

# Welsh voluntary sector funding in the post-2010 austerity

Dr Nikos Kapitsinis

Researcher

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# The study

- Initial study of recent changes in income and funding sources of the sector in Wales
- Focus on voluntary sector organisations (VSOs) that deliver public services
- Research questions:
  - Impact of austerity on income of third sector in Wales
  - How funding sources have changed

# The features of Welsh voluntary sector organisations I

- Big number of VSOs: 32,500 in Wales, 30% higher than in Scotland (per capita)
- Small size: 64% of VSOs less than £10k in 2009
- Geography: South Wales Valleys → lowest number per capita
- Activity areas: Most VSOs in → sport, community, religion, and health and social care

# The features of Welsh voluntary sector organisations II

- Employment: 116,000 people in 2015 (WCVA data hub)
- Increased volunteering: 28% of adult population (2016-17), up 60% from 2009-10 to 2014-15
- Main finance sources
  - Government and local authorities
  - Donations from the public, trusts and foundations
  - Trading income: contracts, membership fees, income from rent etc.

# Limitations and methodology

- Analysis of WCVA data, but:
  - Timeliness of published data on finances
  - Most data: aggregated for England and Wales
- Primary analysis:
  - Funding in 2009-10 and 2016-17 of a sample of 82 VSOs with annual income from £0.5 million to £5 million

- The sample excludes:

housing providers

universities

colleges

schools

NHS' bodies

trade and student unions

fundors

learned societies

trade unions

religious organisations

- Reflecting a public services perspective rather than a wider civil society viewpoint

