

Dogfennau Ategol – Y Pwyllgor Cyllid

Lleoliad: I gael rhagor o wybodaeth cysylltwch a:
Committee Room 4 – Tŷ Hywel **Bethan Davies**
Dyddiad: Dydd Mercher, 27 Medi 2017 Clerc y Pwyllgor
Amser: 09.30 0300 200 6372
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Preifat – Cynigion Cyllideb Ddrafft Llywodraeth Cymru 2018–19: Ymatebion i'r Ymgynghoriad

Noder bod y dogfennau a ganlyn yn ychwanegol i'r dogfennau a gyhoeddwyd yn y
prif becyn Agenda ac Adroddiadau ar gyfer y cyfarfod hwn

9 Cynigion Cyllideb Ddrafft Llywodraeth Cymru 2018–19: Ymatebion i'r Ymgynghoriad

(Tudalennau 1 – 181)

Dogfennau atodol:

- WGDB_18–19 01 Sefydliad y Peirianwyr Sifil Cymru (Saesneg yn unig)
- WGDB_18–19 02 Cyngor Bwrdeistref Sirol Castell–nedd Port Talbot (Saesneg yn unig)
- WGDB_18–19 03 Comisiynydd Pobl Hyn Cymru
- WGDB_18–19 04 Bwrdd Iechyd Prifysgol Betsi Cadwaladr (Saesneg yn unig)
- WGDB_18–19 05 Cymdeithas Cludiant Cymunedol (Saesneg yn unig)
- WGDB_18–19 06 Y Gymdeithas Cadwraeth Forol (Saesneg yn unig)
- WGDB_18–19 07 Cyngor Gweithredu Gwirfoddol Cymru (Saesneg yn unig)
- WGDB_18–19 08 Consortiwm Manwerthu Cymru (Saesneg yn unig)
- WGDB_18–19 09 Cynghrair Ffoaduriaid Cymru (Saesneg yn unig)
- WGDB_18–19 10 Oxfam Cymru (Saesneg yn unig)
- WGDB_18–19 11 Cyngor Trydydd Sector Caerdydd (Saesneg yn unig)
- WGDB_18–19 12 Cyswllt Amgylchedd Cymru (Saesneg yn unig)
- WGDB_18–19 13 Cymorth i Ferched Cymru (Saesneg yn unig)
- WGDB_18–19 14 Grŵp Cartrefi Cymunedol Cymru (Saesneg yn unig)
- WGDB_18–19 15 Prifysgolion Cymru (Saesneg yn unig)



WGDB_18-19 16 Yr Undeb Addysg Genedlaethol (Saesneg yn unig)
WGDB_18-19 17 Y Gynghrair Datblygu Cynaliadwy (Saesneg yn unig)
WGDB_18-19 18 Cymorth Cymru (Saesneg yn unig)
WGDB_18-19 19 Conffederasiwn GIG Cymru (Saesneg yn unig)
WGDB_18-19 20 Ymddiriedolaeth GIG Gwasanaethau Ambiwylans Cymru
(Saesneg yn unig)
WGDB_18-19 21 Undeb Cenedlaethol Athrawon Cymru
WGDB_18-19 21A Undeb Cenedlaethol Athrawon Cymru (Mewnol yn Unig)
WGDB_18-19 22 Comisiwn Cydraddoldeb a Hawliau Dynol
WGDB_18-19 23 Comisiynydd Cenedlaethau'r Dyfodol Cymru

Finance Committee

Welsh Government Draft Budget Proposals 2018-19

I refer to the Committees of the National Assembly seeking information to inform their scrutiny of the Welsh Government's 2018-19 Draft Budget proposals.

On Behalf of the Institution of Civil Engineers (ICE Wales Cymru) I believe that as our quality of life depends on infrastructure; that there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea & air and waste management and that Wales needs a clear 'Vision for Infrastructure'. The next steps in the development of the National Infrastructure Plan for Wales and the Wales Infrastructure Investment Plan (WIIP) are crucial to the delivery of sustainable and effective infrastructure in Wales.

The focus for the budget should be on:

Resilience:

I consider that the lack of overview of the vulnerabilities of Wales' infrastructure networks has created gaps in our approach to defending critical infrastructure. The interdependence of our infrastructure assets must be recognised with increased levels of information sharing and joint forward planning.

Transport.

The Committee should consider if Wales has a safe, affordable, integrated and accessible transport network that supports local and regional economic growth, productivity and a vibrant society:

and establish a sound 5 year budget for this area.

Energy:

Energy security is one of the key issues facing Wales and the UK today. The Committee should consider if Wales:

- Has sufficient supply and diversity of electricity to avoid interruptions.
- Is reducing the production of harmful emissions.
- Is promoting energy efficiency measures.
- Has sufficient potential skills in this high tech area:

and establish a sound budget for this area.

Water and waste water:

Wales has great potential to harness and benefit from its invaluable supply of water. Water is not only essential for communities, but for business and industry alike. The Committee should consider:

- How to produce innovative low carbon ways to transfer water across river catchments.
- How to Invest in and improve the existing water network – improving efficiency and security of service. Reservoirs must be upgraded to meet future water demand with a long term strategic plan for water resources in Wales.
- How to promote Wales' plentiful water supplies linked to inward development – domestic and commercial opportunities. Availability of water can be a business differentiator in some sectors.
- Water resilience
- How to help the public to view water as a valuable resource to improve water:

and establish a sound budget for this area.

Flood Risk management:

Effective flood risk management requires collaboration across a range of stakeholders. The Committee should consider:

- The development of a long term capital and maintenance programme.
- Strategies to improve property and building resilience and create flood resilient communities:

and establish a sound budget for this area.

Waste management:

There must be a fundamental shift in the way waste is addressed. The Committee should examine how:

- Waste can be treated as a resource
- Wales can shift to a circular economy
- Minimise waste production#consider long term strategy:

and establish a sound budget for this area.

Skills:

The committee should:

- examine if Wales has the right skills in place to address the current productivity lag, to improve infrastructure delivery and yield economic growth
- the level of budget required to achieve the targets for Apprenticeships in Wales::

and establish a sound suitable budget for this area.

Infrastructure Pipeline:

Wales needs a joined up infrastructure vision for Wales, looking forward twenty five years and developed through engagement with governments, clients, investors, operators and delivery teams.

I consider that effective engagement takes place with the construction sector and others involved in the development and delivery of infrastructure in Wales, as indicated by the establishment of an Infrastructure Commission for Wales and that its initial focus should be on development of infrastructure vision and pipeline (WIIP) together with a supporting understanding of skills/resources required. It would be useful for the committee to review work to date around the WIIP and engagement with the sector with a view to determining best practice and improvements for the future.

Broadband Infrastructure – superfast Cymru.

A priority should be the continuation of the Superfast Cymru initiative. A full roll-out across Wales should be prioritised. There is increasing reliance on broadband (which also supports SME development).

See below specific responses to the consultation questions.

Consultation questions

1. *What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?*

Response: The existing budget has allowed the steady progression of Wales out of the financial depression of the latter years.

2. *What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?*

Response: Expectations - a continuing investment in infrastructure. The Institution of Civil Engineers is very well prepared for the 2017 – 2018 year. There is increasing importance in professional skills and qualifications.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Financing of local health boards and health and social care services

Response: Infrastructure assists in the well-being of populations through Active Travel Planning. Similarly, the infrastructure for Social Services needs to be adequate to cope with a growing ageing population.

- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

Response: Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction.

- Sustainability of public services, innovation and service transformation

Response: This is a vital area as we move into climate change and vital changes to the modal split of transport movements.

- Welsh Government policies to reduce poverty and mitigate welfare reform

Response: The infrastructure of Wales is vital to the economy and well-being of Wales and its population. Vital sectors include transport, water, flood risk management, sanitation and energy.

- The Welsh Government's planning and preparedness for Brexit

Response: It is vital that funds are secured to invest in the vital infrastructure of Wales – the Nation had received major structural funds and alternative sources of funds will be required; there are major issues relating to the skills agenda including funding for education & research, the ability to resource the necessary skills; and issues related to rules and regulations: simplistically Wales / the UK should examine the impact of European Legislation and adopt those with a positive benefit to Wales and discard those with a negative impact.

There are important trade routes between the UK generally through Wales. Wales should be a facilitator in these routes and improve the port infrastructure. Wales should also should continue to receive suitable funds to offset any losses in the level of current European funds.

- How the Welsh Government should use new taxation and borrowing powers

Response: To invest in the skills and Infrastructure of Wales

- *How evidence is driving Welsh Government priority setting and budget allocations*

Response: It is necessary to develop and maintain the Welsh Infrastructure; ICE would be delighted to see the evidence when available.

- *How the Future Generations Act is influencing policy making.*

Response: ICE Wales Cymru is a strong supporter of the Wellbeing of Future Generations Act and would be delighted to see the evidence when available.



Eur Ing Keith Jones BSc DMS C Eng C Env FICE FCIHT FCMI

**Chartered Civil Engineer
Chartered Environmentalist
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Notes:

The Institution of Civil Engineers (ICE) was founded in 1818 to ensure professionalism in civil engineering.

It represents 90,000 qualified and student civil engineers in the UK and across the globe and has over 3,600 members in Wales

ICE has long worked with governments of the day to help it to achieve its objectives, and has worked with industry to ensure that construction and civil engineering remain major contributors to the UK economy and UK exports

For further information visit www.ice.org.uk and www.ice.org.uk/wales



Date Dyddiad 25 August 2017
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Contact Cyswllt
Your ref Eich cyf
Our ref Ein cyf CEX.BLA

Ms Bethan Davies
Finance Committee
National Assembly for Wales
Cardiff Bay, Cardiff
CF99 1NA
By Email: SeneddFinance@assembly.wales

Dear Committee Clerk,

I am responding to the Finance Committee's call for information on the Welsh Government's draft budget proposals for 2018/19.

