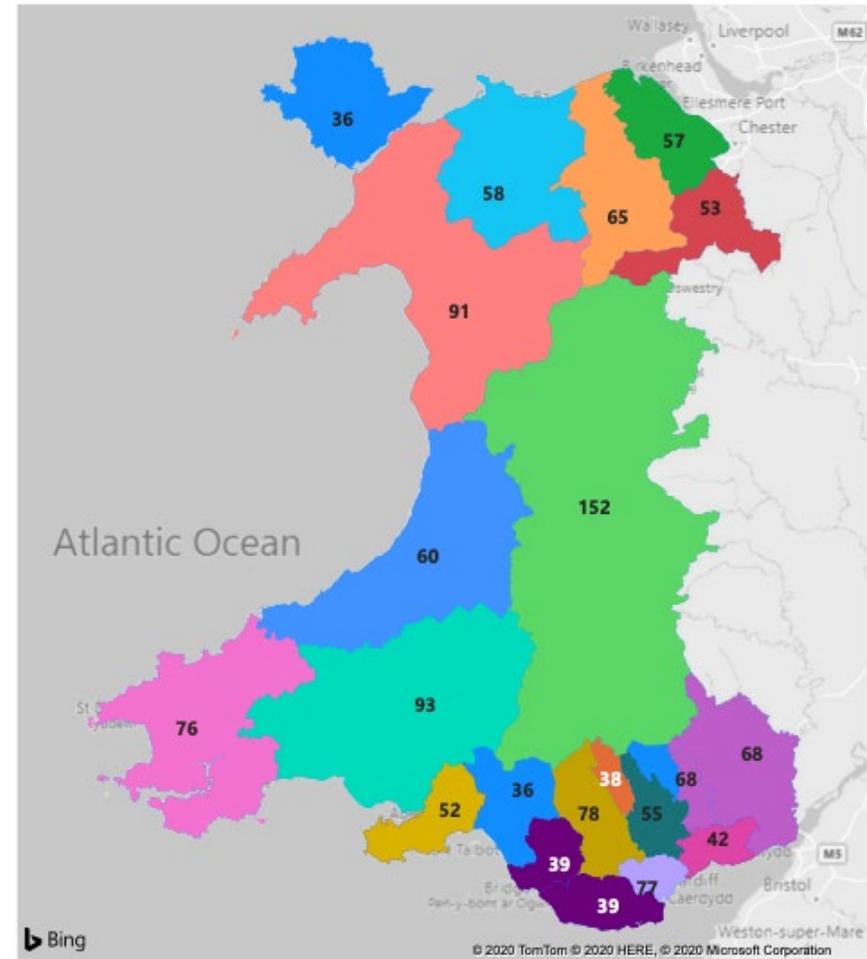
Appendix B: Interview list

| Name | Role | Organisation |
|-----------------|---|---|
| Justin Albert | Director | National Trust Wales |
| Gill Bell | Head of Conservation Wales | Marine Conservation Society |
| Gemma Bode | Conservation Director | Gwent Wildlife Trust |
| Glenn Bowen | Enterprise Director | Social Business Wales |
| John Clark | Lead Specialist Advisor - Terrestrial Ecosystems and Species Team at Natural Resources Wales | Natural Resources Wales |
| Clare Dinham | Wales Manager | Buglife |
| Howard Davies | Chief Executive Officer | National Association for Areas of Outstanding Natural Beauty |
| Simon Evans | Chief Executive Officer | Wye & Usk Foundation |
| Michele Hunt | Head of Funding Development | Royal Society for the Protection of Birds |
| Elsbeth Jones | Chief Executive Officer | Size of Wales |
| Lesley Jones | Chief Executive Officer | Keep Wales Tidy |
| Sarah Kessell | Chief Executive Officer | Wildlife Trust South and West Wales |
| Sinead Lynch | Interim Conservation Manager | Bumble Bee Conservation Trust |
| Anna Nicholl | Director of Strategy and Sector Development | Wales Council for Voluntary Associations |
| Dai Rees | Head of Conservation for Wales, Scotland & NI | Butterfly Conservation UK |
| Rachel Sharp | Chief Executive Officer | Wildlife Trusts Wales |
| Roger Thomas | Chair | Wales Environment Link |
| Peter Tyldelsey | Chief Executive Officer | Centre for Alternative Technology |
| Karen Whitfield | Joint Director | Wales Environment Link |

Appendix C: Survey highlights

Geographic Spread of registered charities (Environment/ Conservation/ Heritage)

