



ace

Action in Caerau & Ely  
Gweithredu yng Nghaerau a Threlai

# Action in Caerau and Ely

## ACE Strategic Plan 2024 - 27

"Our Ambitions For Our Community  
Through Our Own Efforts"

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## Introduction

Further to the successful implementation of the ACE Strategic Plan 2021-23 (and previously 2018-21), this plan sets out a clear direction for project focus and activities supporting ACE's vision to work with communities to achieve lasting and positive change.

We undertook a series of workshops across the ACE team to review our Operational Plan. The workshops assessed project delivery against our objectives to determine if we were meeting the indicators of success we set in 2018. This work links to a process of planning which is led by community members, volunteers and staff – a combination of people who want to make a positive difference in their communities.

Whilst Objectives are deliberately broad, all cascade into relevant projects and activities and support ACE's key aim to create **'Vibrant, equal and resilient communities for all, where people find fulfilment in themselves, each other, and the place where they live'**. As a result of the review workshops we have an updated Operational Plan which supports this aim ensuring that staff and volunteers have clear individual **Work Plans** linked to ACE's wider organisation aim and supporting objectives.

The seven objectives focus on sustainability, delivery, investment in volunteering, partnership and capacity, new opportunities, income generation and utilising buildings and space:

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|---------------------------|--|
| <b><u>Objective 1</u></b> | <b>Create an increasingly sustainable organisation</b>   |
| <b><u>Objective 2</u></b> | <b>Deliver services that make use of assets and meet needs</b>                                   |
| <b><u>Objective 3</u></b> | <b>Invest in, and help support and sustain existing work with volunteer and community groups</b> |
| <b><u>Objective 4</u></b> | <b>Building partnerships, sharing success and utilising other's capacity</b>                     |
| <b><u>Objective 5</u></b> | <b>Continuing to diversify and increase the level of income streams</b>                          |
| <b><u>Objective 6</u></b> | <b>Building capacity, developing new opportunities for work</b>                                  |
| <b><u>Objective 7</u></b> | <b>Building capacity through buildings and space</b>   |

The Strategic Plan is a 'work in progress' which will be updated regularly to reflect and respond to new developments, feedback through monitoring, supporting ACE to keep focused on identified priorities.

**Michelle Powell (ACE Director, March 2024)**

## Glossary of terms/words which describe ACE's work

**Asset Based Community Development** builds on the assets that are found in the community and mobilises individuals, associations, and institutions to come together to realise and develop their strengths.

**Classification of income** we have classified different types of income according to levels of restriction and the continuity and security of funds.

- **General fundraising** (relatively unrestricted, shorter term)
- **Core financing** (unrestricted, longer term) including **enterprise** net income (unrestricted, longer term)
- **Short term project funding** (restricted, shorter term)
- **Longer term service funding** (restricted, longer term)

**Consultancy work and income generation** supporting other organisations in line with ACE's charitable objectives, generating income through enterprise activities.

**Co-production** is an asset-based approach to public services that enables people providing, and people receiving services to share power and responsibility, and to work together in equal, reciprocal and caring relationships. It creates opportunities for people to access support when they need it, and to contribute to social change.

**Full cost recovery** is securing funding for, or 'recovering', all costs, including the direct costs as well as overheads

**Management costs** are indirect service or project costs associated with the administration, finance and management of ACE. They include management, finance and administration staff costs.

**Most Significant Change (MSC)** is a form of participatory monitoring and evaluation. It is participatory because many project stakeholders are involved both in deciding the sorts of changes to be recorded and in analysing the data collected.

**Overheads** are indirect service or project costs which include the upkeep and running of ACE buildings, ICT, insurance, travel etc.

**Projects and Services** the term 'project' is used to describe short term funded work and activities, the term 'service' is used to describe longer activities, contract work and key ACE services.

**Reserves** are ACE's unrestricted funds that are freely available for its operating purposes, not subject to commitments, planned expenditure and spending limits.

**Restricted funds** have a specific purpose, often written into a contract or form of funding approval.

**Theory of Change** explains how the activities undertaken by an intervention (such as a project, or service) contribute to a chain of results that lead to the intended or observed impacts. ACE carried out a Theory of Change review in early 2018.

**Unrestricted funds** do not have a specific purpose but must be allocated or spent in accordance with ACE's charitable objectives.



## ACE's Work and Vision

ACE – Action in Caerau and Ely is a community organisation located in West Cardiff. Local people from Ely and Caerau are active throughout the organisation as participants, volunteers, beneficiaries, staff and trustees. We manage two community buildings and a community garden, and deliver a range of projects and services that meet local needs, including:

- Community Support including crisis support, financial capability and practical support
- Community Learning, personal development and employability / in-work progression
- Health and Wellbeing work including social prescribing and community health development
- Work with Children, Young People and Families
- Community-led approaches, including participation, community voice and ownership
- Heritage, Arts and Culture projects
- Social enterprise and local economic development.

**We work with communities to achieve lasting positive change for an equal and just Cardiff by:**

- Mobilising local people behind a shared vision
- Co-producing projects and services that make use of assets and meet needs
- Driving positive social change, making our communities fairer and more inclusive
- Securing income and maximising community assets for sustainability and community resilience
- Working closely with private, public and third sector organisations to secure the benefits of their resources for our communities.

These commitments lead us to take an approach based on co-production and asset based community development principles. This means we work with local people as full participants in the design and delivery of services and activities. We experience and treat our community not primarily as a problem needing solving but as a vibrant network of communities that have many assets and opportunities that have been undervalued and ignored – these include skills, knowledge, experience, social networks, good will, time, buildings, land, resources, culture and heritage.

## Our approach to co-production and community involvement

**We base our work on the following principles:**

- Local people know their community best
- Everyone has something unique to contribute
- Everyone's contribution should be valued equally
- Poverty should not be accepted as a fact of life
- Social injustice should be challenged and changed

ACE has used (and continues to use) the following approaches and techniques to ensure as broad a range of community members and stakeholders as possible engage in the co-design, delivery and evaluation of projects:

- The formation and development of large networks of local people who are supported to build relationships, explore local needs and opportunities, and plan action and projects
- 1-2-1 conversations to build knowledge of local issues as perceived by local people
- Participatory action research projects that explore specific issues
- Creative workshops that use drawing, modelling, mind mapping, asset mapping, games etc.
- Street based outreach sessions that allow us to engage with new people
- Close partnership work with local primary and secondary schools to enable us to engage with local families
- The hosting of events/fun days that attract new people and provide an opportunity to gather voice and input into our work.

These approaches are used to engage local people as active participants in specific action, activity and project delivery. Importantly, they are also used to enable people to co-design ACE's overall strategic development and direction.

## Drawing from the past

### Introduction to Ely and Caerau

ACE has grown deep roots in Ely and Caerau (West Cardiff), two electoral wards located on the western edge of Cardiff with a combined population of 26,000 (2011 census). Ely was built immediately after the First World War to provide 'homes for heroes' and to re-house families from Cardiff's inner-city slums. It was designed according to garden village principles. The majority of Caerau was built following the Second World War.

**Tenancy:** Although most properties in Ely and Caerau were initially built and owned by the local authority, many have been sold under right to buy legislation. 46% of households are owner occupied or shared ownership accommodation, whilst 53% are social or private rented accommodation (2021 census).

**Identity and heritage:** The two areas have a strong shared identity and are often referred to together as 'Ely'. They also have a strong sense of local heritage, with a number of significant historical sites. These include the Caerau Iron Age Hillfort (one of the largest in South Wales), the remains of a Roman Villa (located in Trelai Park), and the site of Ely Racecourse (which hosted the Welsh Grand National).

Many residents have close connections with the area which have extended across generations, and often have extended families and friendship within the community. These features underpin a strong sense of community spirit which has been supported by decades of community development and community run activities.

**Demographics:** Ely and Caerau are relatively young communities, with approximately 37.3% of households containing dependent children, compared with 28.1% of households across Cardiff. In the 2021 census 16.3% of residents identified themselves as being from a minority ethnic community, this has increased since the 2011 census which gave a figure of 7.2%. This is one of the most significant changes in the make-up of our community.