I am doing so in a somewhat unorthodox fashion by enclosing the text of a letter sent by a member of my staff to her local Member of Parliament and Assembly Member. I think it very comprehensively captures the issues from this end of the telescope and I cannot improve upon the analysis. It was written in the context of our local trade union "Fair Funding" campaign which has the strong support of both the political leadership at this authority and the staff. Please follow this link for more detail:

<https://www.nptunison.org.uk/branch-news.html>

I would add only a couple of points. It is recognised that the Welsh Government and the National Assembly faces difficult choices in the context of its own budget setting process and that Welsh local authorities have benefitted, relative to their English counterparts, over the last year or two from a degree of budgetary protection. However, there is more that could and should be done in terms of at least providing greater flexibility for local authorities to manage budgetary pressures by, for example, reducing the number of specific grants (and putting the money into the local government settlement instead, which would also save considerably on administration costs) as well as scrutinising the cost of legislation rather more closely. As a number of Assembly Committees have, I believe, concluded the originally estimated cost (neutral in some cases) of certain legislation has turned out to be neither quite so accurate nor benign in practice.

Taken together, I think this covers most of the consultation questions listed at paragraph 3 of

Annex 2 of the document that your Committee issued.

Yours sincerely,



Steven Phillips
Chief Executive

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Tudalen y pecyn 6

TEXT OF LETTER

Local Government Services – Impact of Continuing Cuts on the Neath Port Talbot Community

I am writing to you as a resident of the county borough, an employee of Neath Port Talbot County Borough Council, a user of Council services and a tax payer.

Each year, since 2008, the Council has faced a significant funding gap as a result of increased pressures on Council budgets (ageing population, levels of deprivation, new unfunded legislative burdens etc.) and inadequate revenue and capital allocations from the UK and Welsh governments.

As setting a balanced budget is a legal requirement, the Council has been forced to make significant policy and service changes to bridge the funding gaps that it has faced. Over the period, some £78 million has been cut from the Council's net revenue expenditure. Services that were directly provided by the Council are now operated by others, with far less accountability to local people; we have lost around 2,000 permanent, quality jobs from the local economy as a result of the subsequent downsizing of the Council workforce; we have introduced and increased fees and charges for a whole range of services, including the treatment of public health hazards such as rat infestations which used to be free at the point of service delivery; we have reduced service levels across a whole range of services, including the introduction of fortnightly waste collection, less frequent cutting of grass verges - to name but a few. Yes, there was potential for efficiency and economy measures in the early years of the programme, alongside more creative approaches to meeting the needs of our community. However, the cumulative impact of what has happened since 2008 cannot be disguised – we have seen sustained and deep cuts to local public and community services. Ironically, at a time that the Welsh Government has introduced the Well-being of Future Generations (Wales) Act 2015, it is the very services that help people to secure good well-being that have been most affected.

On the capital front, the area has clearly benefited from grant funding that has facilitated new builds, such as the 21st Century Schools Programme; the availability of EU funds to create new infrastructure such as Harbour Way. But even on the capital front, this is only part of the story. The funds available to maintain legacy infrastructure and to ensure our disabled population can have timely adaptations to their properties is woefully inadequate. We are simply storing up problems that future generations will need to confront. We are now at a tipping point.

If there are further cuts to local government budgets, I believe there will be very serious long term damage caused to our communities. I will confine myself to just three potential scenarios (there are many more):

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Mae'r Cyngor yn croesawu gohebiaeth yn y Gymraeg neu'r Saene

Scenario 1

In 2008, we delivered around 70% of Home Care Services. Staff were employed on good terms and conditions, well trained, supervised and accountable. As cuts began to bite, more of the services were placed in the private sector where unit costs are cheaper because staff terms and conditions are poorer. Today the proportion of home care service delivered by the Council is less than half of what it was and is reducing.

The care sector is becoming increasingly fragile with representations being made by proprietors to increase fees. UNISON have ably demonstrated the appalling terms and conditions that some private sector workers receive and the poor quality of supervision and training provided by many of these organisations. The current rhetoric is to move people onto a direct payment on the basis that this provides more choice and control and greater personalisation of care. Whilst undoubtedly direct payments are a good choice for some people, the majority of service users and carers in this county borough do not believe that their needs could or should be met in this way.

There is no doubt that the driver for change in the care sector has been about driving down cost at the expense of the terms and conditions of the people who work in the sector and at the expense of the quality of care received by vulnerable people and their carers. It is also worth noting that this trend has completely cancelled out the good work done by the Council ten years ago to achieve equal pay for women. The very people who benefited from the equal pay settlement are the same people who have seen their jobs permanently transferred to the private sector at significantly worse terms and conditions.

Further budget cuts will lead to even greater rationing of investment, particularly in adult services. Less money at a time when our population is ageing will see many more elderly, disabled people and their carers struggling to maintain their well-being. Whilst few would argue that the community and third sector already play a key role in supporting people who would otherwise become isolated and lonely, it is not reasonable to expect the community and third sector to step forward to breach the gap that is left when the statutory services retreat even further. The resources available to third sector organisations in particular have been just as badly hit as local government.

Some good work has been done to integrate care and health services and this has undoubtedly helped improve the flow of patients into and out of the acute health settings. However, the investment in the health service has not been matched with a corresponding investment in social care. There has been a failure at Government level to address the ageing population and the level of support needs for older and disabled people systemically. Further erosion of the services that support well-being can only have a further negative impact on the performance of our NHS. The failure of successive governments to put the NHS on a sustainable footing has simply led to the crisis within the NHS now infecting the local government sector.

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Scenario 2

Our valley communities have seen much change as a result of the decline of the very industries that created the communities we see today. As budget cuts have bitten deeper and deeper, it has become impossible to sustain public subsidy for local services such as swimming pools, libraries, community centres – the services that people value. As subsidy has become increasingly unaffordable, services have become centralised in the urban areas. This means that people in valley communities have to travel further to access services, increasing the cost to them. For those dependent on public transport in particular, the lack of subsidy available for that transport has led to further cuts in bus services, further restricting access to services and employment opportunities.

If there are further budget cuts, we can expect to see a further centralisation of services to achieve economies of scale. Face to face services will be replaced by digital alternatives in areas where there are significant pockets of digital exclusion and those who are unable to access employment and services will experience greater inequality. The most able of our younger generation will not choose to live their lives in valley communities and in turn this will bring about greater deprivation and disadvantage in those communities and terminal decline of those populations. Deprivation levels in some parts of Neath Port Talbot are amongst the worst in Wales. People facing disadvantage rely more heavily on public services and they have been most affected by the cuts to local government services. Inequalities are increasing across the county borough according to the well-being assessment recently published by the Public Services Board. Unless budgets are protected this can only get worse in future years.

I should add that it is somewhat ironic that Members of Parliament and Assembly Members have lobbied to stop some of the cuts to community services when the reason why these cuts have been introduced is a direct result of UK and Welsh Government budget decisions. Local councillors are not making these decisions because they believe it is the right thing to do, they are making these decisions because the budget position gives them no alternative.

Scenario 3

Just 11 % of the Council's budget is spent on street scene services -refuse, recycling, potholes, rights of way and the wide range of other services that keep our neighbourhoods clean, safe, pleasant and healthy places to live. One third of the budget has been removed since 2008. Where refuse collection was weekly, it is now fortnightly. The Blueprint imposed by Welsh Government in its drive to be seen as a green government, is costly and does not work for all neighbourhoods and house occupiers. It also seems somewhat of the wrong focus with a lot more that could have been done to reduce the amount of waste generated in the first instance.

At a time when we are being told to encourage people to take more physical activity and eat more healthily, the maintenance of rights of way and walking routes has been reduced.

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Highways are being “patched” rather than supported by more appropriate highways maintenance programmes. Just some examples of the way the gap in funding has impacted on services.

If further cuts are imposed, we could see the introduction of monthly refuse and recycling collections and more punitive approaches to the delivery of the overly ambitious recycling targets. Maintenance programmes will be even further stretched with more classes of assets being treated on an emergency response only basis, rather than on a planned maintenance basis. The asset management plans of the Council clearly spell out the risks to our communities if sufficient investment is not made available to support the current community infrastructure.

It does not have to be this way. Taxation and public spending are political choices. Choices you are able to influence.

The Council’s workforce has already made a huge contribution to keeping local services operating. As well as enduring the pay restraint imposed by the UK Government, the Council’s workforce, took a voluntary pay cut, together with local councillors, and have contributed around £8 million from their own pockets, subsidising the operation of local services at their own expense over the last four years. This cannot and should not continue.

We have played our part as residents, tax payers, service users and employees. I am now asking you, as my elected representative to play your part and stand up for Neath Port Talbot – for our services, our communities and our jobs. Please ensure that there is fair funding for local government.

I look forward to hearing from you.

