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# Youth Work Funding Review: Phase 2 Executive Summary 2024



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## 1. Research Aims and Methodology

1.1 The overall aim of this research is to review youth work funding across Wales within the voluntary and the maintained parts of the youth work sector to support the development of a sustainable funding model for youth work in Wales. This research has been commissioned by the Welsh Government in response to the Interim Youth work Board's fourth (of fourteen) recommendations to undertake an independent review into the sufficiency, transparency, accountability, and effectiveness of funding and expenditure of youth work services across Wales to assess the effective delivery of youth work activities and the impact on young people.

1.2 This youth work funding review has four objectives:

- (i) To review the current funding levels providing an overview of income and expenditure and a consideration of the sustainability of the funding sources
- (ii) to undertake, a review of the funding processes including the barriers to accessing funding
- (iii) an analysis of how monies are expended
- (iv) and a review of the governance of organisations i.e. how are decision made on funding and expenditure and how young people are involved in the decision making.

1.3 A mixed methods approach has been adopted to undertake the review, involving both qualitative and quantitative methods of data collection.

1.4 Data for the quantitative element of the research came from two sources. First, publicly available data and second, data collection using a questionnaire which was refined and developed following the outcomes from phase 1 of this youth work funding review:

- For the maintained youth service, the local authority annual audit data for 2010-2011 to 2022-2023 (financial years) was accessed, downloaded, and analysed. The Principal Youth Officers' four regional areas were employed as the basis for the groupings for the analysis of the data sets.
- For the voluntary youth work sector organisations, a questionnaire was distributed to organisations identified by Council for Wales Voluntary Youth Services (CWVYS), County Voluntary Councils (CVCs), and online searches. The sample of organisations that were sent the questionnaire was 171; these organisations

met the criteria of a voluntary youth work organisation. Of the 171 organisations identified 40 were national voluntary youth work organisation and 131 were local organisations. A total of 37 organisations completed the questionnaire of which nine were national organisations and 28 were local organisations representing an overall response rate of 22 per cent.

1.5 Data for the qualitative element of the research was obtained through interviews and focus groups:

- Voluntary youth work sector organisations were invited to take part in roadshow events across the country and online (Table 1.1). During these events participants took part in focus groups. There were 92 voluntary sector organisations represented in our roadshows from local and national organisations. Geographic roadshows were held in 19 of the 22 county boroughs across Wales and in addition four on-line roadshows took place. Attendances at our Roadshows averaged six people. Roadshows were attended by 123 individuals in total.
- Four focus groups were undertaken with local authority personnel, which were attended by 21 Principal Youth Officers, either in a national or local focus group. One local authority did not have a Principal Youth Officer in post at the time of the fieldwork. In addition to Principal Youth Officers, two focus groups were attended by other senior staff. In one focus group a director of finance also took part. One interview was held with a funding organisation. In addition to the local authority focus groups, a short questionnaire was circulated to Principal Youth Officers to enable them to contribute in writing. Three Principal Youth Officers returned written responses; this low response may be due to them having taken part earlier in the study as noted.

**Table 1.1 Roadshow focus groups/ Focus group /Interview: Participants**

Organisation Type	Focus Groups	Interviews	Total Number of Participants
Voluntary youth work sector organisations (including national and local organisations)	23		123 (Representing 92 VSYO)
Local authority representatives (including Principal Youth officers and other senior managers and finance officers)	4		29 (21 PYO; 8 Senior LA staff)
Funding organisations		1	

## 2. Key Findings

2.1 Four key findings are evidenced in relation to the aims of the study:

- a review of the current funding levels providing an overview of income and expenditure and a consideration of the sustainability of the funding sources
- a review of the funding processes including the barriers to accessing funding
- an analysis of how monies are spent
- and, a review of the governance of organisations i.e. how are decisions made on funding and expenditure and how young people are involved in the decision making.