**Stigma and disadvantage:** Despite significant strengths and opportunities Ely is regularly stigmatised within the rest of the city, and further afield. Public perception has tended to be heavily influenced by a small number of high profile stories, most recently a disturbance in 2023, following the tragic deaths of two local young people, which was labelled in the national media as a riot. This was really disappointing for our community which has worked hard to change public perceptions of the area following an earlier disturbance in 1991, which was also widely reported and came to be known as 'the Ely bread riots'.

The disintegration, since the 1980s of a thriving local manufacturing based economy (which included Ely Paper Mill, Chivers Jam Factory, Ely (Whitbread) Brewery, two brickworks and Ely Pop Factory) has left high unemployment levels. These jobs (perceived locally as 'good quality') have largely been replaced with service, retail and care sector employment opportunities. These are often part time, low paid and insecure, and contribute to increasing experiences of in-work poverty.



The community struggles with a number of challenges associated with multiple forms of disadvantage. Indeed the Wales Index of Multiple Deprivation identifies 12 out of 17 LSOA's (Lower layer Super Output Areas) within Ely and Caerau as being in the top ten percent most deprived neighbourhoods in Wales.

### **The associated challenges and needs identified in Ely and Caerau include the following:**

**Benefits:** Many people in Ely and Caerau are surviving on low incomes. Approximately 35.2% of the population receive income related benefits and tax credits, compared with 16.4% across Cardiff.

**Unemployment:** Low income is often related to unemployment. The 2021 census reports that 10% of economically active people in Ely and Caerau are unemployed (compared with 4.2% across Cardiff), and 25.5% of households with dependent children do not have an adult in employment (compared with 13% across Cardiff).

**Low quality employment opportunities:** Increasing numbers of residents who are in employment experience combinations of low pay and part time work that keep them near or below the poverty line. These jobs are often insecure, inflexible to family life, and are sometimes experienced as dehumanising. (See *Poor Work: Experiences and Aspirations*, Dave Horton April 2013).

**Cost of Living Crisis:** Over the past 2 years the cost of living has increased significantly and people's incomes whether in or out of work have not kept pace with these rises, with lower rises amongst those on the lowest incomes. Increasing numbers of working households have been particularly impacted and groups who have not previously experienced poverty are now struggling due to increased mortgage and rent costs in particular, in addition to fuel and food.

**Educational attainment** has historically been weak in Ely and Caerau, but has begun improving in recent years. 36.8% of Adults in Ely and Caerau aged 25-64 have no qualifications, compared with 17.2% in Cardiff as a whole (2019 Welsh Index of Multiple Deprivation). 18.5% of Key Stage 4 leavers (14 to 16 year olds) in Ely and Caerau are entering Higher Education, compared with 32.9% in Cardiff.

**Poor health:** There is evidence that experiences of poverty impact significantly on the health of residents. The 2021 Census identifies 7.1% of people in Ely and 7.8% of people in Caerau as being out of work due to long-term illness or disability, compared to the England and Wales average of 3.4%. The proportion of people who report that their day-to-day activities are limited 'a lot' by illness or disability is also higher for Ely (6%) and Caerau (5.2%) compared with the England and Wales average (2.5%)

## Our learning from the past:

ACE was established in 2011 through the Welsh Government's Communities First programme in the Ely and Caerau areas of Cardiff. This programme enabled us to develop and deliver a broad range of activities, projects and services, led by and working in partnership with our community – always with the intention of establishing a permanent community development resource which would continue after the programme funding came to an end.

Communities First finished in 2018 with ACE in a strong position to design and develop a programme of work based on needs identified with the local community, thanks partly to a growing reputation for professionalism and effective service delivery. ACE was able to work alongside local people to build from existing work and develop new initiatives. The charity adapted to this change by building relationships with a wide range of funders, successfully obtaining resources through grants, contracts and our income generating enterprises.

From 2018 to 2024 ACE has been active in delivering a range of contracts and grant-funded projects and services across our objective areas, informed by and produced alongside our local community. We have made considerable progress in diversifying our income sources and are now receiving £1M+ of income annually to deliver our programmes. Through this period we have been exploring who we are and how to make best use of ACE's expertise and resources and have identified a number of key learning points:

1. Our most recent learning is that ACE has a role to play as a catalyst and convener of community activity. Rather than ACE needing to deliver everything our community needs, we are well placed to support the development of community networks made up of local people, small local groups and larger local community organisations, with ACE playing our role as an equal partner and contributor to the network's activities.
2. Understanding of, and approaches to co-production, community development and asset based community development (ABCD) can differ between organisations and individuals, which can cause misunderstandings and differences of opinion when planning and implementing work both within the organisation and when working with partners.
3. We have learned that there is a clear need for a training in ABCD approaches that is grounded in our experience of delivering our work. The success of our ACE Way training programme has highlighted that we are well positioned to deliver training and mentoring that will help others develop the skills and knowledge to work for positive change in their communities.
4. We have been effective at informal community engagement, through opening up our spaces and giving people the space and encouragement to shape our work and be part of what we do. The Covid pandemic temporarily removed our ability to carry out this informal engagement, and we struggled to engage our local community in any online activity. In addition, our community engagement has been significantly limited by our funding profile, which has not been able to provide the necessary capacity to reach out to the community in

a more systematic and inclusive way. We have identified the need for funding to re-ignite this area of ACE's work.

## Considering the future

### ACE – Building on our foundations as we plan our future

**The Theory of Change consultations:** After the end of the Communities First programme in 2018, we undertook an engagement process with our local community called 'theory of change'. This work importantly:

- Identified a series of underpinning needs and opportunities
- Defined our mission statement
- Set out ACE's seven core objectives which have provided the basis for our annual Operational Plan.
- Established a process for an annual examination of our progress in achieving these objectives

**Are we still on track? - the Operational Plan Review:** In May 2023 we planned and delivered a series of workshops across our project teams to carry out a fundamental review of the Operational Plan itself to establish whether it was still fit for purpose. The workshops assessed our current organisational delivery against the objectives, indicators for success and actions (i.e. how we would do it).

To be able to move towards the future it is essential to review the past. The workshops' purposes were to:

- Identify whether the set actions were helping us to achieve the set indicators for success
- Identify whether we had steered away from what we initially set out to do
- Identify whether the current environment and context in which we were working had changed
- Understand if the work we were doing was stretching our capacity both financially and in terms of staffing
- Analyse whether the work being undertaken was appropriately resourced and was meeting need.

**Outcomes:** We were able to identify that some actions were no longer a priority for ACE, some had been met fully, some needed a new approach and some of the future work we wanted to achieve was not documented within our Operational Plan.

An area of work identified as a priority in 2018, but not reaching its full potential, is that of **community led approaches**. We have since drawn on our past learning to direct and inform our future and now have a clear plan and set of ambitions for this area of work. Staff and board

members see this as a time to go back to our 'roots', to work with local people to participate in the delivery of a diverse range of community activities covering the whole spectrum of participation from voice, through leadership, to ownership.

This highlights the value of our review and the benefits it will bring to our work. The Operational Plan has now been updated in line with our findings and sets out our priorities and a clear plan of action for the coming year(s).

## How will we do it?

### ACE Strategic Objectives

Our mission statement identifies ACE's aims as creating **'Vibrant, equal and resilient communities for all, where people find fulfilment in themselves, each other, and the place where they live'**.

ACE will build on its community development over the past twelve years to challenge social and economic disadvantage, not just locally but across Cardiff. Our support will be provided by enabling community action, direct provision and campaigning based on the intersection of need, community assets and funding. Our efforts will focus on social, economic and environmental development in communities, working with people, community groups, organisations and businesses, allowing ACE to direct its resources in a sustainable and effective manner.

ACE's work can be divided into three areas:

- **Local projects and services** in the Dusty Forge and local communities across Caerau and Ely.
- **Citywide/national projects and services** supporting people external to Caerau and Ely.
- **Consultancy work and income generation** supporting other organisations in line with ACE's charitable objectives, generating income through enterprise activities.