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Tudalen y pecyn 10

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Mae'r Cyngor yn croesawu gohebiaeth yn y Gymraeg neu'r Saene



Older People’s Commissioner for Wales
Comisiynydd Pobl Hŷn Cymru

Ymateb gan Gomisiynydd Pobl Hŷn Cymru

i

Ymgynghoriad Pwyllgor Cyllid Cynulliad Cenedlaethol Cymru ar ‘Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2018-19’

Medi 2017

Am ragor o wybodaeth ynglŷn â'r ymateb hwn cysylltwch â:

Comisiynydd Pobl Hŷn Cymru,
Adeiladau Cambrian,
Sgwâr Mount Stuart,
Caerdydd, CF10 5FL

02920 445030

Ynglyn â'r Comisiynydd

Mae Comisiynydd Pobl Hŷn Cymru yn llais ac yn eiriolwr annibynnol ar ran pobl hŷn ledled Cymru, sy'n codi llais ac yn siarad ar eu rhan. Mae hi'n gweithio i sicrhau bod y sawl sy'n agored i niwed ac mewn perygl yn cael eu cadw'n ddiogel ac mae'n sicrhau bod gan bobl hŷn lais sy'n cael ei glywed, bod ganddynt ddewis a rheolaeth, nad ydynt yn teimlo eu bod wedi'u hynysu nac yn dioddef gwahaniaethu a'u bod yn cael y cymorth a'r gwasanaethau sydd eu hangen arnynt. Mae gwaith y Comisiynydd yn cael ei yrru gan yr hyn a dywed pobl hŷn yw'r pethau sydd bwysicaf iddynt hwy ac mae eu llais yn ganolog i bopeth a wna. Mae'r Comisiynydd yn gweithio i wneud Cymru'n lle da i heneiddio - nid i rai'n unig ond i bawb.

Mae Comisiynydd Pobl Hŷn:

- Codi ymwybyddiaeth o hawliau a buddiannau pobl hŷn yng Nghymru.
- Herio gwahaniaethu yn erbyn pobl hŷn yng Nghymru.
- Annog arferion gorau yn y driniaeth a gaiff pobl hŷn yng Nghymru.
- Adolygu'r gyfraith sy'n effeithio ar fuddiannau pobl hŷn yng Nghymru.

Ymgynghoriad Cynulliad Cenedlaethol Cymru ar 'Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2018-19'

1. Fel Comisiynydd Pobl Hŷn Cymru rwyf yn croesawu'r cyfle i ymateb i ymgynghoriad Pwyllgor Cyllid Cynulliad Cenedlaethol Cymru ar 'Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2018-19'¹.
2. Mae cynigion cyllideb Llywodraeth Cymru'n wynebu heriau na welwyd eu tebyg o'r blaen. Mae goblygiadau ansicr 'Brexit', datganoli pwerau codi trethi penodol, a chanlyniadau gostyngiadau real yn y cyllid a geir gan Lywodraeth y DU yn golygu y bydd yn rhaid gwneud penderfyniadau anodd o ran dyraniadau cyllido a blaenoriaethu. Bydd y 'coffrau cyhoeddus' yn parhau i wynebu heriau sylweddol ac mae'r goblygiadau i bobl hŷn ledled Cymru'n bell gyrhaeddol.
3. Mae fy mhrif bwyslais o hyd ar ganlyniadau positif, ataliol i bobl hŷn sy'n helpu i gynnal eu hiechyd, eu hannibyniaeth a'u llesiant mewn cymunedau cynaliadwy, cydnerth a chynhwysol. Rwyf yn Gomisiynydd sy'n seiliedig ar hawliau ac rwyf yn disgwyl y bydd hawliau pobl hŷn yn ganolog i gyllidebau a gwasanaethau a ddarperir. Mae dull o'r fath yn lleihau'r angen am becynnau iechyd a gofal cymdeithasol costus yn ddiweddarach a bydd pawb ar eu hennill: mae gan unigolion ansawdd bywyd gwell a gwell disgwyliad oes iach yn eu cartrefi eu hunain, tra bydd gwasanaethau iechyd a chyhoeddus yn gweld eu costau'n lleihau ac felly hefyd y pwysau ar y ddarpariaeth rheng flaen. Mae hefyd yn rhoi sylw i'r prif heriau sy'n wynebu pobl hŷn yng Nghymru heddiw: er enghraifft, mynd i'r afael â lefelau cynyddol o unigrwydd ac arwahanrwydd cymdeithasol (sy'n cael eu dwysau wrth i'r gwasanaethau cymunedol a ddarperir leihau), helpu pobl sy'n byw â dementia (yn ogystal â'u teuluoedd a'u gofalwyr), ac adeiladu cymunedau sy'n ystyried anghenion pobl o bob oed.
4. Dylai'r agenda atal fod yn hwb i gynlluniau'r gyllideb arfaethedig, ac rwyf yn awyddus i gefnu at ymagweddau adweithiol tuag at iechyd a gofal cymdeithasol yng Nghymru^{2 3}. Mae poblogaeth

¹ <http://www.senedd.cynulliad.cymru/mgConsultationDisplay.aspx?ID=268>

² <http://www.iwa.wales/click/2016/09/need-establish-national-care-service-wales/>

Cymru'n heneiddio, ac er bod hyn yn dod â heriau penodol yn ei sgil, mae hefyd yn cynnig cyfleoedd. Rwyf yn pwysu ar Lywodraeth Cymru i fabwysiadu dull sy'n seiliedig ar asedau h.y. buddsoddi mewn pobl hŷn, sydd â chyfoeth o sgiliau, gwybodaeth a phrofiad a all gryfhau a datblygu cymunedau ar hyd a lled Cymru. Mae pobl hŷn eisoes yn cyfrannu £1bn y flwyddyn at economi Cymru, sef bron i £3 miliwn y bydd: sut all cyllideb Llywodraeth Cymru helpu i ddyblu'r cyfraniad hwn a mwy⁴?

5. Trwy edrych ar bobl hŷn fel asedau gwerthfawr sy'n parhau i gyfrannu fel gweithwyr, gofalwyr a gwirfoddolwyr, gall Llywodraeth Cymru wneud cymaint i adeiladu cymunedau cryfach, mwy cynhwysol a lleihau dibyniaeth ar wasanaethau iechyd a gofal cymdeithasol ymhlith pobl hŷn. Mae enghreifftiau o fuddsoddiadau clyfar, ataliol sy'n rhoi pwyslais ar ganlyniadau yn cynnwys y canlynol:

- Mae cynlluniau cyfeillio'n costio £80 y pen y flwyddyn a gallant arbed tua £300 y pen y flwyddyn mewn costau iechyd a gofal cymdeithasol⁵;
- Byddai cyflwyno llywiwyr cymunedol, a all wneud gwaith effeithiol i gysylltu pobl hŷn â gwasanaethau lleol perthnasol, yn costio £480 ac maent yn arbed £900 y pen⁶;
- Mae ymchwil yn Lloegr yn awgrymu bod pob £1 a fuddsoddir mewn cynlluniau i annog pobl i fanteisio ar eu hawliadau, yn cynhyrchu £4-8 ar gyfer cymunedau lleol⁷;
- Yn yr Alban, mae buddsoddiad o tua £12.6m mewn teleofal wedi arwain at fuddiannau ariannol gros o tua £48m⁸.

³ <http://www.wales.nhs.uk/eingwasanaethau/gwellahebeidrefnu>

⁴ http://www.olderpeoplewales.com/Libraries/Uploads/Pwysigrwydd_ac_Effaith_Gwasanaethau_Cymunedol_yng_Nghymru.sflb.ashx

⁵ <http://www.scie.org.uk/publications/briefings/briefing39/>

⁶ <https://campaigntoendloneliness.org/wp-content/uploads/downloads/2012/03/A-guide-for-local-authorities-combating-loneliness.pdf>

⁷ http://usir.salford.ac.uk/19311/3/Final_technical_report.pdf

⁸ http://www.careandrepairsotland.co.uk/docs/The_Costs_and_Benefits_of_Housing_Support_Services_for_OlderPeople_in_Scotland_draft_21.pdf

6. Mae fy Fframwaith Gweithredu 2013-17 yn rhoi pwyslais ar 'Wreiddio llesiant pobl hŷn wrth galon gwasanaethau cyhoeddus'⁹. Mae dull o'r fath yn ganolog i Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) a hefyd i Heneiddio'n Dda yng Nghymru, y rhaglen bartneriaeth genedlaethol i wella iechyd a llesiant pobl 50+ oed yng Nghymru¹⁰. Mae hefyd yn ategu'r agenda gofal iechyd darbodus ac rwyf yn pwysleisio'r angen am gyllideb sy'n seiliedig ar ganlyniadau. Mae'r Fframwaith Canlyniadau Cenedlaethol sy'n ategu'r Ddeddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) yn nodi pa fath o ganlyniadau fyddai'n helpu cyllidebau a gwasanaethau¹¹. Er enghraifft, sicrhau bod pobl hŷn yn ddiogel, iach, yn cael eu trin ag urddas a pharch, yn gallu mynd allan a gwneud y pethau sy'n bwysig iddynt hwy, ac mae hyn o fudd i unigolion, gwasanaethau cymdeithasol, byrddau iechyd a llywodraethau ar bob lefel.
7. Mae llawer o fy ngwaith i dynnu sylw at bwysigrwydd ac effaith gwasanaethau cymunedol yng Nghymru wedi bod gyda'r Byrddau Gwasanaethau Cyhoeddus (BGCau) newydd. Rwyf yn awyddus i sicrhau bod holl bartneriaid y BGCau, adrannau a phortffolios Llywodraeth Cymru yn sylweddoli bod ganddynt rôl allweddol i'w chwarae i gynnal iechyd, annibyniaeth a llesiant pobl hŷn, ac i roi gwerth, ystyr a phwrpas i'w bywydau. Rwyf yn disgwyl y bydd Llywodraeth Cymru yn ystyried anghenion ac amgylchiadau pobl hŷn ar draws y pedair strategaeth drawsbynciol a geir yn y Rhaglen Lywodraethu¹².
8. Mae'r agenda atal a'r dull sy'n seiliedig ar asedau'n ddibynnol ar fuddsoddiadau newydd, creadigol ac arloesol mewn sectorau y tu allan i iechyd a gofal cymdeithasol: mae gan dai, trafndiaeth, hamdden, diwylliant, chwaraeon, addysg a'r amgylchedd ffisegol i gyd rôl holl bwysig i'w chwarae i alluogi a grymuso pobl hŷn i barhau i wneud cyfraniad. Mae'r dull trawsbynciol hwn yn cael ei ategu gan Strategaeth ar gyfer Pobl Hŷn yng Nghymru 2013-23

⁹ http://www.olderpeoplewales.com/Libraries/Uploads/Fframwaith_Gweithredu.sflb.ashx

¹⁰ <http://www.ageingwellinwales.com/wl/home>

¹¹ <http://gov.wales/docs/dhss/publications/160610frameworkcy.pdf>

¹² <http://gov.wales/docs/strategies/160920-taking-wales-forward-cy.pdf>

Llywodraeth Cymru a dylai hynny fod yn ganolog i gynlluniau cyllidebau yn y dyfodol¹³.