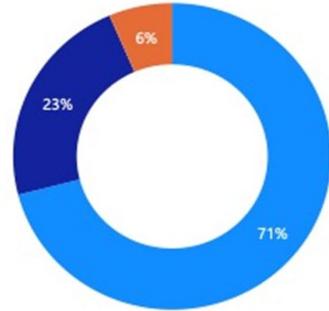
| State | No of Environment/ Conservation/ Heritage registered charities |
|-----------------------|--|
| Powys | 152 |
| Carmarthenshire | 93 |
| Rhondda Cynon Taff | 91 |
| Cardiff | 78 |
| Pembrokeshire | 77 |
| Monmouthshire | 76 |
| Torfaen | 68 |
| Denbighshire | 68 |
| Ceredigion | 65 |
| Conwy | 60 |
| Flintshire | 58 |
| Caerphilly | 57 |
| Wrexham | 55 |
| Swansea | 53 |
| Neath Port Talbot | 52 |
| Newport | 51 |
| Bridgend | 42 |
| The Vale of Glamorgan | 39 |
| Merthyr Tydfil | 38 |
| Blaenau Gwent | 37 |
| Anglesey | 36 |
| Total | 1385 |



Summary

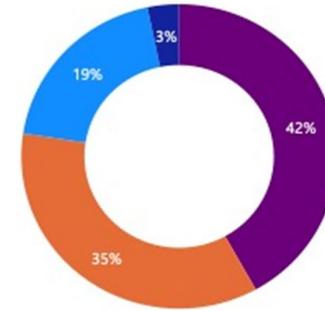
| Summary | Pre Covid-19% | Post Covid-19% |
|--|---------------|----------------|
| Organisations that had a diverse income base | 42 | 26 |
| Organisations who felt they were resilient (able to cope with shocks) | 39 | 29 |
| Organisations are run well | 61 | 61 |
| Organisations felt they had sufficient capacity to deliver their mission | 29 | 19 |
| Organisations had a clear sense of purpose before | 84 | 77 |
| Organisations that felt they were highly effective | 71 | 45 |
| Respondents agreed or strongly agreed their organisations were well funded prior to the pandemic | 29 | 23 |
| Respondents agreed their organisation was widely supported and understood by our community | 48 | 42 |

Constitution



● Registered in Wales as an independent org
 ● Part of a UK-wide org
 ● No answered

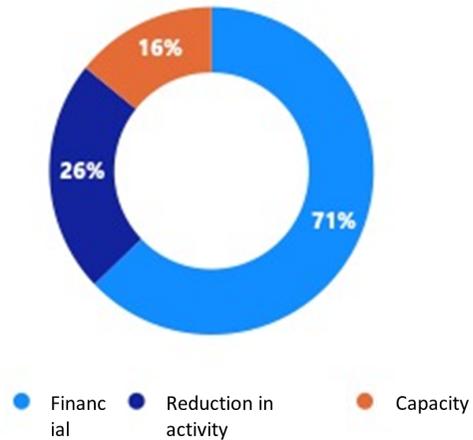
Size: Total Annual Income



Size
● Under £250,000
 ● Over £1,000,000
 ● £250,000-£1,000,000
 ● Not Answered

Risk to organisations

Risks to the organisation in the next 6-18 months



Majority of respondents (71%) mentioned a risk around funding and income decline in their response.

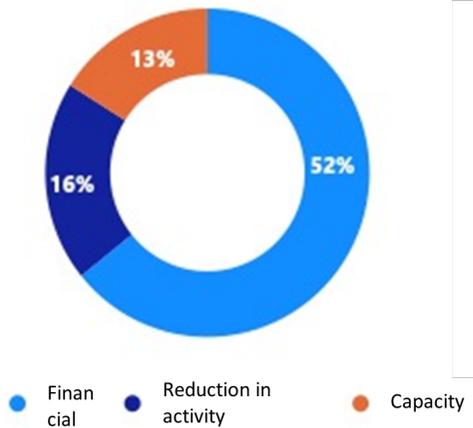
Just over a quarter (26%) indicated a risk was around the reduction in their activity

16% suggested that a lack of capacity would be a risk to the organisation.

Another factor that respondents mentioned was the impact of Brexit (13%)

Risk to sectors

Risks to the sector in the next 6-18 months



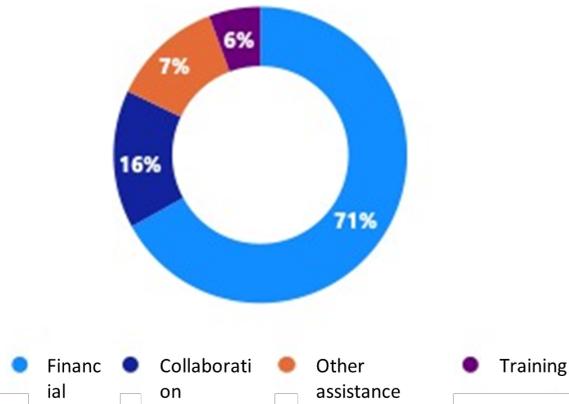
Overriding concern was financial with over half (52%) citing income as a risk to the sector

Few mentioned lack of capacity or the reduction in their activity (13% and 16% respectively) as a risk to the sector.