**'Projects' and 'services'** The term 'project' is used to describe short term funded work and activities, the term 'service' is used to describe longer activities, contract work and key ACE services.

The following operational plan outlines our strategic objectives and how we will achieve them.

#### **Objective 1 - Create an increasingly sustainable organisation**

##### **Indicators of Success:**

- ACE is a diverse, thriving and sustainable organisation, continuing to address existing and emerging need.
- ACE has a viable forward plan in place annually; including pre-approved budget, and an Operational Plan outlining work plan responsibilities.

How will we do it?	Actions/Activities
Managing capacity and demand through careful planning	<ul style="list-style-type: none"> <li>• We will continue to work closely with all members of staff and key volunteers to develop annual operational and individual work plans. This will be delivered through focused workshops and specific team days.</li> <li>• Over the next two years we will invest in development / management capacity which will support ACE to develop and grow, working towards set objectives.</li> <li>• ACE staff and key volunteers will attend an annual away day, planning out and developing new areas of work, policy and practice</li> </ul>
Monitoring and Evaluating - Collecting and managing data, enabling us to analyse and present measures of impact and value	<ul style="list-style-type: none"> <li>• We will use a general survey to gather basic information from a high number of participants, volunteers, staff and others regarding their experience of engagement with ACE relating to ACE's core values and aims.</li> <li>• Additional project specific surveys, will be used to collect baseline data at point of first contact and to identify specific changes resulting from project interventions. These will also be used to collect key demographic data useful for ACE's planning and development.</li> <li>• We will use the Most Significant Change (MSC) approach to collect stories of personal change that provide deep qualitative data related to participant experiences of engagement with ACE.</li> </ul>
Distributing leadership across the organisation, investing in staff and volunteers through training and development.	<ul style="list-style-type: none"> <li>• Clear lines of responsibility allocated to senior staff including the ACE Director, Operational Development Managers and Project Coordinators.</li> <li>• Staff/Volunteer training and development to be discussed at one-to-one sessions with line managers and annual appraisals to support personal development and organisation priorities.</li> <li>• Support for staff wishing to develop through Institute of Leadership and Management qualifications.</li> </ul>
Taking time to reflect, applying learning to planning and delivery activities	<ul style="list-style-type: none"> <li>• Staff encouraged to book (through one-to-one and team meetings) in time to reflect on practice, research best practice examples of delivery.</li> </ul>
Asking for help and support where needed	<ul style="list-style-type: none"> <li>• Managers and staff to actively seek out support and help to support ACE priorities where relevant.</li> <li>• ACE to seek out opportunities for support where relevant.</li> </ul>

Building relationships with funders, producing engaging and convincing funding applications	<ul style="list-style-type: none"> <li>• Coordination of grant/funding relationships and point of contact to Director.</li> <li>• Fulfil and exceed grant requirements.</li> <li>• Allocate protected time for grant application activities.</li> <li>• Use ACE monitoring and evaluation, and consultation work to support bid application.</li> <li>• Request and research of relevant data to support grant applications.</li> <li>• Peer review of applications by co-workers and partner organisations.</li> <li>• ACE Director to review all ACE funding applications, checking for quality and detail.</li> </ul>
Producing an annual report, giving a full and accurate reflection of ACE's work	<ul style="list-style-type: none"> <li>• Report to be produced in readiness for the ACE AGM.</li> <li>• Impact/Most Significant Change Stories to be included.</li> <li>• ACE Director and Marketing and Communications Officer to coordinate work.</li> </ul>
Fostering the board's (and its committees') informed independence and objectivity in oversight, policy making and strategic decision making	<ul style="list-style-type: none"> <li>• New ACE board members to receive personal induction training; all members to receive renewal training annually.</li> <li>• Regular information of interest to be sent through to the ACE board with monthly board papers.</li> <li>• ACE Managers and Treasurers report to be sent out with monthly board papers.</li> <li>• ACE Board representation on Finance Committee, HR and task and finish subgroups.</li> <li>• Work to diversify board membership.</li> <li>• Board members to take part in an annual review meeting reflecting on past work and future direction.</li> </ul>
Quality Assurance	<ul style="list-style-type: none"> <li>• ACE will actively explore options to quality assure its work.</li> <li>• ACE will maintain, and where possible improve on, the Investing in Volunteers quality standard 2023-26.</li> <li>• Training delivery will explore quality standard marks to support and enhance delivery and help grow the potential customer market.</li> </ul>
Environmental awareness – monitoring and minimising impact, setting a positive example.	<ul style="list-style-type: none"> <li>• Continued purchase of recycling and food waste schemes</li> <li>• Purchase of Fairtrade (or similar) products where possible</li> <li>• Use of electric pool vehicle, public transport or bicycle promoted.</li> <li>• Staff and volunteers inducted and introduced to ACE Environmental Policy.</li> </ul>
Central support/CORE: (including management, training, administration and	<ul style="list-style-type: none"> <li>• ACE to invest in and maintain central support and organisational management resources.</li> <li>• Services and projects to contribute 5% of budget to support core services.</li> </ul>



equipment) associated with the above operations.	
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## **Objective 2 - Deliver projects and services that make use of assets and meet needs**

We will play to our strengths by continuing to develop and deliver projects and services that have a proven track record in tackling poverty and creating community resilience. Activities delivered will be informed through the ACE Theory of Change model.

We will continue experimenting with new approaches that allow local people to take an active lead in these initiatives. We will pilot new ways of integrating projects so that the multiple dimensions of poverty can be tackled effectively and flexibly.

### **Indicators of Success:**

- ACE delivers a comprehensive range of projects and services (as below) meeting need.
- Theory of Change review informs service delivery annually.

<b>How will we do it?</b>	<b>Actions/Activities</b>
<b>Community Support:</b> Develop and deliver a programme of activities which help and support local people	<b>Practical Support</b> <ul style="list-style-type: none"> <li>• Dusty Forge Re-Store space</li> <li>• ACE Your Local Pantry</li> <li>• Dusty Forge Community Kitchen / Café Barr</li> <li>• Community support volunteer groups</li> <li>• Benthg Library of Things</li> <li>• Monthly Repair Café</li> <li>• Diana Garden</li> </ul> <b>Financial Support</b> <ul style="list-style-type: none"> <li>• Benefits and money advice</li> <li>• Affordable warmth work (energy advice)</li> <li>• Shape Your Future – in-work progression support</li> <li>• Neurodiversity support group</li> <li>• Legal support</li> <li>• Grand Avenues.</li> </ul>
<b>Health and Wellbeing:</b> Develop and deliver a programme of activities which address health, mental health and wellbeing needs	<ul style="list-style-type: none"> <li>• Development of strategic partnerships and funding / contract opportunities for ACE Health Programme.</li> <li>• Delivery of North Cluster Community Development contract (including 'Youthspace').</li> <li>• Delivery of South West Cluster Community Development contract (including 'Youthspace').</li> <li>• Delivery of ACE Cares.</li> <li>• Delivery of Bereavement Support Grant – ACE community development activity.</li> </ul>