9. Mae fy Arweiniad i'r BGCau, a gyhoeddwyd fis Hydref 2016, yn pwysleisio'r pwynt hwn ac mae'n rhywbeth a ddylai fod yn hybu cynllunio cyllidebau a gwasanaethau a ddarperir yng Nghymru¹⁴. Mae fy Arweiniad yn cynnwys chwe mater allweddol y dylai BGCau fod yn rhoi sylw iddynt ac yn gweithredu arnynt, ac rwyf yn herio cyllidebau Llywodraeth Cymru i ystyried y rhain hefyd:

- Gostyngiad yn nifer y bobl hŷn sy'n cwmpo o fewn yr Awdurdod Lleol (mae atal cwmpadau yn un o flaenoriaethau Heneiddio'n Dda yng Nghymru);
- Gostyngiad yn nifer y bobl hŷn sy'n cael eu heffeithio gan gam-drin domestig yn yr Awdurdod Lleol (mae 'Sefyll cornel pobl hŷn sydd mewn perygl o gael eu niweidio a sicrhau eu bod yn cael eu diogelu a'u hamddiffyn' yn un arall o flaenoriaethau fy Fframwaith Gweithredu);
- Gostyngiad yn nifer y bobl sy'n cael eu heffeithio gan unigrwydd ac arwahanrwydd yn yr Awdurdod Lleol (mae mynd i'r afael ag unigrwydd ac arwahanrwydd yn un o flaenoriaethau Heneiddio'n Dda yng Nghymru);
- Gostyngiad yn nifer y bobl hŷn sy'n byw mewn tloidi yn yr Awdurdod Lleol. Gallai atebion i'r broblem gynnwys lleihau nifer y bobl hŷn nad ydynt mewn addysg, cyflogaeth neu hyfforddiant (NEET) yng Nghymru; a chynyddu nifer y bobl hŷn sy'n manteisio ar eu hawliadau ariannol (mae cyfleoedd dysgu a chyflogaeth yn un o flaenoriaethau Heneiddio'n Dda yng Nghymru);
- Cynnydd yn nifer y bobl hŷn â dementia sy'n cael eu helpu i fyw'n dda yn eu cymunedau yn yr Awdurdod Lleol (mae cymunedau sy'n cefnogi pobl â dementia yn un o flaenoriaethau Heneiddio'n Dda yng Nghymru);

¹³ <http://gov.wales/docs/dhss/publications/130521olderpeoplestrategy.pdf>

¹⁴ http://www.olderpeoplewales.com/wl/Publications/pub-story/16-10-05/Preparing_Local_Wellbeing_Plans_Guidance_for_Public_Services_Boards.aspx

- Cynnydd yn nifer y bobl hŷn sydd yn ddiogel ac yn teimlo'n ddiogel yn eu cymunedau lleol ac sy'n gallu gwneud y pethau sy'n bwysig iddynt (mae cymunedau cyfeillgar i oed yn un o flaenoriaethau Heneiddio'n Dda yng Nghymru).

10. Pe bai cynigion cyllideb ddrafft Llywodraeth Cymru'n dilyn yr un strwythur ag un 2016-17¹⁵, yna mi hoffwn gynnig y sylwadau canlynol:

- **Iechyd, Llesiant a Chwaraeon:** Maes pwysig; fodd bynnag nid yw anghenion ac amgylchiadau pobl hŷn wedi'u cyfyngu i'r maes cyllido hwn. Mae 'Gwella ansawdd iechyd a gofal cymdeithasol – a'u hargaeledd a mynediad atynt' yn un arall o flaenoriaethau fy Fframwaith Gweithredu ac mae wrth gwrs yn hanfodol bod pobl hŷn yn elwa ar wasanaethau iechyd a gofal cymdeithasol sydd o safon uchel a chyson ledled Cymru. Wedi dweud hynny, mae ymchwil yn awgrymu pe byddai Llywodraeth Cymru yn gwarchod cyllideb graidd y GIG yn unig yn unol â Chyllideb y GIG yn Lloegr, byddai meysydd gwasanaeth eraill, gan gynnwys llywodraeth leol, yn gweld gostyngiadau mewn termau real o 7.4% ar gyfartaledd yn ystod y tair blynedd nesaf¹⁶. Mae angen cydbwysedd rhwng buddsoddi mewn iechyd a gofal cymdeithasol o ansawdd uchel a chydabod rôl allweddol llywodraeth leol i ddarparu gwasanaethau ataliol i bobl hŷn.

Mae'r elfen llesiant yn hanfodol a dylai fod wedi'i hymgorffori yn yr agenda ataliol a'r dull seiliedig ar asedau a ddisgrifiwyd gennyf. Mae'r pedair 'colofn' llesiant ym Model Ansawdd Bywyd fy Fframwaith Gweithredu yn dangos sut ac ym mhle mae angen i lywodraethau fuddsoddi er mwyn gwella bywydau pobl hŷn¹⁷. Fel yr amlinellwyd yn ei hadroddiad 'Llesiant yng Nghymru', mae Comisiynydd Cenedlaethau'r Dyfodol yn cyfeirio at fy mhwyslais ar annog cyrff cyhoeddus i feddwl am wasanaethau sy'n gwneud y gorau o ddoethineb, profiad ac

¹⁵ <http://gov.wales/docs/caecd/publications/161018-budget-proposals-cy.pdf>

¹⁶ <http://www.walespublicservices2025.org.uk/files/2016/09/IFS-report-R120.pdf>

¹⁷ Model Ansawdd Bywyd: 'Colofnau Llesiant': Rwyf yn teimlo'n ddiogel ac yn cael fy nghlywed, fy ngwerthfawrogi a fy mharchu; Gallaf wneud y pethau sy'n bwysig I mi; Gallaf gael yr help sydd ei angen arnaf; Rwyf yn byw mewn lle sy'n gweddu i mi a fy mywyd

amser pobl hŷn¹⁸. Mae potensial yr arbedion tymor canolig i hir yn sylweddol yn gyfnewid am welliant mewn llesiant a chanlyniadau positif i unigolion.

Mae cyfle i gymryd rhan mewn chwaraeon yn gysylltiedig â'r dull hwn ac rwyf yn awyddus i weld pobl hŷn yn cymryd rhan mewn gweithgarwch chwaraeon ledled Cymru, nid yn unig nofio am ddim ond cyfleoedd eraill hefyd e.e. pêl droed / rygbi cerdded, cerdded yn yr awyr agored, dosbarthiadau ymarfer corff / dawns. Mae cyfranogi mewn chwaraeon nid yn unig yn dda i iechyd corfforol a meddyliol pobl hŷn ond mae hefyd yn annog rhyngweithio cymdeithasol ac mae'n lleihau'r perygl o unigrwydd ac arwahanrwydd. Mae ar y maes cyllido hwn angen cynlluniau mentrus a chreadigol i helpu i gynnal iechyd, annibyniaeth a llesiant pobl hŷn.

- **Llywodraeth Leol:** Fel y pwysleisia fy adroddiad ar wasanaethau cymunedol a gyhoeddwyd yn 2014, ni all pobl hŷn wneud heb y gwasanaethau holl bwysig hyn¹⁹. Mae'r gwasanaethau rheng flaen hyn, sy'n cynnwys bysiau cyhoeddus, toiledau, llyfrgelloedd, canolfannau dydd, dysgu gydol oes a chynlluniau cyfeillio, yn cael eu darparu gan Awdurdodau Lleol yn bennaf ac mae colli'r gwasanaethau hyn yn ystod y blynyddoedd diwethaf wedi cael effaith ddifrifol ar bobl hŷn ledled Cymru. Rwyf yn ymwybodol bod y rhagolygon o ran cyllido i awdurdodau lleol wedi bod yn anodd dros ben yn ystod y blynyddoedd diwethaf, a bydd gorfod gwneud mwy ar lai o adnoddau yn rhywbeth y bydd yn rhaid i bob Awdurdod Lleol yng Nghymru ymdopi ag ef. Fel yr awgrymwyd yn rhywle arall, mae trawsnewid gwasanaethau a dulliau newydd mewn llywodraeth leol yn anodd i'w cyflawni heb wybod beth fydd setliad y gyllideb yn y tymor canolig i hir: gall cylchoedd deuddeng mis fygu arloesi²⁰.