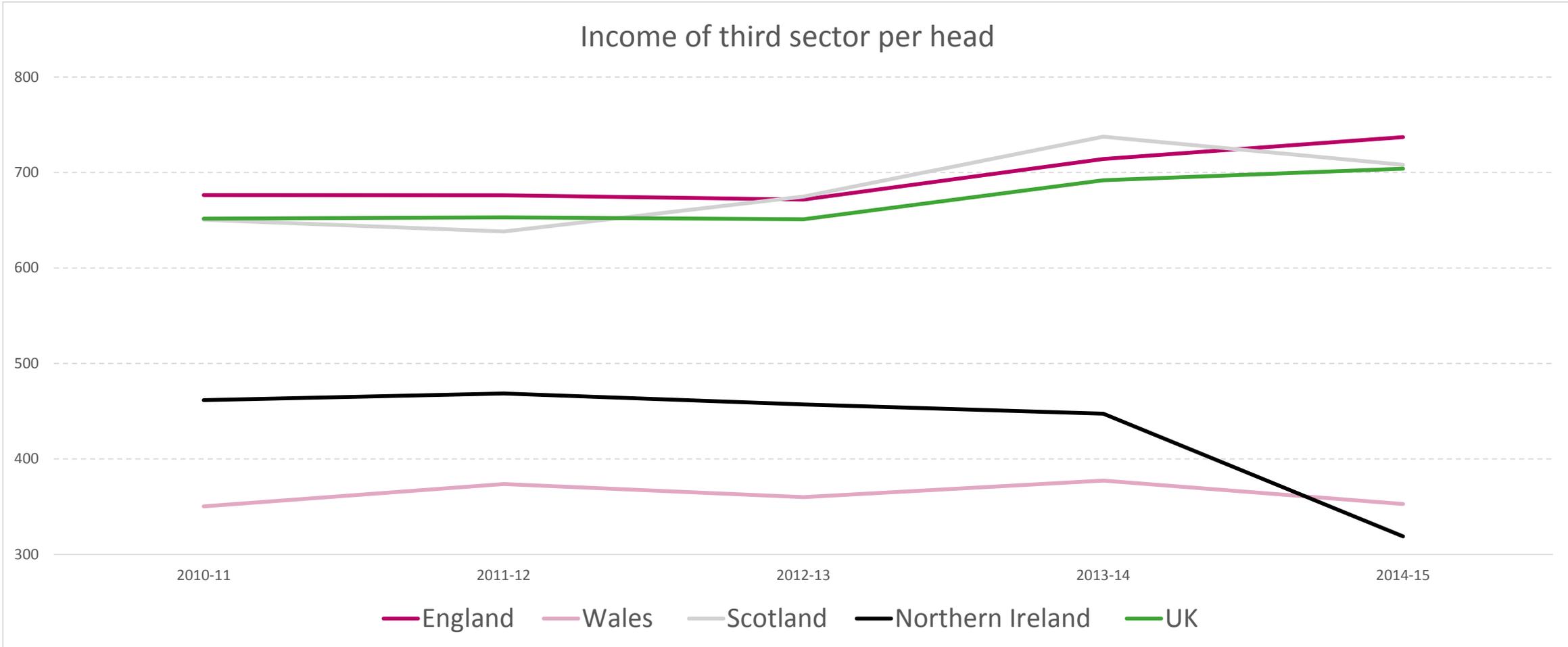
# Analysis of WCVA data: the headlines

- Total income rose, but much more slowly than pre-austerity
- Welsh Government funding → decline
- Local authorities finance → increase
- Big shift towards donations, legacies and trading income

# UK comparisons (NCVO)

Wales : lowest third sector income per capita (2010-11 to 2013-14)

Wales: higher government expenditure per capita

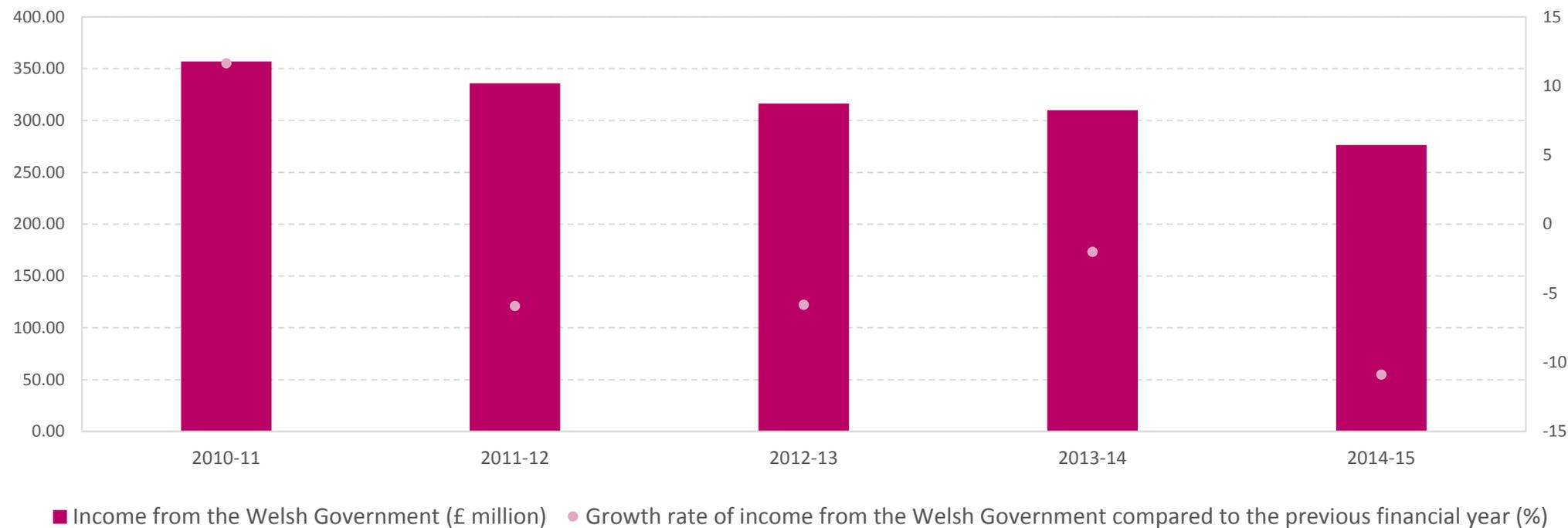


Source: WCVA (2018)