	<ul style="list-style-type: none"> <li>● Management of Bereavement Support Grant – partners organisations, overall budget and reporting.</li> </ul>
<b>Children, Young People and Families:</b> Work with children, young people and families to improve life outcomes for all.	<ul style="list-style-type: none"> <li>● Ehangu partnership project to enhance local early years provision.</li> <li>● Learning Partnership Board support – provide co-chair resource and development.</li> </ul>
<b>Community led activities:</b> Support local people to participate in the development and delivery of a diverse range of community activities covering the whole spectrum of participation from voice, through leadership, to ownership.	<ul style="list-style-type: none"> <li>● Explore funding for a dedicated team to take this element of ACE's work forward.</li> <li>● Development of training for team in community development – principles, approaches, methodology.</li> <li>● Review of infrastructure needs for groups to develop – other community spaces, set-up costs.</li> <li>● Strengthen links between C3SC and ACE / community.</li> <li>● Provision of ongoing advice / support for wider teams to implement this approach – additional funding to fund this role?</li> <li>● Work to develop links between key partners and the community to support collective action based on community-identified need.</li> <li>● Evaluation and monitoring of the outcomes of this work – research partners and / or ACE-led evaluation.</li> </ul>
<b>Social Enterprise and local economic development:</b> Develop a range on income generating projects	<ul style="list-style-type: none"> <li>● Training enterprise</li> <li>● ACE Housing</li> <li>● Dusty Forge room hire</li> <li>● ACE Consultancy</li> <li>● The ACE Way Training and Mentoring.</li> </ul>
<b>Culture, Arts and Heritage:</b> Develop and deliver a programme of activities which broaden access to culture, arts and heritage	<ul style="list-style-type: none"> <li>● CAER Heritage Project.</li> <li>● ACE Arts – Explore Collective.</li> <li>● Seek alternative funding to support the core activity and delivery of ACE Arts.</li> <li>● Work to further develop working partnerships to expand and enhance our delivery model.</li> </ul>
<b>Community and Citywide influencing and campaigning:</b> Support local people to positively challenge and change the environment which impacts them	<ul style="list-style-type: none"> <li>● Community organising.</li> <li>● Co-production Network Wales.</li> <li>● Wales Community Movement (BCT).</li> <li>● Political relationships.</li> </ul>

**Objective 3 - Invest in, and help, support and sustain existing work with volunteer and community groups**

**Indicators of Success:**

- Current level of volunteer led activity maintained or exceeded.
- 90% of volunteers report that volunteering is a positive activity at ACE.
- 6 community events delivered annually.
- Annual Ourplace training completed with volunteers, trustees and staff.

How will we do it?	Actions/Activities
Support volunteer led groups to deliver services to communities	<ul style="list-style-type: none"> <li>• We will continue to invest in volunteer led activity, supporting volunteers through a Volunteer Development Officer.</li> <li>• Volunteer led projects are allocated staff support to guide and maintain work, ensuring volunteer induction, ACE policy and procedures are followed and volunteer efforts are appreciated and managed effectively through events and awards.</li> <li>• Provide support, guidance and training to lead volunteers to develop confidence, skills and growth opportunities through one-to-one sessions.</li> <li>• Provide induction and other training opportunities supporting volunteers across the organisation.</li> <li>• Volunteers will be included in activities (where relevant) as though they are paid staff members; this may include ACE team days, social activities etc.</li> </ul>
Community Grants scheme	<ul style="list-style-type: none"> <li>• Trustees and volunteer development officer to administer community volunteer small grants scheme.</li> </ul>
Work with C3SC to support and develop volunteering across communities	<ul style="list-style-type: none"> <li>• Developing skills.</li> <li>• Training courses.</li> </ul>
Promote diversity and inclusion across volunteer groups	<ul style="list-style-type: none"> <li>• Facilitate partnership work between community groups.</li> <li>• Promote diversity awareness and training.</li> </ul>
Investing in Volunteers Award – continue to maintain and where possible improve our standards	<ul style="list-style-type: none"> <li>• A staff guide to be created to enable staff to manage volunteers effectively and all new staff inducted in volunteer practices.</li> <li>• All staff to be encouraged to consider the ‘journey’ of a volunteer to encourage progression and aspiration where appropriate and support development with one-to-one group sessions.</li> <li>• Regular updating of the volunteer handbook, volunteer stories and the volunteer page on the website.</li> </ul>

	<ul style="list-style-type: none"> <li>● Introduce impacts in projects re: volunteer hours given and people supported.</li> <li>● Introduce more ways to show value and appreciation to volunteers – e.g. ‘Volunteer of the Month’.</li> <li>● More training opportunities offered to volunteers.</li> <li>● Lead volunteers to continue to be recruited and invited to staff team meetings and away days to contribute to discussions and decisions.</li> <li>● Census data to be compared with volunteer contribution to enhance equality, diversity and inclusion, along with networking into new groups to encourage volunteers from different minority groups.</li> </ul>
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#### **Objective 4 – Build Partnerships, share success and utilising others capacity**

##### **Indicator(s) of Success:**

- ACE partners with a range of organisations who deliver through ACE facilities and services
- ACE is a highly regarded community development charity locally and across Wales

<b>How will we do it?</b>	<b>Actions/Activities</b>
Work with existing partners and explore new partnerships with delivery, statutory and strategic organisations to enhance services for communities	<ul style="list-style-type: none"> <li>● Identify areas where we can form relationships with like-minded organisations – discuss at monthly ACE Planning meetings.</li> <li>● Assess the opportunities and risks of partnership working (ongoing) – including whether ACE beneficiaries would be best served by either partnership or even a merger.</li> <li>● Develop joint funding applications where relevant.</li> <li>● Utilise existing networks which help facilitate partnership working.</li> </ul>
Identify and signpost to other organisations where relevant	<ul style="list-style-type: none"> <li>● All ACE staff/projects to explore referral options, making contact with organisations where possible.</li> <li>● ACE to align with local and citywide structure supporting joint working and collaboration when in keeping with ACE strategic objectives.</li> </ul>
Apply for awards to celebrate success	<ul style="list-style-type: none"> <li>● Apply for relevant local and national awards to celebrate ACE’s achievements, volunteer and staff commitment, and specific project and service delivery.</li> </ul>

#### **Objective 5 – Continue to diversify and increase the level of income streams**

We will continue our journey towards sustainability by pursuing new forms of funding, especially by further developing our skills related to social enterprise and contract tendering and delivery.

<b>Indicators of Success:</b> <ul style="list-style-type: none"> <li>• ACE operating at current or increased turnover per annum (minus capital works) - £750k.</li> <li>• 25% of ACE turnover generated through enterprise and income generation (non-grant, project, or service income) by 2027.</li> <li>• ACE operates with a diverse range of income.</li> </ul>	
<b>How will we do it?</b>	<b>Actions/Activities</b>
Build relationships with grant makers, producing engaging and convincing applications	<ul style="list-style-type: none"> <li>• Operational Development Managers responsible for grant/funding relationships and points of contact.</li> <li>• Fulfil and exceed grant requirements.</li> <li>• Allocate protected time for grant making activities.</li> <li>• Use ACE monitoring and evaluation work to support bid application.</li> <li>• Identify relevant data to support grant applications.</li> <li>• Peer review of applications – co-workers and partner organisations.</li> <li>• ACE Director and/or Operational Development Managers to review all ACE funding applications, checking for quality and detail.</li> </ul>
ACE will strategically build on existing relationships with local authority and target building a corporate partnership with a significant local employer	<ul style="list-style-type: none"> <li>• ACE impact reporting to respond to the strategic agenda including Wales Government policy, Cardiff Council strategic priorities.</li> <li>• Regular mailshots/communications (ACE impact reporting) targeting specific customers groups.</li> </ul>
Develop and expand ACE enterprise activities	<ul style="list-style-type: none"> <li>• ACE Director responsible for development and expanding ACE enterprise activities.</li> <li>• All enterprise ideas to be reviewed and discussed / agreed by the ACE board of Trustees.</li> <li>• ACE Training (into work qualifications) to continue to assess market need and develop training packages.</li> </ul>
Develop and grow income generation through ACE Community Development Training	<ul style="list-style-type: none"> <li>• ACE Learning and Training Director to develop clear ACE Way training and mentoring offer.</li> <li>• Update business plan annually, reviewing income, expenditure and growth.</li> <li>• Promote and publicise with potential customers.</li> <li>• Train a team of ACE staff in ACE Way training delivery and develop capacity for delivery.</li> <li>• Deliver ACE Way training and mentoring services to organisations across Wales.</li> <li>• Evaluate training and mentoring delivery, develop and improve content.</li> <li>• Seek and pursue opportunities to develop additional training offers with partners.</li> </ul>

Develop and grow income generation through ACE Consultancy	<ul style="list-style-type: none"> <li>• ACE Learning and Training Director to seek out and develop consultancy opportunities through partnership and contract work.</li> <li>• Maintain links with DTA Wales, Wales Coop, and WCVA.</li> <li>• ACE to deliver consultancy through existing staff team expertise and ACE Associates.</li> </ul>
Scope out and bid for contract tendering opportunities	<ul style="list-style-type: none"> <li>• ACE Yes/No 'contract' matrix to be adapted for general use.</li> <li>• Assess Sell2Wales/e-tender opportunities using Yes/No matrix.</li> </ul>
Expand local fundraising activities	<ul style="list-style-type: none"> <li>• Invest in and continue to develop ACE local giving work.</li> <li>• Deliver 3-4 annual giving/fundraising campaigns.</li> <li>• Expand regular giving through targeted communication and partnership building.</li> </ul>

### **Objective 6 – Build capacity, developing new opportunities for work**

#### **Indicators of Success:**

- ACE operates across the City of Cardiff.
- Increased capacity to deliver direct services across communities.
- #1 partnership opportunity realised per year; shared applications, consortia work etc.