### Income

2.2 Both the voluntary and maintained parts of the youth work sector have experienced an overall reduction in funding in real terms over the last three years:

- The overall funding level for the 37 voluntary youth work sector organisations was assessed through their questionnaire responses. Thirty-three provided income information. In total the 33 organisations had a combined income of £8,639,960 in 2020.<sup>21</sup> (these are real figures, adjusted for inflation), £8,655,453 in 2021.<sup>22</sup> and £8,037,802 in 2022.<sup>23</sup> While some respondents will have seen increases in income, others have seen reductions overall, responses show a reduction in income of 7 per cent over the last three years based on the combined income for each year
- the maintained youth work sector shows an increase of three per cent in total income over the same period, however, longer term data shows total maintained youth work sector income has reduced by 26 per cent since 2010-2011
- for the maintained and voluntary youth work sector, the estimated total level of income funding received for youth work in Wales is £84,635,941. In comparison the total CPI adjusted income for Wales in 2010-2011 is estimated to have been £114,775,130, (numbers CPI adjusted to 2022-2023 values).

2.3 The proportion of income from different sources has fluctuated demonstrating a lack of stability for voluntary youth work organisations across a three-year period:

- In the voluntary youth work sector income from charitable foundations and trusts has reduced by 42 per cent (real figures, adjusted for inflation), over the last three years

- 57 different charitable foundations and trusts were providing income to voluntary sector youth work organisations in our sample, over three years
- it was noted that some individual voluntary youth work organisations having over 35 sources of income at one time, with one noting 75 (this was reported in a voluntary sector focus group, the organisation did not complete our questionnaire)
- generated income for the voluntary youth work sector organisations has reduced by 14 per cent over the last three years (adjusted for inflation). It now makes up 16 per cent of all voluntary sector income in our sample, down from 18 per cent in 2020-2021
- income from town and community councils has increased tenfold over the last three years, although it remains a very small proportion of income for those organisations in our sample at 0.2 per cent

2.4 In the maintained youth work sector, the income sources have remained broadly more stable over the last three years than in the voluntary sector. However, the core youth service budget makes up a decreasing proportion of the total income, while income from other local authority areas, from the Welsh Government, and from health make up an increasing proportion of the total income.

2.5 The current income streams demonstrate the challenges in promoting a sustainable model of practice for both the maintained and voluntary youth work sector:

- In the maintained youth work sector, the shift in income streams and an over reliance on external funding sources appears to lead to movement away from core activities and a universal youth work offer
- there is a lack of oversight and coordination of different funding streams within the maintained youth work sector
- the number and variety of funding sources for the voluntary youth work sector organisations will inevitably lead to greater time spent on applications and reporting requirements
- less than half of the voluntary youth work sector organisations who responded to the questionnaire considered that funding levels were adequate to sustain their current levels of provision and in the long term most were not at all confident in their ability to maintain their services
- the significant number of different funding streams utilised by the voluntary youth work sector leads, in many instances, to a complex funding model that may prove difficult to maintain in the longer term.

## Funding Processes

2.6 Three most common barriers to accessing funding within our voluntary youth work sector sample were reported to be the lack of available core funding opportunities, lack of staff capacity, and the short-term nature of many grants.

- The instability of available core funding opportunities has an impact on nearly all organisations who have contributed to this research; having considerable *knock-on* effects including the capacity to be strategic and to be able to apply for funding upon which to build a sustainable structure.
- lack of staff capacity is reported to be a key barrier to accessing funding because voluntary sector youth work organisations are spending considerable amounts of time pursuing investment. For example, our 37 questionnaire respondents told us that they made 590 separate applications for funding during the 2022-2023 financial year. This equates, in their assessment, to around 10,542 staff hours to complete these applications. This figure then means an average of 17 hours per funding application.
- in addition, voluntary and maintained sector youth work organisations are deciding that applying for certain funding is not an effective and efficient use of their time due to the administrative burden of applying for the funding, administering it, and reporting on it.
- the short-term nature of funding was also reported as a barrier among our questionnaire respondents. When we consider the pros and cons of shorter- and longer-term funding cycles, we have found no substantial support for shorter term funding cycles. Almost unanimously, participants voiced their support for funding to be made available over longer time periods.
- some organisations have noted how they mitigate the barriers faced through diversifying their funding streams, working directly with funders, and where possible, working with organisations most notably CWVYS within the voluntary youth work sector
- there is also collaboration across into other sectors who work with young people to come to mutually supportive funding models
- the relationship between the voluntary and maintained sector is reported as not always being mutually beneficial in some areas in Wales with a lack of transparency of funding processes being noted. 19 per cent of voluntary sector respondents to our questionnaire feel they are able to influence spending decisions in the local authority, whereas 81 per cent feel they have no influence on local authority decisions.