Other responses included risks around their specific area of operation/expertise

Future support

Future support needed in order to be effective



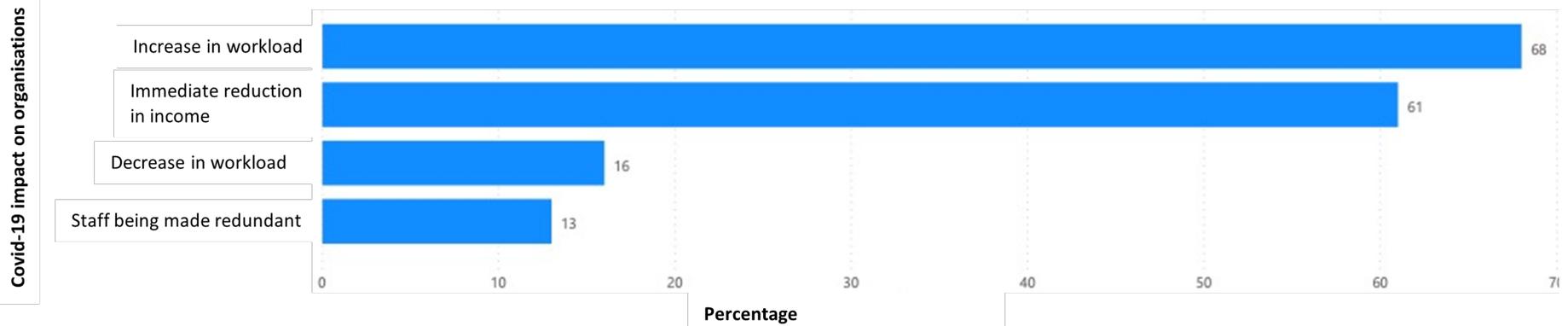
Financial support featured heavily in the responses with 71% believing this will be required in order to be effective. Responses included an extension of the furlough scheme, core funding support, access to borrowing, multi-year funding, and fairer access to small scale contracts.

Few respondents felt they need support with training (6%).

Several organisations felt that collaboration and partnership working will be required (16%).

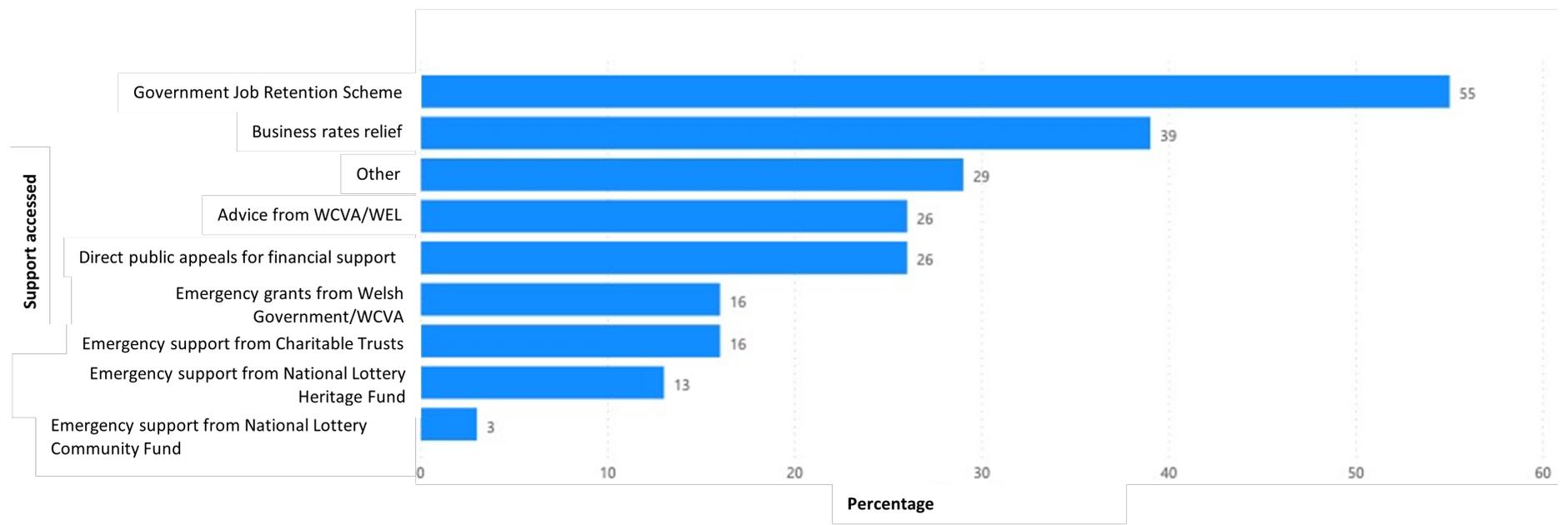
Covid-19 Impact

COVID-19 impact since April 2020



Support

Support Accessed



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