# Welsh Government finance, 2010-11 to 2014-15 (WCVA)

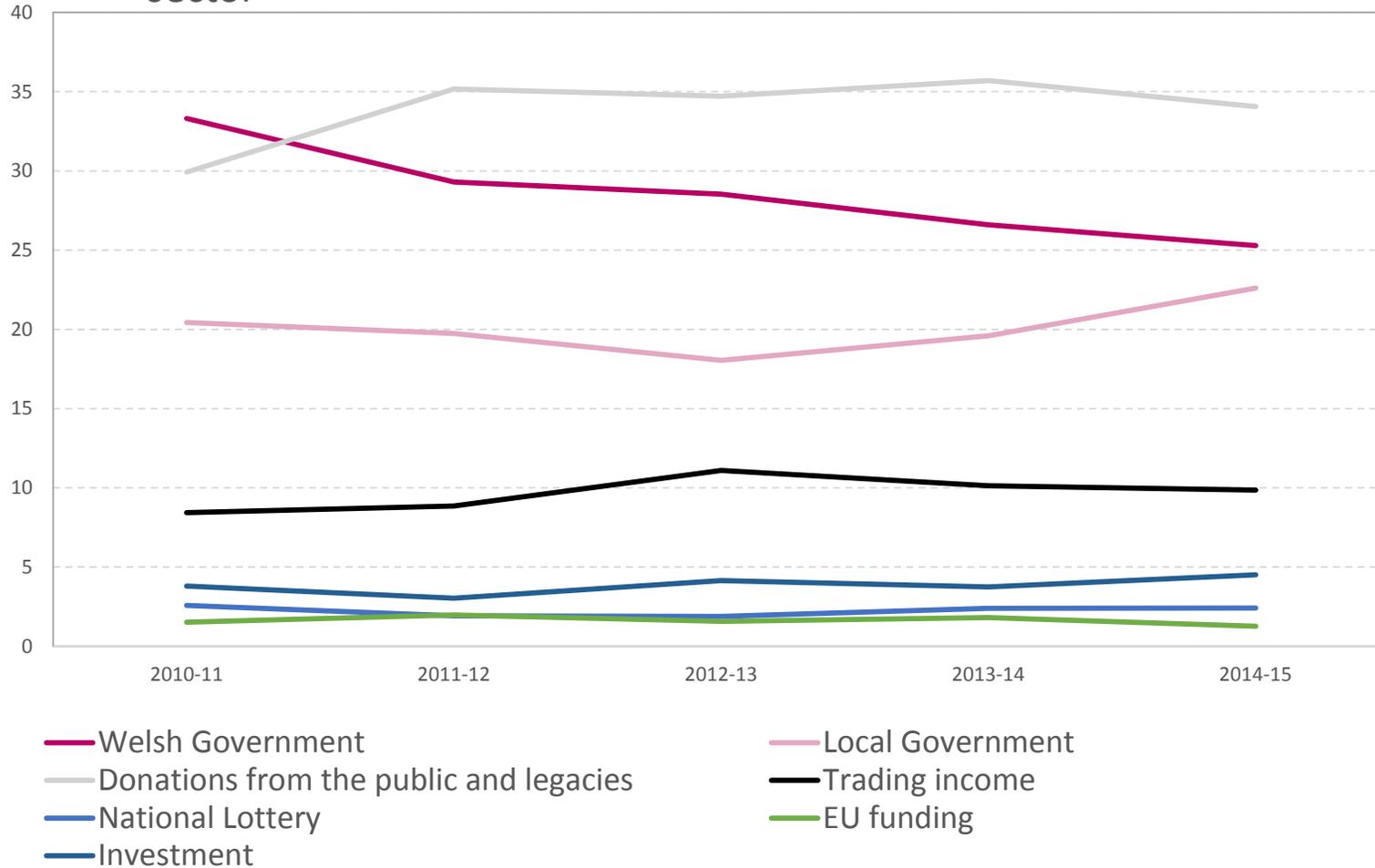
- WG funding down 22.6%, greatest fall among income sources
- Contribution to total income dropped from 33% to 25%

Income from the Welsh Government



# Other funding sources (WCVA)

Contribution (%) of each income source in total income of third sector



- Income from local government up 12.7%
- Donations, trusts, legacies up 16%
- Trading income up 19.8% (second biggest increase)
- Volatile pattern of EU funding