¹⁸ https://futuregenerations.wales/wp-content/uploads/2017/07/FGCW_Well-being_in_Wales-Planning_today_for_a_better_tomorrow_2017FINALENG.pdf

¹⁹ http://www.olderpeoplewales.com/Libraries/Uploads/The_Importance_and_Impact_of_Community_Services_within_Wales.sflb.ashx

²⁰ <http://ppi.w.org.uk/files/2015/12/Coping-with-the-Cuts-Final-Report-PDF.pdf>

Rhaid i'r gwasanaethau cymunedol hyn barhau ar ryw ffurf neu i gilydd ac mae hynny'n golygu y bydd angen pecyn cyllido cadarn i fwrw ymlaen â'r agenda atal a'r dull seiliedig ar asedau. Ni all pobl hŷn barhau i gyfrannu at y gymuned heb y gwasanaethau hyn ac mae angen atebion newydd, creadigol ac arloesol e.e. trosglwyddo asedau cymunedol, gwneud gwell defnydd o gyfleusterau a seilwaith presennol, a chydweithio'n fwy clos â'r sector preifat i ddatblygu atebion technolegol i gynyddu buddiannau poblogaeth sy'n heneiddio²¹.

Gall cyfleoedd godi yn sgil deddfwriaeth arfaethedig ar ddiwygio llywodraeth leol i chwilio am wasanaethau i bobl hŷn sy'n rhoi pwyslais ar ganlyniadau, gydag integreiddio gwell rhwng y lefelau cenedlaethol, rhanbarthol a thref / cymuned i hybu'r agenda atal. Dylai datblygiadau eraill, fel cynlluniau Llywodraeth Cymru i gefnogi'r diwydiant gwasanaethau bysiau a chyflwyno Deddf Iechyd Cyhoeddus (Cymru) a'i rhwymedigaeth ar Awdurdodau Lleol i amlinellu eu darpariaeth ar gyfer toiledau cyhoeddus er enghraifft, fod o fudd i bobl hŷn ledled Cymru.

- **Cymunedau a Phlant:** Mae cysylltiad agos rhwng hyn â'r maes cyllido llywodraeth leol, a'r angen i fod yn rhagweithiol yn y ffordd rydym yn darparu gwasanaethau ar gyfer pobl hŷn. Mae galluogi a grymuso pobl hŷn i barhau yn eu cymunedau fel gweithwyr, gofalwyr a gwirfoddolwyr yn hanfodol a bydd pawb yn elwa: gwell ansawdd bywyd, iechyd a llesiant i'r unigolyn, llai o ddibyniaeth ar becynnau iechyd a gofal cymdeithasol, lleddfu'r pwysau ar y Gwasanaeth Iechyd Gwladol.

Thema gyffredinol Heneiddio'n Dda yng Nghymru yw datblygu cymunedau sy'n gyfeillgar i oed ac rwyf yn disgwyl gweld mwy o bwyslais ar gymunedau o'r fath, a hefyd cymunedau sy'n cefnogi pobl â dementia, yn y maes cyllido hwn²². Mae cymunedau o'r fath yn rhoi sylw i anghenion pobl o bob oed, yn enwedig wrth inni heneiddio. Mae cymunedau sy'n gyfeillgar i oed a chymunedau cefnogi pobl â dementia yn fwy cynhwysol ac maent yn annog pobl hŷn i ddod at ei gilydd gyda grwpiau

²¹ <http://www.walespublicservices2025.org.uk/files/2016/03/State-of-Innovation-v6-single-page1.pdf>

²² <http://www.ageingwellinwales.com/wl/resource-hub/afc-resources>

oedran eraill i ddylunio a darparu atebion cymunedol cost isel, sy'n cael llawer o effaith ac sy'n gwneud gwahaniaeth gwirioneddol i fywydau pobl. Fel y dengys fy adroddiad ar d dementia, a gyhoeddwyd yn 2016, mae angen rhagor o waith i sicrhau bod cymunedau, gwasanaethau cyhoeddus a sefydliadau Cymru'n fwy cynhwysol i bobl sy'n byw â dementia²³.

Gyda diflaniad y rhaglen Cymunedau yn Gyntaf, mae angen i'r maes cyllido hwn ystyried y ffordd orau i fynd i'r afael â thlodi ymhlith pob grŵp oedran. Amcangyfrifir fod 112,000 o bobl hŷn yn byw mewn tlodi yng Nghymru, ac mae angen dulliau newydd i fynd i'r afael ag achosion sylfaenol tlodi ymhlith y genhedlaeth hŷn²⁴. Yn olaf, mae'n anffodus nad yw pobl hŷn yn cael eu crybwyll o bobl yn y portffolio a'r maes cyllido hwn. Mae gan blant a phobl hŷn anghenion ac amgylchiadau penodol sy'n gofyn am gydweithredu rhwng adrannau ar draws llywodraethau ar bob lefel, a byddai cynnwys pobl hŷn ym meysydd cyllido a phortffolios Llywodraeth Cymru yn y dyfodol yn dangos ymrwymiad o'r newydd.

- **Yr Economi a Seilwaith:** Mae'r maes cyllido hwn eto'n cysylltu â llywodraeth leol a chymunedau a phlant. Yr her i Lywodraeth Cymru yw rhyddhau'r cyfoeth o sgiliau, gwybodaeth a phrofiad sydd gan bobl hŷn. Mae pobl hŷn eisoes yn gwneud cyfraniad enfawr at yr economi ond gallant gyfrannu llawer mwy o ystyried buddsoddiadau mewn gwasanaethau, cyfleusterau a seilwaith cymunedol. Rwyf yn bendant o'r farn y byddai gwasanaethau cyhoeddus mewn trafferthion difrifol oni bai am gyfraniad pobl hŷn; fodd bynnag nid oes digon o ddefnydd yn cael ei wneud o sgiliau pobl hŷn ac nid ydynt yn cael gwerthfawrogiad haeddiannol. Yng nghyd-destun poblogaeth sy'n heneiddio, mae angen ymagwedd newydd at gyllidebau a darparu gwasanaethau sy'n manteisio mwy ar botensial pobl hŷn fel asedau economaidd ac sy'n eu galluogi a'u grymuso i barhau i gyfrannu at eu cymunedau.

²³ http://www.olderpeoplewales.com/Libraries/Uploads/More_Than_Memory_Just_Loss_Cym.sflb.ashx

²⁴ <http://www.ageuk.org.uk/cymru/latest-news/age-cymru-calls-for-fulfilled-lives-and-a-decent-income-for-older-people/>

- **Addysg:** Rwyf yn bendant o'r farn y dylai dysgu fod yn rhywbeth gwirioneddol gydol oes. Mae cyllidebau ar gyfer dysgu i oedolion yn y gymuned wedi gostwng yn sylweddol yn ystod y blynyddoedd diwethaf, ac mae hynny wedi cael effaith andwyol ar bobl hŷn ledled Cymru²⁵. I lawer o bobl sydd wedi ymddeol, mae addysg yn bwysig er mwyn rhyngweithio a rhwydweithio cymdeithasol, miniogi'r meddwl, ac i greu heriau newydd ac i gyflawni. I lawer o bobl hŷn sydd eisiau neu sydd angen parhau i weithio, mae addysg yn ddiweddarach yn eu hoes yn hanfodol i adnewyddu sgiliau neu i ddysgu sgiliau a chymwysterau newydd sy'n eu galluogi i aros mewn gwaith neu i ddychwelyd i weithio. Bydd y maes cyllido hwn wrth gwrs yn canolbwyntio ar blant a phobl ifanc yn bennaf; fodd bynnag, rwyf yn credu'n gryf bod cyllid ar gyfer addysg yn ddiweddarach mewn oes yn hanfodol am nifer o resymau. Fel yn achos trafndiaeth gyhoeddus, canolfannau a gofod cymunedol, mae gan addysg rôl holl bwysig i'w chwarae mewn iechyd a llesiant pobl hŷn a dylai hyn gael ei adlewyrchu o fewn fframweithiau cyllidebau yn y dyfodol.
- **Yr Amgylchedd a Materion Gwledig:** Fel yr wyf wedi'i ddangos, mae gan yr amgylchedd ffisegol a naturiol rôl hanfodol i'w chwarae i gynnal iechyd, annibyniaeth a llesiant pobl hŷn. Gall adeiladau a thrafnidiaeth sy'n gyfeillgar i oed olygu'r gwahaniaeth rhwng pobl hŷn sy'n gaeth i'w cartrefi neu sy'n gallu mynd o gwmpas a chymryd rhan mewn gweithgarwch cymunedol a / neu ddefnyddio gwasanaethau ac amwynderau lleol. Mae annog pobl hŷn i wneud y gorau o'r amgylchedd naturiol hefyd yn holl bwysig i ddatblygu canlyniadau positif, ataliol i'r unigolyn. Trwy Heneiddio'n Dda yng Nghymru, rwyf yn gweithio â phartneriaid i ddatblygu amgylcheddau cyfeillgar i oed ledled Cymru, ac eto mae hyn yn rhywbeth y dylai Llywodraeth Cymru fod yn ei ystyried wrth ddatblygu cyllidebau a gwasanaethau.

Mae pobl hŷn sy'n byw mewn cymunedau arfordirol, trefol a gwledig ledled Cymru'n wynebu heriau tebyg; fodd bynnag gall

²⁵ <http://www.bbc.co.uk/news/uk-wales-politics-34486505>

natur wledig cymunedau olygu heriau penodol i bobl hŷn²⁶. I bobl hŷn sy'n defnyddio technolegau digidol, gall seilwaith band eang gwael effeithio ar eu gallu i ddefnyddio gwasanaethau ar-lein neu i gysylltu â ffrindiau a theulu. Gall cau gwasanaethau gwledig fel banciau a siopau hefyd gael effaith andwyol iawn ar bobl hŷn, ac mae prinder trafndiaeth gyhoeddus mewn rhai ardaloedd a'r pellter o drefi mawr yn cael effaith fawr ar bobl hŷn sydd heb ddefnydd o drafnidiaeth breifat. Unwaith eto, dylai'r maes cyllido ar gyfer materion gwledig ystyried yr agenda atal a dull seiliedig ar asedau ar gyfer pobl hŷn.