## Expenditure

- 2.7 The level of reserves we found held in the voluntary sector did not follow expectations as they had not been significantly utilised:
- Reserves increased in 2021-2022, by 16.7 per cent and in 2022-2023 financial year the reserves increased by 6.08 per cent. National voluntary organisations reserves are approximately four times larger compared to local voluntary organisations
- 2.8 The maintained youth work sector spends more on training as a proportion of income than the voluntary youth work sector, but less on resources and buildings. A high proportion of both the maintained and voluntary sector expenditure is on staffing, and this leads to high exposure to raising staff costs.
- 2.9 Staffing wages, resource costs, other and administrative expenses, training, and building expenses represent 80.2 per cent and 89.1 per cent of the total expenditure for the maintained youth work sector in 2010-2011 and 2022-2023 financial years respectively. The largest trend has been the significant increase in wage costs over the last 13 years with a 13% rise in staff expenditure. Building expenditures have halved over the same period. This is due to the sale of older buildings, movement of hubs to rental units to avoid costly maintenance, and the non-replacement of rental buildings. Resource costs remain constant over the period.
- 2.10 The voluntary youth work sector organisations represented in this study demonstrate that overall, their income is decreasing. Some organisations may get to a critical point where their income is less than their expenditure and we might see more use made of reserves in the future as a consequence.

## Governance

- 2.11 Overall, the findings demonstrate that local decision-making results in a high degree of variability in funding decisions for youth work and, that these decisions can be influenced by a wide range of factors including a need to respond to local strategies, changing needs, and the requirements of grant funding:
- The funding decisions for maintained sector youth work happen within the context of the wider local authorities in which they operate and therefore has resulted in a large variation across Wales of the allocation of funding to youth work.
    - (i) Within the Revenue Support Grant, each service area (in this case the youth service) is allocated a nominal amount of funding. The use of the youth work element of the Revenue Support Grant by local authorities is un-hypothecated and, as such, is subject to local policy making.

- (ii) This means this figure is nominal only and local authorities are free to make their own spending decisions. E.g.: Newport, Bridgend, and Swansea consistently have the lowest amounts of core youth service budget in comparison to the RSG figure. Ynys Môn, Merthyr Tydfil, Rhondda Cynon Taf, Wrexham, and Vale of Glamorgan consistently allocated more than the nominal RSG figure to their core youth service budget: between 15 per cent and 157 per cent of the notional youth work RSG settlement figure. This demonstrates that there exists a disparity in the funding of youth work across Wales in the maintained sector.
- (iii) Decisions regarding allocation of core funding and dispersal of the RSG are not made at the level of Principal Youth Officers, but rather at corporate Director/local elected member level.
- (iv) The research illustrates that some decisions, at a local level, are taken in a more *ad hoc* or responsive way due to the local priorities.

2.12 Governance requirements can be onerous to organisations and the different levels of expectations placed on organisations from different funders lead to complexity:

- For voluntary youth work sector organisations local arrangements for application, planning, monitoring, and evaluation differ; voluntary sector organisations at our roadshows discussed how they are involved in completing evaluation reports for management committees and funding organisations and acknowledge their accountability to local communities, including community councils and local authorities when they are in receipt of local authority investment. Our research found that this, however, can be burdensome, particularly for smaller organisations.
- Voluntary youth work sector focus groups indicated, a lack of transparency in how local authorities allocate funding. One respondent said 'it's a them and us situation, it's a secretive process' and 'where is their rationale' for decision making? This suggests that clarity of funding decisions and improved communication locally and improved collaboration would be a positive development.
- We found, in some local authorities, collaborations are meaningful; in others, collaborations appear to wane when available funding becomes scarcer.
- The involvement of young people in governance and decision making is part of the process within youth work organisations, however, the level of involvement is variable.
- Evidence from our interviews with the maintained youth work sector consistently demonstrated that young people's involvement in decision making happens



routinely in local contexts, often through informing programmes of work and in the recruitment of youth workers. We found fewer examples of young people being actively involved in decision making at a more strategic level although there were examples of good practice.