# Total income (WCVA)

2025

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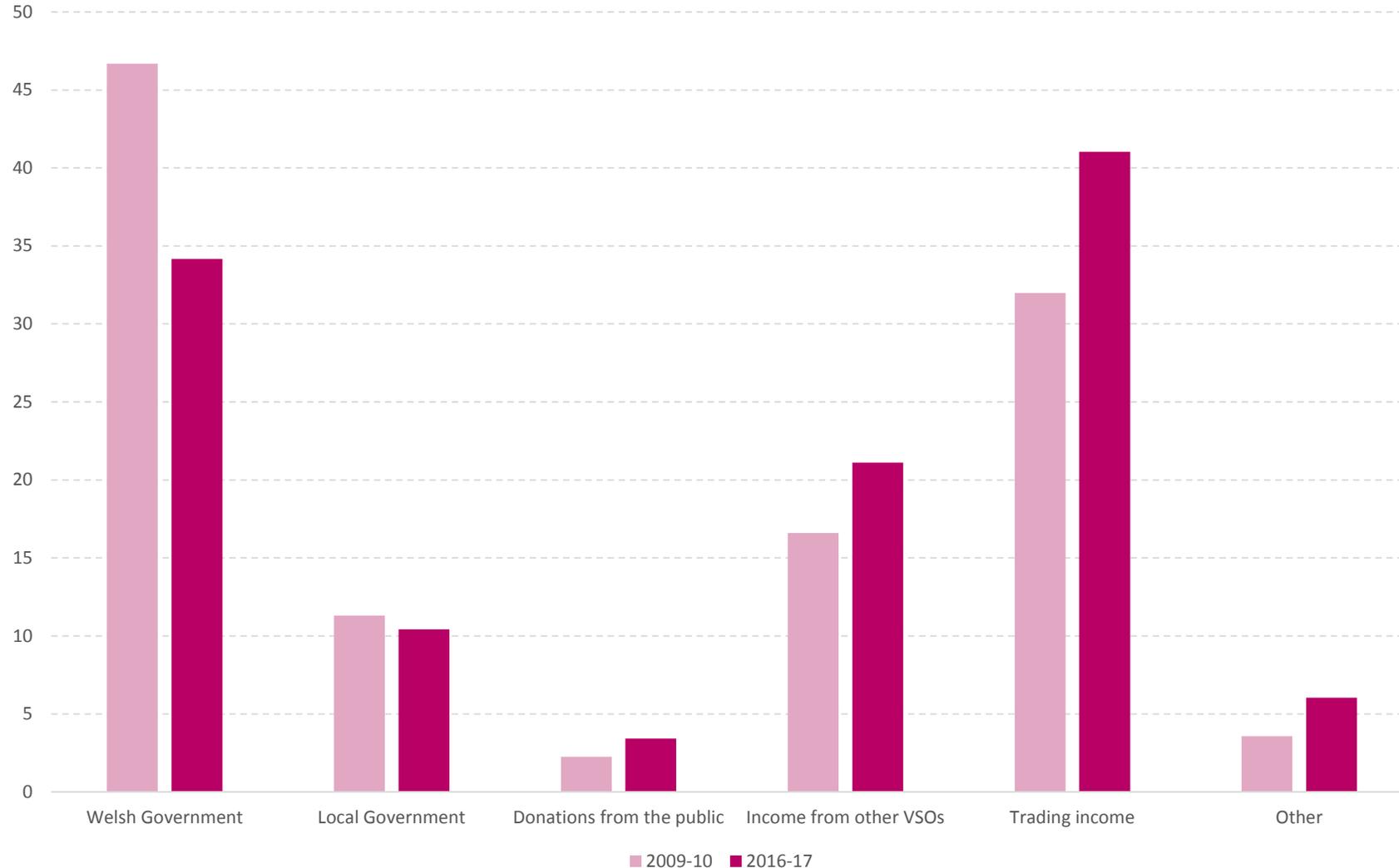
- Total income: up 1.9% between 2010-11 and 2014-15
- However, strong impact of austerity
  - Total income change between 2005-06 and 2008-09:  
→ 26% (slowing down the growth rate)
  - Third sector income per capita in Wales  
declined from £420 in 2007-08 to £350 in 2014-15