11. Rwyf yn gobeithio y bydd y Pwyllgor Cyllid a'r Pwyllgorau eraill yn teimlo bod y sylwadau hyn yn fuddiol. Mae'r hinsawdd cyllido yng Nghymru'n her ac mae'n wynebu ansicrwydd o hyd ac mae angen ymestyn pob ceiniog ymhellach, ac mae'r angen i fabwysiadu syniadau newydd ac arloesol ac i osgoi dyblygu'n amlwg. Yng nghyd-destun y Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) a darnau eraill o ddeddfwriaeth, rwyf yn edrych ymlaen at gydweithio ymhellach â Llywodraeth Cymru ac eraill i ddatblygu cyllideb sy'n seiliedig ar ganlyniadau a gwasanaethau sy'n canolbwyntio ar ganlyniadau positif, ataliol i bobl hŷn, sy'n ystyried heriau cymdeithasol pwysig fel dementia ac unigrwydd ac arwahanrwydd, sy'n bwrw ymlaen â'r agenda sy'n seiliedig ar hawliau i bobl hŷn a'r cysyniad o gymunedau cyfeillgar i oed, ac sy'n cymryd camau rhagweithiol i sicrhau bod Cymru'n lle da i bawb i heneiddio.

²⁶<http://www.walesruralobservatory.org.uk/sites/default/files/Older%20People%20and%20Place%20in%20Wales%20Demography%2C%20policy%20and%20community%202013.pdf>



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**Gofynnwch am / Ask for Russell
Favager**

Russell.Favager@wales.nhs.uk

Dyddiad/Date: 19 September 2017

Dear Simon,

I am pleased to be able to respond to your call for information in advance of your scrutiny of the Welsh Government's 2018-19 Draft Budget proposals.

In responding to your first two consultation questions, we also broadly address a number of the specific questions you have asked.

I hope that this will provide you with information to support your consideration and scrutiny of Welsh Government's 2018-19 Draft Budget plans.

What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

We recognise that Welsh Government operate within a fiscally constrained environment, which was emphasised within the budget proposals for 2017/18, with an overall budget which is reducing in real terms. Within this context, WG face significant challenges in determining budgetary trade-offs.

We welcome the research based approach which WG is increasingly adopting in financial policy development, such as the Institute of Fiscal Studies report into Welsh budgetary trade-offs; the Health Foundation's report on the financial sustainability of the NHS in Wales or the Nuffield Trust's 'Decade of austerity in Wales' report. Such evidence will serve to ensure that Wales is well placed to adopt best practice in resource allocation. The funding allocation to the NHS has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

It is important to recognise that healthy lives are determined, not just by spending directly on health, but through communities which are prosperous, secure, active, well-educated and well-connected. We will not therefore comment on the relative spending decisions made across the four themes used within the Budget.

Within the budget, additional investments were announced for Mental Health services; New Treatments; Workforce training, development and recruitment; and capital funding.



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The additional investment made in Mental Health Services was particularly timely, given the significant and growing pressures in this area. This investment has also supported Health Boards to make progress in implementing the requirements of the 'Together for Mental Health' Delivery Plan, 2016-19.

Over many years, the NHS has faced a number of longstanding issues which the budget for 2017-18 has supported. The introduction of new treatments, for example, has provided significant financial challenges. The development of the Treatment Fund has provided certainty over these pressures and ensures that access to new treatments can be provided quicker.

The increased demands on the NHS, along with a workforce which itself is ageing, has increased the pressures on our workforce. Over recent years, this has resulted in an increasing and overreliance on temporary staffing through agencies for medical and nursing staff. A co-ordinated and targeted national and international recruitment campaign has offset some of this pressure, and a significant number of new appointments have been made for medical staff in particular. Commissioning training places remains a challenge, but it is expected that the new organisation, Health Education and Improvement Wales, will improve the co-ordination of workforce planning and education across the NHS. This will be an area for further development over coming years.

Lastly, and recognising the particularly challenged capital allocation to Welsh Government, we welcome the commitment to prioritise the investment in new medical equipment, IM&T and estate infrastructure. The increased certainty provided through a four-year capital budget is welcomed as it allows the NHS to better plan for the future. In addition to this, the development of the Welsh Mutual Investment Model at the Velindre Cancer Centre is being viewed with interest to understand how this model may be used to upgrade and modernise facilities elsewhere in NHS Wales.

What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?

In common with public services across the UK, the NHS in Wales is challenged by the requirement to provide timely, high quality services within its resource constraints. The requirement for NHS organisations to develop financially balanced three-year integrated plans provides the NHS with a clear framework to encourage longer term planning. Consequently, it is important that there is stability and consistency in the overall NHS budget alongside a recognition of the growing pressures facing the system. Organisations have faced significant challenges in preparing for the 2017/18 financial year, despite significant additional resource allocations. The planning cycle has seen three organisations being placed in Welsh Government's targeted intervention status as a result of their financial positions; and other organisations are also reporting deficits in-year. While the reasons for each organisation will be somewhat different, there are consistent issues across the NHS in Wales, in common with the rest of the United Kingdom.



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However, the policy framework in Wales does allow an appropriate focus on the issues in planning for future years:

1. The Wellbeing of Future Generations Act requires NHS organisations to work in partnership with other public and third sector organisations. This will be a key enabler to deliver system wide change.
2. The Value Framework alongside the strategic alliance with the International Consortium for Health Outcomes Measurement, advocated by Welsh Government, provides an opportunity for the NHS to embed the principles of Prudent Healthcare. Importantly, this moves the NHS from its historic focus on technical value (doing more for less) to allocative value (allocating resources to maximise outcomes) and personalised value (as measured through health outcomes). Such an approach encourages careful consideration of preventative spend, and close working with colleagues in Public Health Wales.
3. The WG escalation process enables a bespoke response to the issues facing NHS organisations in difficulty, utilising external experts to provide an independent assessment of the issues facing each organisation and the appropriate solutions.

The critical issue for NHS Wales will be its ability, not only to diagnose issues and plan services, but to manage the necessary changes to improve those services.
Many thanks for the opportunity to comment.

Yours sincerely,

A handwritten signature in blue ink that reads "R. A. Favager".

RUSSELL FAVAGER
CYFARWYDDWR GWEITHREDOL CYLLID /
EXECUTIVE DIRECTOR OF FINANCE

The logo for the Community Transport Association (CTA) features the lowercase letters 'cta' in a bold, yellow, sans-serif font, set against a dark grey rectangular background.

**Cymdeithas
Cludiant
Cymunedol
Community
Transport
Association**

Inquiry into Welsh Government draft budget proposals for 2018-19

CTA Submission: September 2017

Introduction

In all parts of the UK, on every day of the year - including Christmas Day – thousands of community transport staff and volunteers are helping people to stay independent, participate in their communities and to access vital services and employment.

Community transport is about providing flexible and accessible community-led solutions in response to unmet local transport needs, and often represents the only means of transport for many vulnerable and isolated people. Significant user groups are older people and disabled people with a majority of services and projects working in rural areas.

Using everything from minibuses to mopeds, typical services include voluntary car schemes, community bus services, school transport, hospital transport, dial-a-ride, wheels to work and group hire services. Most services are demand-responsive, taking people from door to door, but a growing number are offering scheduled services along fixed routes where conventional bus services are not available.

As community transport works to a different business model from commercial passenger transport services, it is always run for a social purpose and community benefit, but never for a profit - it often a more reliable and resilient way of ensuring a broader range of transport needs can be met.

The Community Transport Association is the national body working with the providers of community transport, helping them to remain relevant and responsive to key areas of public policy and make a big difference for people and families in the communities where they work.

In Wales, community transport operators provide trips to many socially isolated individuals. Their services make a huge difference to the lives of people who are often unable to access other forms of transport and therefore would otherwise be unable to get to where they need to be. The marginality of services means they often face additional costs, and lack capacity to raise additional funds in the way a private enterprise might.

Our members work with some of the most isolated individuals in Wales, and they need a financial settlement which better support the sustainability and viability of services operated by community transport operators in Wales. Although community transport is flexible, our members felt it was important that the Welsh Government support their services to thrive. In compiling our response we have surveyed CTA members and spoken to the CTA Wales Committee on the issues raised in this consultation, as well as considered feedback we receive from members through our outreach work.

What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

Through speaking to members and gathering views on this inquiry, we believe there are three key issues which have arisen out of the 2017-18 budget. These are that funding settlements do not enable long-term planning; our members are not remunerated cross departmentally for work they do; and one off capital funding may be necessary to support growth. Below, we have analysed each issue in turn, and provided some recommendations in part two of this document.

Short-Term Funding

Community transport operators receive a range of funding; this is either through central government funding, local authority grants, charitable donations, fares, or through contracts. At the moment, the administration of local and central government funding means they only receive funding for a one year period. This makes it difficult for operators to develop a sustainable service and seems in conflict with the ways of working set out in the Well-being of Future Generations Act which promotes the importance of long term decisions and preventative measures. Short term funding decisions make long term planning extremely difficult for community transport operators who are making a significant contribution to well-being and community resilience through the provision of transport which reduces the need for support services such as health and social care. Recognition of the savings community transport allows public services to make might encourage greater support for the sector.