### **3. Conclusions**

- 3.1 The voluntary and maintained youth work sectors in Wales both aim to support our young people effectively, meeting their needs and enabling them to fulfil their potential as the next generation of young adults in Wales. Our research demonstrates that the sector is seeking to enable this work with less funding and not insubstantial barriers to both accessing that funding and reporting necessitated by successfully securing funding. The reporting required, which can be utilised to demonstrate outcomes is not consistent across the sector, thus diluting the overall impact of reporting. If reporting was standardised, then more reliable comparisons could be made across the sector as to the impact and efficacy of youth work. The reduction we document in volunteers across the sector is likely to continue as with less money available from increasingly multiple sources the voluntary sector may struggle to maintain their infrastructure and so less resources will be available to support volunteers.
- 3.2 There is the potential to undertake a cost benefit analysis of the youth work sector in Wales, this approach would build on established economic thinking and current best practice from the youth work sector across the UK. Evidence from a cost benefit analysis would enable a comparison of the expected costs against the expected benefits (e.g. health, social impacts, and environmental) of different approaches to youth work. This greater understanding would enable well informed decision making. For example, cost benefit analysis can also provide data to help predict the consequences of funding choices and their potential impacts for young people.
- 3.3 We would like to recognise the support and encouragement of the organisations and individuals taking part in this research and extend a note of thanks. We have engaged with the sector at a busy time yet gathered important and relevant data from interviews and focus groups, through our questionnaire, and data from the literature, we are confident we have a rich range of evidence to inform our conclusions outlined.

## 4. Recommendations

- 4.1 Recommendation 1: The Welsh Government has demonstrated its commitment to youth work in recent years. We recommend that the Welsh Government and other partners, continue to promote and develop a sustainable and equitable model of youth work in Wales.
- 4.2 Recommendation 2: We recommend that Welsh Government and other partners consider the sustainability of funding streams for the voluntary youth work sector and develop strategies and mechanisms to ensure there is an equitable distribution of funds.
- 4.3 Recommendation 3: We recommend that the Welsh Government and other partners identify ways to reduce the bureaucratic “burden” of the funding process for voluntary and maintained youth work sector organisations including access, application, and reporting.
- 4.4 Recommendation 4: We recommend Welsh Government consider addressing the limitations of the available data both in terms of standardisation in reporting for the maintained sector annual audit questions, and ways to collect equivalent data from the voluntary sector. Both may require support for organisations to complete.
- 4.5 Recommendation 5: We recommend the Welsh Government and other partners provide annual training on grant writing and fundraising to develop and promote normative standards across the youth work sector.
- 4.6 Recommendation 6: We recommend that the Welsh Government, maintained youth work sector, voluntary youth work sector and other partners develop better mechanisms for shared accountability and transparency of funding decisions, locally, regionally and across Wales, to ensure equitable and timely access to funding opportunities.
- 4.7 Recommendation 7: We recommend that the Welsh Government, maintained youth work sector, voluntary youth work sector and other partners identify and share best practice on collaborative working on funding and grant applications to encourage, and support local, national, and regional partnership working.
- 4.8 Recommendation 8: We recommend that the Welsh Government and other partners consider the impact that the variability in local decision-making (e.g. the RSG allocation of funds in each local authority) has on the equitable access to youth work for the young people of Wales.
- 4.9 Recommendation 9: We recommend that the Welsh Government, as part of its commitment to promoting access to youth work for young people in Wales, considers

hypothecation of the RSG to identify nominal amounts that should be allocated to support youth work within every local authority area.

- 4.10 Recommendation 10: We recommend that the Welsh Government and other partners continue to consider the strengthening of the legislative basis for youth work within Wales through the adoption of a statutory framework for youth work. This may include the establishment of a national body for youth work which could have responsibility for distribution of funding to the sector, support for workforce development and training and to influence developments at a regional planning level.
- 4.11 Recommendation 11: We recommend that the youth work sector continues to consider the full and meaningful participation of young people in the decision-making process that affect them, including grant application, and spending, which could be achieved through application of the children and young people's national participation standards (<https://www.gov.wales/children-and-young-peoples-national-participation-standards>).
- 4.12 Recommendation 12: We recommend that the Welsh Government continue with phase 3: A cost benefit analysis that builds on established economic thinking and current best practice from the youth work sector across the UK and beyond. To provide data to help predict the consequences of funding decisions and their potential impacts for young people.

## **Youth Work Funding Review Phase 2: Executive Summary**

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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