<b>How will we do it?</b>	<b>Actions/Activities</b>
Work with partners to target areas of the city where ACE can best utilise our expertise in co-production to energise community action and develop new community led services	<ul style="list-style-type: none"> <li>• We will attend relevant networks to develop partnership work for example: Cardiff Service Board led meetings, C3SC sub/action groups, Food Cardiff, Affordable Warmth Network, GP Cluster Meetings, Mental Health Forum, Talwrn, Copro Network for Wales, Compassionate Communities steering group, Bereavement support Grant networking meetings. Approach 'competitors' to explore possible partnerships where relevant. Explore options for shared delivery, contract work, and other opportunities where relevant.</li> </ul>
Actively seek out opportunities to respond to need	<ul style="list-style-type: none"> <li>• Explore new opportunities through annual review of work and funding development.</li> <li>• Carry out Yes/No project calculation.</li> <li>• Finance appraisal of new opportunities to explore risk and options.</li> </ul>
Expand ACE's repertoire of projects and services	<ul style="list-style-type: none"> <li>• We will build on our Theory of Change work, reviewing plans set in place.</li> </ul>

### **Objective 7 – Build capacity through buildings and space**

#### **Indicators of Success:**



<ul style="list-style-type: none"> <li>• ACE building/space hire operating at 80-90% capacity.</li> <li>• Building rate charge applied to all ACE projects.</li> </ul>	
How will we do it?	Actions/Activities
Generating income through building use	<ul style="list-style-type: none"> <li>• ACE receptionist to promote and monitor room usage at ACE buildings.</li> <li>• Hire prices to be regularly reviewed to optimise the use of existing buildings and space.</li> <li>• Marketing work to support growth in this area.</li> <li>• Office space to be fully utilised, offered out for hire as appropriate.</li> <li>• Estates officer to keep building in good repair.</li> </ul>
Develop a set of building and space principles - defining ethos, usage, and ambition	<ul style="list-style-type: none"> <li>• ACE senior management team to review and develop.</li> <li>• Health and safety requirements for buildings and space to be kept up to date.</li> <li>• Regular building checks diarised (fire, electrical, alarm, other).</li> </ul>
Generating income through building use (Caer Heritage and Learning Centre)	<ul style="list-style-type: none"> <li>• Caer Centre Development Officer to coordinate a programme of learning which will generate income.</li> <li>• Hire prices to be regularly reviewed to optimise the use of existing buildings and space.</li> <li>• ACE Assistant Administrator to lead in booking management and monitor room usage at the Centre.</li> <li>• Marketing work to support growth in this area.</li> <li>• Estates officer to keep building in good repair.</li> </ul>

## Financial Strategy: income, reserves, cost recovery

The Financial Strategy looks at where ACE is now, where we would like to be in three to five years, and what strategies need to be implemented to achieve our financing targets. The key purpose is to ensure that ACE's core work is maintained and sustained and that we make effective use of all financial support received. The ACE board of trustees will review the strategy annually.

### Financial sustainability

ACE seeks to achieve financial sustainability by:

- Maintaining a diversified funding mix, with a solid block of core financing, net income from enterprises, general fundraising and programme funding to cover key projects and services
- Charging management fees and overheads on all significant project work it undertakes
- Growing its fixed asset base through a combination of acquiring current assets and enhancing current fixed assets
- Generating modest surpluses through raising sufficient funds
- Managing its cost base to build and maintain a reserve for unexpected expenses, for new initiatives that the board deem critical, and for general contingency planning.

### Roles and responsibilities - finance

- **ACE Board of Trustees:** ultimately responsible for the overall governance and proper management of ACE finances, and for safeguarding the charity's assets.
- **ACE Finance Committee:** responsible on behalf of the board for:
  - Scrutinising financial systems
  - Monitoring the management accounts, credit and cash control operations and financial investments,
  - The preparation of a monthly Treasurer's Report to update the board of trustees
  - Making recommendations to the board on matters requiring their approval
- **ACE Director:** responsible for the strategic management and leadership of finance delivery and development
- **ACE Finance and Administration team:** responsible for the day to day management and delivery of finance delivery.
- **Auditors:** completion of the annual audit of ACE activities, submission to the charity commission and review of activities report.

### Classification of income

We have classified different types of income according to levels of restriction and the continuity and security of funds. This produces distinct categories of income (illustrated in the funding mix matrix in **Table 1** below):

- **General fundraising** (relatively unrestricted, shorter term)
- **Core financing** (unrestricted, longer term) including **Enterprise** net income (unrestricted, longer term)
- **Short term project funding** (restricted, shorter term)
- **Longer term service funding** (restricted, longer term).

The most 'valuable' type of income is core financing since this offers long-term security and with fewer restrictions on its use. However longer term, service funding is also valuable as it contributes considerably to management and overhead costs.

**Table 1: Funding Mix Matrix**

		<b>Unrestricted</b>			
		<b>General fundraising</b>	<b>Core financing</b>		
		Short- to medium-term (1-2 years), Relatively unrestricted <i>e.g. One-off grants, campaign work, fundraising, and public donations</i>	Medium- to long-term (2 to 5+ years), Relatively unrestricted <i>e.g. place/core based funding, trust funds, regular giving, net income from enterprises or assets</i>		
<b>Short-term</b>		<b>Short term project funding</b>	<b>Longer term service funding (including contracts)</b>	<b>Long-term</b>	
		Short to medium term (1-2 years), Relatively restricted <i>e.g. Energy grants, Food poverty funding, Cost of Living funding, Local Authority and WG grants</i>	Medium- to long-term (2 to 5 years), Restricted <i>e.g. Service contracts - Community Health Development, Heritage and Community Lottery grants.</i>		
		<b>Restricted</b>			

## Where we are now

See **Table 2** (below) for the income mix for 2023/24.

### a) The current financing situation:

- In September of 2022 we were unsuccessful in the tender for the Tier 0 three year service contact which resulted in 3-4 staff being TUPE'd to the successful bidder and 2 staff members securing new roles within ACE.
- At the end of March 2023 our long term restricted funding from the Heritage Lottery Hidden Hillfort project came to an end. ACE were unable to secure continuation funding at that time, resulting in 1 full time and 1 part time staff member being made redundant.
- Caer Heritage and Learning Centre will benefit from Cardiff University funding of £348,765 for 2 posts for a 3 year period, 1 based in Cardiff University and 1 in ACE. These roles will support the further development of the Caer Heritage Learning Centre and the continued partnership developed through the Lottery Funded Hidden Hillfort project.
- The National Community Lottery Grant 'Working Well', another long term funding source also came to an end March 2023. At this point our communities were already facing the cost of living and energy crisis; however, ACE was successful in applying to this funder to continue our work on a smaller but more focused scale.

- In 2021/22 ACE's income was £2.2 million delivering across 40 projects, this figure was inclusive of significant capital works for Caer Heritage and Learning Centre build.
- In 2022/23 our income was £1.2 million delivering across 43 projects. This figure is similar to that of year's pre-covid.
- 2023/24 has been a year of streamlining our project and service delivery while developing our approaches to secure long term funding.
- ACE has invested in fundraising through supporters and the general public, using our ACE Giving platform which has raised £12.7k in this financial year.
- ACE supports its core costs through the management contribution from certain funding sources (totalling £64k - 2023/24) and by apportioning part of a project/salary income to supporting overheads (totalling £77k - 2023/24).
- Total projected income (including carried forward balances) is approximately £1.55m for 2023/24; this breaks down as follows:
  - Grants £1,025,304 (66%),
  - Contracts £355,006 (23%),
  - Generated income £154,343 (10%)
  - Donations £12,736 (1%)
- Unrestricted reserves at the end of 2022/23 adhered to ACE's reserve policy.