# 82 VSOs data analysis: shift to trading income

2025

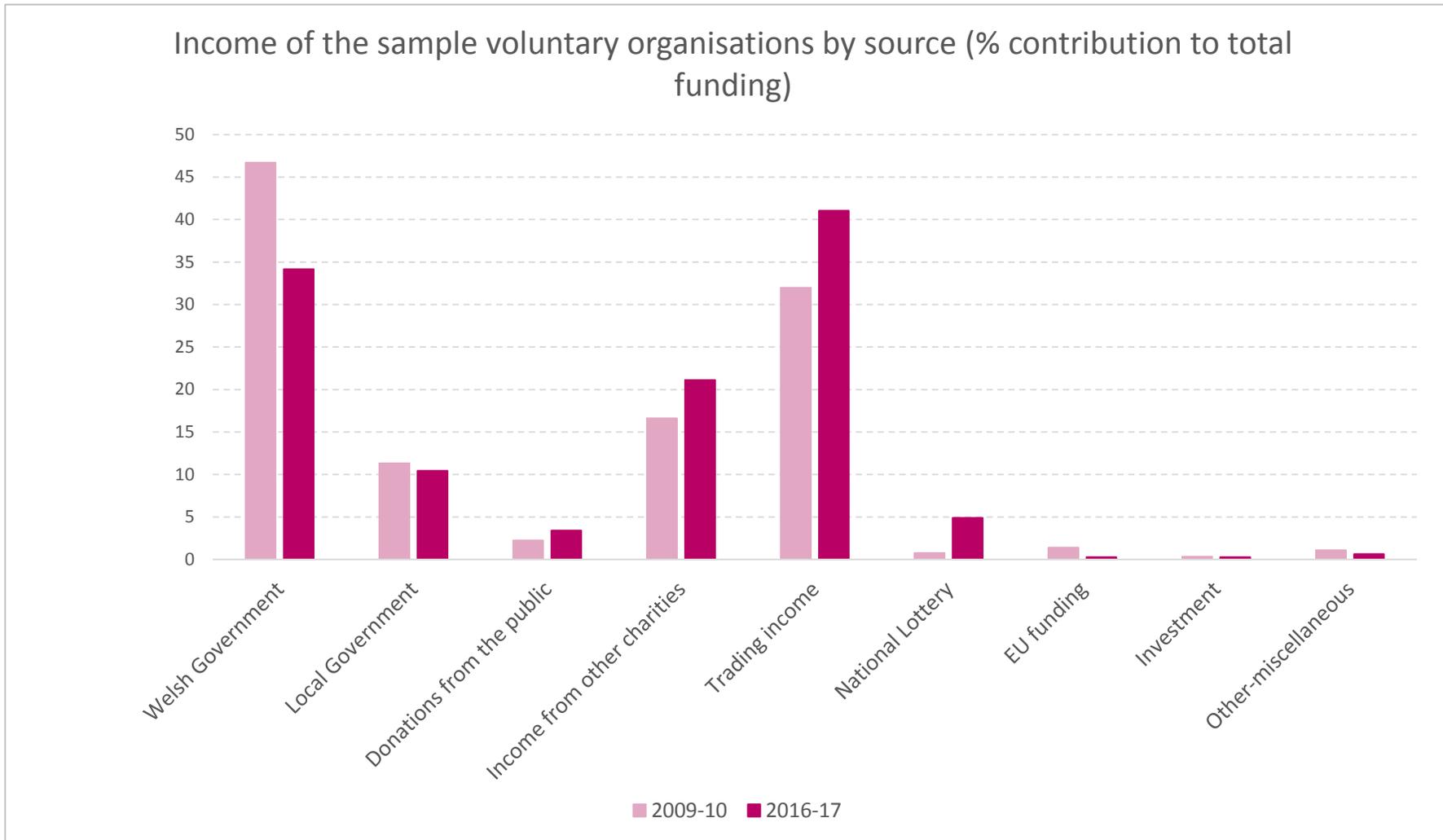
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Income from the different funding sources of the Welsh third sector (£ million)



- Overall income up 3.4% between 2009-10 and 2016-17
- 18% decline in WG funding
- Funding from the local authorities down 7.8%
- Trading income up 43%
- Donations and legacies from other VSOs and companies up 42.5%
- EU down 80%

# Funding sources' contribution (82 vso's)



- WG funding: from 41% to 29%
- Important change in public funding: grants  contracts
- Trading income: the largest funding source in 2016-17
- EU funding contribution to total income:

1.24% (2009-10)