The Welsh Government provides funding directly to transport operators through the Bus Service Support Grant (BSSG). This funding is administered on an annual basis by local authorities. The amount of funding allocated to community transport operators varies between different local authorities. For example, the Welsh Government suggested that in 2016/17 Vale of Glamorgan Council funded a total of £278,164 for spending on

community transport, in the end they contributed £28,200 to community transport operators in the 2016/17 financial year¹.

The combination of annualised funding, and lack of certainty of funding amounts, means that community transport operators may struggle to undertake long-term planning. This may be particularly problematical when organisations wish to make capital investments in either vehicles, or their organisational infrastructure. A respondent to our survey told us that:

“There should be a rolling programme of at least three years funding, so that trustees can make better decisions and that funding should be paid out on a monthly basis.”

Cross Department Funding

The application of state subsidies means community transport operators receive funding which reflects the miles they travel rather than the communities they serve.

Community transport operates across a range of Government departments. In particular, community transport makes a significant contribution to the health and wellbeing agenda, helping older people to maintain their independence for longer, and combating loneliness and isolation by enabling participation in community life. The report of the Older People’s Commissioner for Wales on The Importance and Impact of Community Services within Wales also highlights the vital role that community transport plays in assisting older people to access their communities and essential services².

In our 2014 *State of the Sector* for Wales, our member reported that they received 18.4% of their capital funding from local health boards, and only a small amount of revenue funding³. We are aware that a large portion of our members work in health either in transporting people to hospital, doctors’ appointments, or community care settings.

In addition to working in health, our members support people to access employment, education, and social activity. This work is often carried out on a non-contractual basis and relies on the communities of people who support people to get to where they need to be.

At the moment, in spite of this cross-sector working, funding does not necessarily reflect where community transport is operating. As discussed later in our recommendations we would like to see further consideration given to how cross-departmental funding could support innovation in the sector.

¹ <https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2016/16-06-06/Reports/Bus-Services-Support-Grant-2016-2017-Cabinet-Report.pdf>

² http://www.olderpeoplewales.com/Libraries/Uploads/The_Importance_and_Impact_of_Community_Services_within_Wales.sflb.ashx

³ <http://www.ctauk.org/UserFiles/Documents/In%20Your%20Area/Wales/State%20of%20the%20Sector%20Wales%20English%20version.pdf>

Capital Funding

Operating community transport is more expensive than an average charitable enterprise. A new minibus alone can cost in excess of £40,000. As community transport operators exist not for a profit, but for a social purpose, there is often less scope for our members to raise funds.

In 2017/18 there are few capital investment programmes available to community transport members. This ultimately means that community transport operators may have to spend more time fundraising, and less time delivering vital services for people in their communities. In addition to this, some members will simply be unable to raise capital for future infrastructure investment, which may make developing their services difficult.

In spite of this we believe our members would be willing to undertake new innovative projects if capital funding was available to them. Many organisations which provide community transport already offer wider community benefits through their services. A well targeted capital funding proposal could extend the scope, and reach, of community transport operators throughout Wales.

What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017/18 financial year, and how robust is your ability to plan for future years?

In analysing the current implications of the impact of the 16/17 budget, and likely impact of the 17/18 budget, we have arrived at a number of recommendations for the 2018/19 budget. We have summarised these in the bullet points below.

Expectations for the 2018/19 draft budget proposals:

- We expect that there will be an overall reduction in the Welsh Government's funding settlement. This will place a premium on targeting funding where it can have the most impact.
- We encourage the Welsh Government to consider how funds such as BSSG can be administered over a multi-year cycle to give organisations greater certainty over their funding.
- Through more creative use of subsidies, commissioning, and grants, the Government should encourage the delivery of the goals and ways of working set out in the Well-being of Future Generations Act.
- The budget development process should consider how funding can be reoriented toward transport modes which bring wider social benefits. In particular, looking at how health, education, and employment budgets, can support innovations in transport.

- It is likely that local authority budgets will come under further pressure. We think there would be benefits in offering local authorities incentives to work with community transport operators to co-design travel networks, and new services.
- At the moment, it is clear that in some cases the Welsh Government's target for funding of community transport operators through BSSG is not being hit. We would encourage the Government to undertake a study of discrepancy between suggested funding, and actual funding, of community transport operators, with a view to revisiting guidance during the budget process.
- We are pleased that the Welsh Government agreed to adjust the reimbursement rate for concessionary fares for 2016/17⁴. However, whilst this is positive, we believe there remains a need to review the formula for reimbursement of CT operators and ask that this is explored through the budget process.

The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

The CTA has three main areas of comment in this section. As the providers of inclusive and accessible transport throughout the UK, our members lived experiences is key to our work. Through our conversations with them, we have a unique insight into; the sustainability of public services, approach to preventative spending, and the Well-being of Future Generations Act.

Approach to preventative spending and how is this represented in resource allocation

Community transport brings a range of positive health outcomes to its service users. As well as directly taking people to health appointments, our member's keep people out of the hospital in the first place through keeping them active, improving their users overall mental and physical wellbeing.

These additional benefits for people across Wales are not readily accounted for in resource allocation. It is not easy to quantify all of the preventative work our members do but it is apparent to anyone who uses their services that they prevent a wide range of negative and social outcomes.

We believe that the Welsh Government should investigate how it can work with third sector partners to encourage community transport operators to account for their work which has preventative benefits. This work should be funded, and in turn, used as a basis for further resource allocation either through BSSG, or new government spending.

⁴ <https://ctablog.org/2017/08/09/increase-in-concessionary-fare-reimbursement-for-section-22-routes-in-wales/>

Sustainability of public services, innovation and service transformation

It is clear that community transport plays an important role in fillings gaps where there is a lack of commercial transport provision. In a country as rural as Wales our members are often travelling long distances to ensure people can get to where they need to be.

Community transport is too often asked to provide a service as a last resort, and not accounted for in long-term bus network planning. This model is not sustainable, and many community transport operators struggle with the competing needs of local authorities, and local residents.

To develop a transport ecosystem which gets the best of both the commercial and charity sector we hope the Welsh Government seriously considers how its transport ambitions can be fully resourced. If the Welsh Government is keen to implement franchising and partnerships, as suggested in previous consultations, then the funding of these initiatives with communities at their heart should be properly considered.

Well-being of Future Generations Act

There is some evidence that the Well-being of Future Generations Act is influencing funding and delivery requirements. We do believe, however, that the Act presents an opportunity to ensure maximum value is achieved for every pound spent by the public sector. Investment in community transport is a good example of how funding can support the achievement of the national well-being goals. For example, community transport operators tell us that they provide health journeys, social support for passengers, access to sport and leisure facilities for those with disabilities and so much more. Any funding provided for community transport contributes to the achievement of economic, social, environmental and cultural well-being and we believe there is potential to strengthen the way public bodies use the Act in their budgeting and procurement processes.

Contact Details

Any requests for further information on this response should be made to Christine Boston, CTA's Director for Wales, at Christine@ctauk.org.



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11th September 2017

FAO National Assembly Finance Committee Clerk,

RE: A call for information – Welsh Government draft budget proposals for 2018-9

Thank you for giving the Marine Conservation Society (MCS) the opportunity to provide information to the Finance Committee's scrutiny of the Welsh Government's draft budget proposals for the 2018-9 financial year.

MCS's overarching recommendations for the Welsh Government are as follows:

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities (as highlighted in the Welsh Government's Programme for Government)

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility

Recommendation 4: Recognise that the costs of the protection and management of Wales's biodiversity and natural resources is necessary preventative spending

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms

Our more detailed response to each question now follows:

1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

The Marine Conservation Society believe that the overall allocation of budget for the 2017-8 financial year has not sufficiently covered the funds needed for the Welsh Government's to undertake all of their legal marine obligations.

Evidence suggests that in the financial period 2017-2018 (and prior to this), there has been insufficient budget allocated to implement effective management (mitigating and/or eliminating pressures and threats arising from existing or ongoing activities) of Wales's marine natural resources. This is a critical time to start the recovery process to achieve resilient ecosystems (a requirement of the Environment Act [Wales]) and further delay will result in reducing our ability to use our marine natural resources sustainably in the future.



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Over the past few years, both the Welsh Government and Natural Resources Wales (NRW) have had enforced cuts and are seriously under-funded in the area of marine management. Voluntary redundancies¹ and staff re-structures have resulted in workload being shared amongst remaining staff and a loss of resources and expertise, which in turn has led to a serious loss of strategic direction. This being the case, the Welsh Government Marine and Fisheries Division, NRW, and other public bodies responsible for implementing marine management are struggling to meet statutory requirements set out in the EU Habitats Directives and Marine and Coastal Access Act (England and Wales), not to mention the new domestic obligations under the Environment (Wales) Act and the Wellbeing for Future Generations Act.

Rather than list the range of resource and capacity issues with regards to marine management (as we recognise it may be better placed to highlight these in the upcoming relevant Committee scrutiny of the draft budget), we would like to draw your attention to the newly published Climate Change, Environment and Rural Affairs (CCERA) Committee's 'Turning the Tide' report on Marine Protected Areas (MPA) management in Wales (August 2017)², which recognised the urgent need for a review of the current funding situation for marine and fisheries in Wales:

"There was a consensus in the evidence about the need for greater resource, in terms of staffing and finance, to enable sustainable management of MPAs." (17., Page 11)

As such a key recommendation from the Committee's report is:

"MPAs cannot be managed effectively without the appropriate level of resources, including funding and staffing. The Welsh Government must:

- ensure it has sufficient staffing to deliver its marine conservation responsibilities;*
- bring forward proposals for funding an area-based approach, with each management area having a dedicated officer; and*
- ensure that Natural Resources Wales has sufficient resources to undertake its responsibilities for MPA management and improvements to the condition of the Wales Natura 2000 Network."*

(Recommendation 2, page 21)

Our first and overall message therefore is that the allocation of budget should be reviewed, so that it is proportional to where there is evidence of need and where priorities have been identified. We have the ability, and through the WFG Act, the ambition to be a more sustainable and globally responsible country.