**Table 2: Income Mix (revenue including carried forward balances) 2023/24**

Unrestricted funds		Long term
General fundraising	Core financing	
£12,736 (1%)	£155,742 (10%)	
Short term project funding	Longer term service funding (including contracts)	
£385,801 (25%)	£993,110 (64%)	Short term
Restricted funds		

#### b) Key weaknesses and risks

- There has been limited success in raising funds exclusively to support ACE/core work. As a result, all funding we receive is related to a specific project or service rather than facilities or core running costs (for senior management, financial management etc.). There is therefore a permanent and pressing need to look for place-based/core funding that is not project or service focused.
- There has also been a struggle in 2023-24 to raise funds for key programmes of work, with longer-term funds coming to an end and difficulty in finding large scale funders to continue existing work.

- We are also facing the challenge of ensuring all projects pay their way with regards to full cost recovery. It is important we do not take on projects in the future unless all costs are fully funded or they are aligned to existing fully costed projects.
- Income generating activities have struggled to generate a net surplus in recent years. We may need to re-evaluate our portfolio of such activities and services.
- Larger scale and longer term funding is scarce, with a limited number of funders available and high levels of competition for these funds. We may need to rely more on smaller and shorter term funds in order to maintain our key programmes, whilst we bid for the more sustainable longer term funding. Smaller grants tend to be less efficient to manage and administer.
- The tools for managing and understanding ACE's finances are robust but complex. We will continue to develop and improve on these tools. As personnel changes occur in the board, and the senior staff and the finance teams there will be a need for ongoing support and guidance to ensure that key personnel understand the rationale behind the tools and how to use them.
- The impact of the current recession and cost of living crisis is still unfolding and the future is uncertain at this point. This will require careful monitoring and response by ACE's Finance Committee, ACE board and senior management team. The use of ACE reserves may be necessary in coming years to help us meet organisational challenges.

## Where would we like to be by 2026-27?

Our financial goals include the following:

- **General unrestricted reserves** (exclusive of tangible assets) remain sufficient to cover ACE's known liabilities and development recovery as per the reserves policy.
- **ACE management costs** are covered by a mix of core financing contribution from net income of enterprises, place-based or core funding, and full cost recovery from service and project income, which may increase annually based on external financial factors e.g. cost of living increases.
- **ACE overheads** (which were £87k in 2023-24 and £71k in 2022-23) are covered by a percentage charge on all ACE salaries, which may increase annually based on external financial factors. In 2023-24 we needed to increase this from 11% to 13%, which we were able to implement for new roles and grants / contracts only. The baseline from 2024-25 will be 13% on all roles.
- **ACE key services** are 90% covered by longer term funding or contracts, and longer term funding relationships with 'year on year' funders. A further 10% of services are covered by a mix of core financing contribution from net income of enterprises, donations and/or general fundraising.
- **ACE has established funding relationships** with key trust funds, and large scale funders.
- **Where full funding is not available** for high-value and exceptional need projects, the ACE board of trustees will approve, where appropriate, an internal subsidy from ACE reserves.
- **Reporting and management** of finance information is clear, current and accurate.

**Table 3: Suggested Income Mix (2026-27)**

Unrestricted funds		
General fundraising	Core financing	
Donations Campaigns One-off grants Investments Misc. income Bank interest <b>1%</b>	Contribution from enterprises and rent Core funding (LT)  <b>20%</b>	
Short term project funding	Longer term service funding (including contracts)	
Annual grants <b>19%</b>	<b>60%</b>	
Restricted funds		Long term

## How will we do it?

ACE Finance Plan 2024-27	
	Actions/Activities
<b>Build up reserves</b>	<ul style="list-style-type: none"> <li>Maximise use of restricted funds to release unrestricted funds for general reserves.</li> </ul>
<b>Increase the level of core financing and enterprise net income to cover management costs</b>	<ul style="list-style-type: none"> <li>Continue to focus fundraising efforts on grant making trusts who support place-based organisations.</li> <li>Create business plans to grow enterprise <b>net income</b> to £50k per annum by 2023, this includes ACE training, ACE estates, ACE housing and Caer Enterprises.</li> <li>Further develop ACE enterprise, to include the ACE Way training modules to grow net income potential.</li> </ul>
<b>Strategic financing of management costs</b>	<ul style="list-style-type: none"> <li>All project and service activities to contribute to management costs.</li> <li>ACE Finance Committee to agree the percentage of this income which will be applied to management costs (currently set at 5%).</li> <li>Budgets to be prepared for each new project will clearly identify direct and indirect costs.</li> <li>Highlight funding where donor does not support overheads and gain specific board approval for this.</li> <li>Full cost recovery policy adhered to.</li> </ul>



<b>Overheads cost apportioned to all service and projects via salaries</b>	<ul style="list-style-type: none"> <li>● ACE Finance Subcommittee to agree percentage overhead charge added to grant applications for all ACE salaries (currently 13%).</li> <li>● Full cost recovery policy adhered to.</li> </ul>
<b>Generate funds through regular giving and donations</b>	<ul style="list-style-type: none"> <li>● Campaigns/fundraising post expanded/invested in line with generated funds.</li> <li>● Regular giving campaign developed.</li> <li>● ACE to deliver 2-3 fundraising campaigns annually.</li> </ul>
<b>Formulate a fundraising strategy</b>	<ul style="list-style-type: none"> <li>● Allocate dedicated time within senior roles to progress core fundraising and co-ordinate project-specific fundraising.</li> <li>● Establish and deliver on a core fundraising strategy and action plan.</li> <li>● Implement a funding process and checklist for project fundraising, to ensure full cost recovery is included in all bids.</li> <li>● Establish a 2-year rolling fundraising strategy to include priorities for funding and new project and service funding options.</li> <li>● Use ACE Yes/No table to explore options.</li> <li>● Focus fundraising activities on longer term or core funding support.</li> <li>● Develop and maintain relationships with funders.</li> </ul>
<b>Plan additional and improve fixed assets (property)</b>	<ul style="list-style-type: none"> <li>● Continue to work with council and other organisations to acquire fixed assets which can generate income.</li> <li>● Push for ownership/99 year lease for the CAER Heritage and Learning Centre (current lease has 24 years to expiry as of 2024)</li> <li>● Create the business plans for these assets as per agreed Go/ No Go structure.</li> <li>● Overheads budget to include a specified amount each year for an equipment and maintenance so that there are no surprises.</li> </ul>
<b>Invest in new activities</b>	<ul style="list-style-type: none"> <li>● New activities need investment. Staff must spend time developing a new service and building new relationships; and funding may be provided in arrears or be dependent on results. For each new activity, a clear business plan is needed to show the profitability in the first few years as well as the cash flow profile</li> </ul>
<b>Apply funds to achieve maximum benefit</b>	<ul style="list-style-type: none"> <li>● Continually review spending to identify areas where savings can be made to release unrestricted funds.</li> <li>● Regularly review the allocation of unrestricted funds to projects that are not fully funded. This should be done by the Finance Committee with the business plan priorities in mind.</li> </ul>

	<ul style="list-style-type: none"> <li>Continually review both the impact and net income of enterprise activities to ensure they are delivering to expectations.</li> </ul>
<b>Review and update finance monitoring, reporting and planning</b>	<ul style="list-style-type: none"> <li>Management accounts are regularly updated and reviewed to support pre and in year planning/actions.</li> <li>Cash flow management/reporting is maintained to support service and project cash flow, reserve calculations, and future planning.</li> <li>ACE Finance Committee develops and reviews the above strengthening further.</li> </ul>

## Reserves

The term "Reserves" is used to describe that part of ACE's income funds that is freely available for its operating purposes not subject to commitments, planned expenditure and spending limits. Reserves do not include endowment funds, restricted funds and specific project funds.