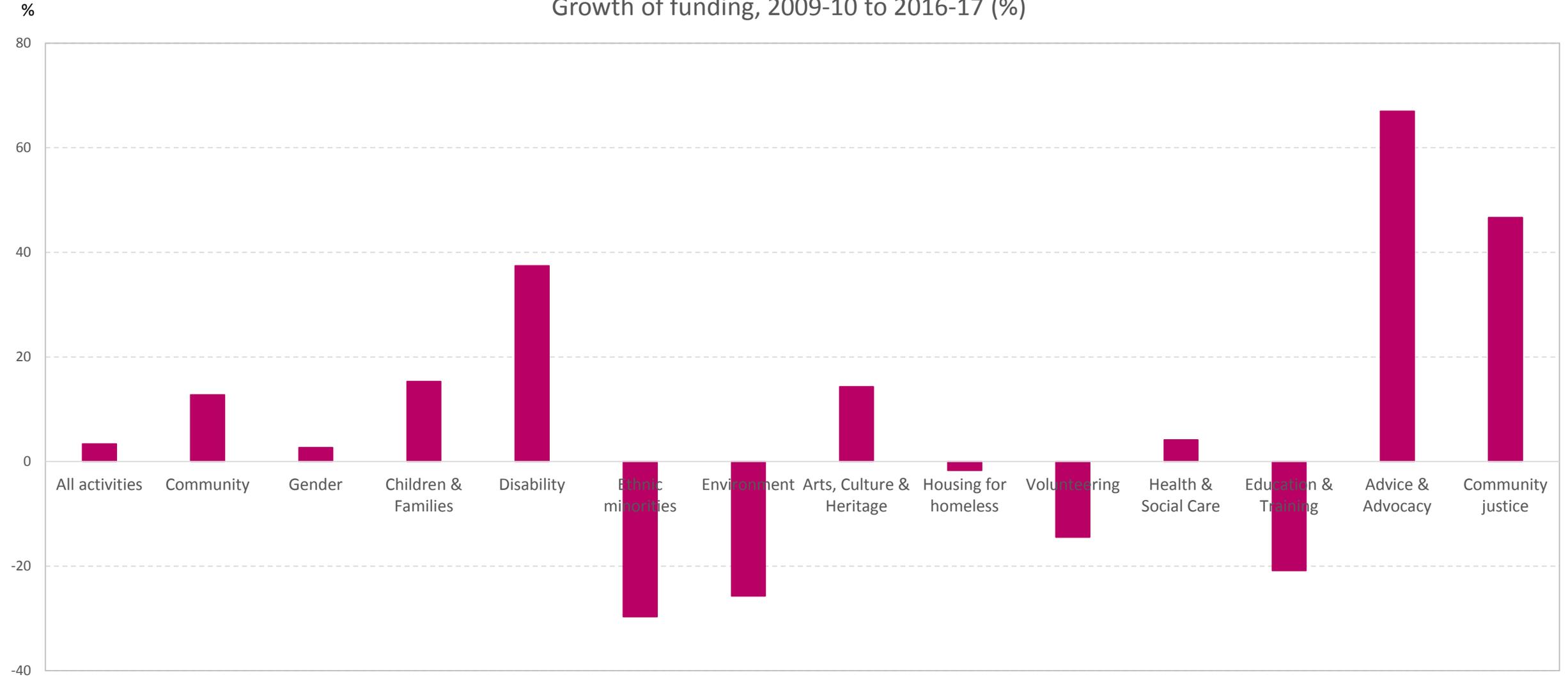
0.2% (2016-17)

# Activity areas analysis (82 VSO's)

2025

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Growth of funding, 2009-10 to 2016-17 (%)



# Reflections I

- Sector → more financially resilient than might have been expected?
- State funding squeezed, but total income still grew in real terms, mainly trading income and legacies
- Sector concerns about capacity to respond to rising cost and demand pressures
- VSOs' future resilience should not be taken for granted
- Brexit impact?

# Reflections II

- Volunteering up, state dependence down, contract income up
- Shift from grant recipients to social businesses? Did austerity cause it?
- Pressure to diversify income
- Capacity, training & development needs: staff and boards?
- Reminder: dual governance → charities and companies
- Need for improvement of data