ACE currently plans for 'survival mode' reserves to support 18 months of operating costs for a reduced staffing model. This has not taken into account the extent of the classification of ACE's activities, or how external factors such as the cost of living crisis can impact work.

The basis for this calculation will be updated and refined. Future level of reserves will be set and monitored by the ACE Finance Committee, and the ACE board of trustees will approve on an annual basis. Reserves will be set through:

- Analysis of cash flow
- Analysis of existing funds and reserves
- Review of future income streams with an assessment of their reliability;
- Review of committed expenditure and how far this is controllable;
- Examination of past trends;
- Examining the likely changes in the main source of income;
- Assessment of how the charity may cope with changes in the main source of income;
- Studying the likely effects on the beneficiaries;
- Assessment of the risks facing the charity, and how likely these are to materialise;
- Forecasting levels of income in future years (taking into account the reliability of each source of income, and the prospects for opening up new sources);
- Forecasting expenditure in future years on the basis of planned activities;
- Analysis of any future needs, opportunities, contingencies or risks; and assessment of the likelihood of each of those needs arising, and the potential consequences for your charity not being able to meet them.
- Retention of key skills in the organisation - succession planning etc.

## ACE reserves position:

ACE Reserves calculation 2023-24-22	Projected 18 months		2025-26	2024-25	% Increase / (Decrease)
<b>Liabilities</b>					
Staffing (redundancy calculation)	64,687		64,687	64,687	0%
Loans, Mortgages	0		0	0	0%
Legal contingency	5,000		5,000	5000	0%
Contracts, Other.	6,500		6,500	6,500	0%
<b>Ongoing Development (base level @ 18 months operation) 12 months calculation 2024-25 &amp; 2025-26</b>					
Staffing and volunteering*	157,810		108,363	105,207	3%
Overheads	63,534		43,203	42,356	2%
<b>Total Projected Reserve required</b>	<b>297,531</b>		<b>227,753</b>	<b>223,750</b>	
<b>Unrestricted Funds</b>					
Unrestricted Reserve	117,893		129,650	159,855	-23%
Designated Reserve	409,386		0	104,795	-100%
Tangible Asset (Property)	240000		240000	220000	9%
<b>Total Unrestricted Funds available</b>	<b>527,269</b>		<b>267,150</b>	<b>264,650</b>	
<b>Surplus/Shortfall</b>	32,076		49,222	60,150	-22%
<b>Operating Expenditure (Capital omitted)</b>	1,014,040		1,161,889	713,300	39%
<i>Ratio of Reserves to Annual Operating Expenditure %</i>	25%		23%	37%	-61%
* Staffing and volunteering made up of: Director (Gr6) @ 30hrs, Senior Development Officer (Gr3) @ 22.5hrs Admin/Finance Officer (Gr3) @ 22.5hrs, Estates Officer (Gr1) @22.5hrs					

The reserves that we propose to set aside provide financial stability and the means for the development of our principal activities for a period of 18 months. Reserves are calculated to support employer liabilities, legal/contract contingency, overheads, a shell staff team to take operations forward for 18 months, the continued operation of the Dusty Forge, and development

capacity to provide continued investment in the organisation that would help to ensure its longer-term survival.

The ACE Finance Committee reviews the level of available reserves on a monthly basis and updates the board through the ACE monthly Finance Report.

## Full Cost Recovery

Charities very frequently suffer from underfunding as both funders and donors are often only willing to fund the direct costs of projects. This is due to their lack of understanding of the full cost involved in carrying out a specific project or service. *Adopting full cost recovery is the first step towards cost recovery. Full cost recovery refers to securing funding for, or 'recovering', all costs, including the direct costs as well as overheads (Association of Chief Executives of Voluntary Organisations, 2004).*

ACE has historically adopted a model from the Big Lottery Fund which advocates full cost recovery in all its funded programmes. However, many of the grants and contracts ACE receives do not support such arrangements, and there has been a need to adapt and tailor information as requested.

To ensure that wherever possible costs are recovered - and that where this is not possible there is a conscious decision to use whatever funding is available - ACE will:

- Calculate an annual overhead cost and apportion across all staff posts. The rate is currently set at 13% of salary cost (updated March 2024).
- Set an annual management cost and charge accordingly to project costs. The rate is currently set at 5% of total delivery cost.
- Review costs and arrangements to support funding and contract requirements through the ACE Management team and Finance Committee.
- Proceed with a project or service which does not cover full cost recovery only when the ACE board of trustees has agreed to shortfall arrangements or an investment from reserves.
- Communicate arrangements clearly with funders to support a proactive and trust based relationship.

## 1. ACE Risk Management Assessment

A review of risks was undertaken as part of the analysis of ACE's future direction. This identifies key risks to strategic priorities, assesses the likelihood of the risk occurring, its impact and action which might be taken now and later.

ACE General Risk Assessment					
Risk	Likelihood (1-3)	Impact (1-3)	Risk = (Likelihood x Impact)	Action	Contingency
<i>Assets/buildings</i>					
Funding for developing assets delayed or unavailable	1	3	3	<ul style="list-style-type: none"> <li>Key funding already achieved for Dusty Forge and Caer Heritage and Learning Centre.</li> <li>Limit further development of assets following completion of Heritage and Learning Centre.</li> <li>5 year lease secured for Diana Garden to develop the land alongside community.</li> </ul>	
Major unaffordable building maintenance issue(s)	1	3	3	<ul style="list-style-type: none"> <li>Building subject to an annual building assessment by local authority (last checked 2023 with no issues).</li> <li>Structural engineer assessment carried out on a 5 yearly basis.</li> <li>Maintenance contribution of £5,000 plus general contingency £5,000 built in to annual budget.</li> </ul>	ACE Reserve policy to include a building emergency fund of £25k, Overhead surplus to be invested in buildings annually.
<i>Grants and contracts</i>					

Failure to deliver external grant satisfactorily	1	3	3	<ul style="list-style-type: none"> <li>Contract delivery responsibility allocated through ACE Operational Plan.</li> <li>All potential project and grant applications assessed in reference to ACE strategic plan and capacity/skills available in team.</li> <li>Robust monitoring and evaluation systems in place (incl. MSC, Elemental, Lamplight etc.)</li> <li>Project monitoring, reporting and oversight through 6-weekly line management.</li> <li>Finances managed using standard micro-budget system supported by Finance Officer and reviewed by Director and Finance Committee.</li> </ul>	
Failure to deliver external contract satisfactorily	1	3	3	<ul style="list-style-type: none"> <li>Yes/No assessment completed to support tender application development.</li> <li>Contract delivery responsibility allocated through ACE Operational Plan.</li> <li>Contract requirements mapped and diarised.</li> <li>Robust monitoring and evaluation systems in place (incl.</li> </ul>	



				<p>KPIs, MSC, Elemental, Lamplight etc.)</p> <ul style="list-style-type: none"> <li>Discussed regularly through staff supervision and ACE Strategic Planning meetings.</li> <li>Regular contact maintained with awarding bodies.</li> </ul>	
<i>Staff, volunteers and management</i>					
Loss or prolonged absence of senior management staff	1	2	2	<ul style="list-style-type: none"> <li>Director, Operational Development Managers and Coordinators are skilled across roles and able to share / offset workloads.</li> <li>How-to documents in place for strategic work and that pertaining to the Charity Commission.</li> <li>Fortnightly senior management meetings focussing on organisational approaches, policies and procedures.</li> <li>Work Plans updated monthly, driven by annual Operational Plan.</li> <li>Project and activity documents to be held on shared (limited access) folders.</li> <li>Succession planning work developed with the board based on experience of internal recruitment of Senior Managers.</li> </ul>	
Lack of resources or capacity to manage staff	2	3	6	<ul style="list-style-type: none"> <li>Annual review of ACE staff structure and</li> </ul>	

				<p>line management arrangements.</p> <ul style="list-style-type: none"> <li>• Core funding strategy to developed, reviewed annually.</li> <li>• Ongoing development of ACE Giving, campaigns and large donations that provide unrestricted funding.</li> <li>• Continued inclusion of full cost recovery in funding applications (where permitted).</li> </ul>	
High staff turnover leaves projects compromised	1	3	3	<ul style="list-style-type: none"> <li>• Development of staff personal development and progression policy and plans.</li> <li>• Internal training calendar to support mandatory and professional development needs.</li> <li>• Staff training in The ACE Way delivered annually.</li> <li>• Resourcing of external training opportunities.</li> <li>• Development of team cohesion and wellbeing through organisational wellbeing policies.</li> </ul>	
Lack of capacity for effective volunteer management	1	3	3	<ul style="list-style-type: none"> <li>• Commitment to Volunteer Development Officer post through core funding.</li> <li>• Continual implementation and</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in volunteer opportunities where relevant – specifically</li> </ul>

				<p>improvement of volunteer induction and other volunteer management policies.</p> <ul style="list-style-type: none"> <li>• Maintain and where possible improve on our Investing in Volunteers status.</li> <li>• Volunteer support shared across team roles.</li> </ul>	<p>areas which require high levels of supervision and support.</p>
Loss of key volunteers	2	2	4	<ul style="list-style-type: none"> <li>• ACE to provide regular lead volunteer support and supervision through Volunteer Development Officer.</li> <li>• Systems in place to support staff with volunteer recruitment, induction and supervision.</li> <li>• Development of training programmes to support volunteer needs.</li> <li>• Project development to include succession planning, induction and widening of volunteer support for projects.</li> <li>• Creation of trainee/assistant roles within staff team for local volunteers.</li> </ul>	
<i>Governance and legal</i>					
Legal or other external challenge interrupting work	1	3	3	<ul style="list-style-type: none"> <li>• Legal consultancy support in place (Crownford HR).</li> <li>• Inclusion of associated</li> </ul>	

				<p>contingency costs in reserve policy.</p> <ul style="list-style-type: none"> <li>• ACE PEST (<i>political, economic, social, and technological</i>) analysis completed through strategic planning exercises/informing future organisation objectives.</li> <li>• Business planning/new trading opportunities to assess potential legal/external issue through PEST exercise.</li> </ul>	
Lack of compliance, major data loss/GDPR breach	2	3	6	<ul style="list-style-type: none"> <li>• GDPR policy and procedure updated to reflect required compliance.</li> <li>• Compliance checked through annual monitoring process – along with health and safety requirements.</li> <li>• GDPR compliance training raised through team meetings.</li> <li>• GDPR compliance considered through project planning and development.</li> </ul>	<ul style="list-style-type: none"> <li>• This issue identified as needing further work</li> <li>• Operational Development Manager to attend GDPR training</li> <li>• Further consultancy support sought if necessary</li> </ul>
<i>Local context</i>					
Change in local policies	1	2	2	<ul style="list-style-type: none"> <li>• ACE staff to influence local and national policies where relevant and possible; Working in the Middle network, Citizens Cymru, BCT influencing work.</li> </ul>	

				<ul style="list-style-type: none"> <li>Relationship with local councillors (see below).</li> </ul>	
No further need for ACE services / projects, or ACE loses knowledge of local issues	2	3	6	<ul style="list-style-type: none"> <li>Strategic planning to analyse and evaluate key community priorities and needs, planning to work in 2-3 years blocks. Includes review of Theory of Change / Operational Plan.</li> <li>ACE Monitoring and Evaluation plan to be reviewed and implemented. Includes calendar management of quarterly evaluation activities.</li> <li>New approaches to coproduction and community research developed using outdoor and online gatherings and surveys.</li> </ul>	
Competition for delivery of services/projects	2	2	4	<ul style="list-style-type: none"> <li>ACE to complete annual exercise to explore potential competitors, and partners. Actions written into ACE Operational Plan/Individual work plans.</li> <li>Ongoing targets to diversify income streams (including grants, social enterprises and contracts).</li> </ul>	
Relationship with local authority is limited	3	2	6	<ul style="list-style-type: none"> <li>Work to continue to identify beneficial/important links and actions to</li> </ul>	

				support relationships with the local authority. <ul style="list-style-type: none"> <li>ACE MSC (Most Significant Change) panel to include Local Authority representatives.</li> </ul>	
Loss of support from local councillors	2	1	2	<ul style="list-style-type: none"> <li>Work to continue to identify beneficial/important links and actions to support relationships with the local councillors.</li> <li>Invites to community events forwarded to all relevant representatives.</li> </ul>	
<i>Wider context</i>					
Change in national policies  <i>Equally likely to be an opportunity</i>	2	2	4	<ul style="list-style-type: none"> <li>ACE staff to influence national policies where relevant and possible; Citizens Cymru, Community Movement (BCT), Social Care work.</li> <li>ACE to develop and articulate a clear vision and direction through strategic planning and Theory of Change / Operational Plan.</li> </ul>	
Loss of support from SM	1	2	2	<ul style="list-style-type: none"> <li>Work to continue to identify beneficial/important links and actions to support relationships with Senedd Member.</li> <li>Regular diarised updates scheduled with SM.</li> </ul>	
Loss of reputation to ACE	2	3	6	<ul style="list-style-type: none"> <li>Any potential areas of risk pre-planned/</li> </ul>	



				<p>pro-actively discussed through ACE Planning and board meetings.</p> <ul style="list-style-type: none"> <li>• Responses to 'loss of reputation' shared with senior staff/ACE chair of trustees.</li> <li>• ACE utilises its policy and procedure for responding positively to negative publicity (especially social media).</li> <li>• Senior staff to seek to build bridges with negative third parties and to ensure effective communication away from public platforms.</li> </ul>	
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ACE Finance Risk Assessment					
Risk	Likelihood (1-3)	Impact (1-3)	Risk = (Likelihood x Impact)	Action	Contingency
Failure to generate sufficient project funding/core funding	2	3	6	<ul style="list-style-type: none"> <li>• Funding development/ actions reviewed regularly at ACE Planning and funding meetings – leading to update of funding strategy.</li> <li>• ACE Finance Committee continually reviews and where necessary develops new more rigorous approaches to finance management, allowing</li> </ul>	

				<p>identification of potential gaps and 'danger areas'.</p> <ul style="list-style-type: none"> <li>• Pre-year approval of ACE annual budget.</li> <li>• Full cost recovery/overheads costs built into business planning, grant applications.</li> <li>• Review of Strategic Plan outlining ACE priorities.</li> <li>• Develop ACE Giving and donations.</li> </ul>	
Financial failure of enterprise in which significant ACE resources are invested	1	3	3	<ul style="list-style-type: none"> <li>• Project Yes/No frame work to be pre-completed.</li> <li>• Project planning to include ACE risk/finance assessment.</li> <li>• ACE finance position to be assessed to support project proposals; cashflow needed, insurance etc.</li> <li>• Project finances to be approved by the ACE Director and Finance Committee.</li> <li>• Project closure before substantial deficit develops.</li> </ul>	
Loss of one or more major ACE projects that brings in key contribution to core delivery costs	2	3	6	<ul style="list-style-type: none"> <li>• Funding strategy identifies grant end dates well in advance.</li> <li>• Early planning allows for alternative sources to be identified and accessed.</li> <li>• Also allows for early preparation of</li> </ul>	

				<p>content for tender documents.</p> <ul style="list-style-type: none"> <li>• Core funding to be sought by developing relationships and bids with trust funds.</li> <li>• Development of ACE Giving and donations.</li> </ul>	
Finance mismanagement/fraud	1	3	3	<ul style="list-style-type: none"> <li>• Finance policy and procedure shared to relevant staff and trustees.</li> <li>• Review and update of finance policy and procedure in line with best practice.</li> <li>• Finance Committee to regularly review and check, to develop and enhance processes.</li> <li>• ACE Audit checks completed annually, recommendation and findings tabled at ACE board meeting, actions cascaded to relevant staff.</li> <li>• Finance Team to attend relevant training to ensure ACE policy &amp; procedures are current.</li> </ul>	