¹ For instance, NRW have had cuts in both resources and staff and a 15% budget reduction over the past two financial years

² Turning the tide? Report of the inquiry into the Welsh Government's approach to Marine Protected Area management, CCERA Committee, August 2017 <http://www.assembly.wales/laid%20documents/cr-ld11159/cr-ld11159-e.pdf>



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In order to achieve this, we need to allow for recovery and enhancement of our natural resources. MCS do not believe that the Welsh Government's current budget allocation currently supports this.

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities (as highlighted in the Welsh Government's Programme for Government)

2. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017- 18 financial year, and how robust is your ability to plan for future years?

Clarity is needed over the direct allocation of budget for the 2018-9 financial year.

There is a breadth of marine management responsibilities that fall to Welsh Ministers and it was not made clear in the 2017-8 budget where funding had been allocated to carry out these responsibilities. We would therefore welcome, as part of the Finance Committee's scrutiny of the Welsh Government's draft budget, a call for greater transparency of the breakdown of departmental spending into different spending areas and, where necessary, evidence of need.

In a supplementary paper³ from the Cabinet Secretary for the Environment and Rural Affairs to the CCERA Committee during their evidence session on last year's Draft Budget 2017-8, the Cabinet Secretary highlighted that, as part of her budgetary review, she had "reallocated and reprioritised a number of budgets to ensure that I have the right balance of investment across my portfolio...". This breakdown of the budget, however, only went so far as to highlight broad spending within her portfolio, with the overall budget for 'Agriculture, Food and Marine' policy and programmes lumped together.

'Agriculture, Food and Marine' are already three very broad areas and, given Wales is a farming nation, a large percentage of this budget is likely to have been allocated to agriculture policy and programmes. Looking more closely into this: beyond EU & maritime fisheries and enforcement capital spends, and an additional 68K allocated to the Wales National Marine Plan, MCS has sought yet struggled to understand the true breakdown for the expenditure over the 2017-8 period specifically for marine policy and programmes (for instance, the designation and overall management costs of Marine Protected Areas). Frustratingly, we received this same broad figure for agriculture, food and marine from the Cabinet Secretary earlier this year in response to a written question on the Welsh Government's spending on marine management.

At best, lumping budget together like this is confusing for stakeholders trying to tease out exactly what is being spent on certain areas of environmental policy and programmes. At worst, such broad spending

³ Agenda Supplement - Climate Change, Environment and Rural Affairs Committee, 2nd November 2016:
<http://bit.ly/2w7jMhi>



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figures can be used to lure the Assembly and the public into a false sense of security that more is being spent in a particular Division of the Cabinet Secretary's portfolio than actually is.

With this in mind, we would like to see a more thorough breakdown of the Welsh Government's draft budget for 2018-9, and we hope that Assembly's Committees, through their evidence sessions, scrutinise these broad figures. Otherwise, it may be impossible to understand whether there is a sufficient amount of resource being allocated to each branch of Government and whether expenditure has increased or decreased.

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Additional Devolved Responsibilities in 2018

As of April 2018, implementation of the Wales Act will devolve marine licensing functions and nature conservation functions for the offshore area (the sea beyond 12 nautical miles to the median line) to Welsh Ministers. This will mean that the Welsh Government will have new management responsibilities for marine licensing functions in the offshore area, and for the protection of habitats and species, including the creation and management of new marine protected areas (MPAs).

The identification, designation and management (including monitoring and enforcement) of new MPAs will undoubtedly be a large new area of work for the Marine and Fisheries Division of Welsh Government, and MCS are keen to see the additional resource required for this workload recognised and reflected in the 2018-9 draft budget proposals.

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Approach to preventative spending and how is this represented in resource allocation

In last year's Cabinet Secretary's evidence to the CCERA Committee on the draft budget 2017-8, she lists investments which will allow preventative action to take place to alleviate risks to Wales (Page 7). Whilst we welcomed the additional spending on flood risk management, waste and recycling, and investment in energy efficiency programmes, we would have liked to have seen the Welsh Government recognise the need for recovery and management of biodiversity and Wales's natural resources as preventative action that is necessary to invest in.



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From pollinators to drinking water, blue flag beaches to the food we eat, people who live in and visit Wales depend the protection and sustainable use of natural resources as much as they do flood prevention measures. Framing natural resources and biodiversity projects and programmes as 'preventative spending' could allow for greater investment into the recovery and effective management of these critically important areas of the Cabinet Secretary's portfolio.

Recommendation 4: Recognise that the costs of the protection and management of Wales's biodiversity and natural resources is necessary preventative spending

- The Welsh Government's planning and preparedness for Brexit

Particularly with regards to the UK's withdrawal from the EU, we are concerned that any reduction in EU funds such as CAP payments, RDP, and structural funds may impact overall spending for the Environment and Rural Affairs portfolio. With regards to marine management, this is of a particular concern for European Maritime and Fisheries Fund (EMFF) which is only guaranteed up until 2020. The need to take preparatory action and plan for this potential loss of funding should be a priority for the Welsh Government and, again, the additional resources needed to prepare for these changes will need to be reflected in the Welsh Governments 2018-9 budget.

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms

Please do not hesitate to contact me if you have any questions with regards to our response and recommendations for the Welsh Government's draft 2018-9 budget.

Yours Sincerely,

Gill Bell

Gill Bell

Head of Conservation, Wales

Marine Conservation Society



Welsh Government draft budget proposals for 2018-19

A response from WCVA

1. Wales Council for Voluntary Action (WCVA) is the national membership organisation for the third sector in Wales. We have over 3,350 organisations in direct membership, and are in touch with many more organisations through a wide range of national and local networks. WCVA's mission is to be a catalyst for positive change by connecting, enabling and influencing, and our vision is a future where the third sector and volunteering thrive across Wales, improving wellbeing for all.
2. WCVA is committed to a strong and active third sector building resilient, cohesive and inclusive communities, giving people a stake in their future through their own actions and services, creating a strong, healthy and fair society and demonstrating the value of volunteering and community engagement.
3. We welcome the opportunity to respond to the Committees' call for information on Welsh Government's draft budget proposals for 2018-19.

What, in your opinion, has been the impact of Welsh Government's 2017-18 budget?

4. The last year has seen local authorities begin a welcome shift towards collaborative working models in line with the requirements of the Wellbeing of Future Generations (Wales) Act. However, while the Wales Audit Office report , [Local Authority Funding of Third Sector Services](#) are addressed, suggests that funding to the sector from local government has risen, this has been mainly in the form of contracts, with grant funding decreasing, impacting a number of third sector groups.
5. Conversations we have had with the third sector, for instance during the Turnaround Towns events WCVA held recently with Carnegie UK Trust, indicate dissatisfaction with one and two-year budgetary cycles. Such cycles do not allow for long-term planning. They lead to uncertainty of service provision towards the conclusion of each cycle. The Charity Commission, cited by the Lloyds Bank Foundation's [Facing Forward](#) report, has noted that planning is 'the critical factor' in enabling charities experiencing financial difficulties to recover. We are concerned short term funding is having a detrimental impact on the resilience of third sector organisations.

What expectations do you have of the 2018-19 Draft Budget proposals? How financially prepared is your organisation for the 17-18 financial year and how robust is your ability to

plan for future years?

6. The Cabinet Secretary for Finance and Local Government has indicated to the third sector to expect [year on year budget cuts](#), continuing the trend of the last few years. WCVA recommends the 2018-19 budget move away from short-term budget cycles that compound current financial uncertainty for many third sector organisations.
7. Our recent [Shape Your Future](#) reports found that a strong and resilient third sector is crucial if Wales is to achieve the Wellbeing Goals. Uncertainty and short-term funding cycles weaken the contribution the sector is able to make, not least because it makes it extremely difficult for organisations to plan for the future. WCVA continues to call for rolling three or five year funding cycles. At a minimum, 'indicative budgets' should be provided for a longer period.
8. WCVA is the Welsh partner in the [Open Government Pioneers Project](#), which aims to help civil society engage better with government. Greater openness around the budget and budget process would improve the sector's ability to scrutinise budget decisions and participate in the budgetary process.
9. WCVA hopes to see more detail and a clearer narrative explaining budget allocations in order to increase transparency and participation.
10. Following the Brexit vote last year, and ongoing pressures on public funding, WCVA is working on scenario planning to deal with future uncertainties. We have plans for 18-19 but it would be helpful if public sector funding could be for rolling three or five year cycles or at least with indicative budgets for a longer period.

The Committee would like to focus on a number of specific areas in the scrutiny of the budget. Do you have any specific comments on the areas identified below?

The approach to preventative spending and how this is represented in resource allocation

11. WCVA is pleased to see Welsh Government commit to action through the Wales Wellbeing Bond, Innovate To Save, social prescribing and other preventative actions, particularly given the aging population in Wales.
12. On social prescribing: the third sector is seeing a large increase in referrals to its services but is finding it hard to deal with this influx due to funding cuts, leading to the closure of critical services and a lack of provision for families and individuals in need. Resources in this area are often spent on the services that refer into community support, rather than the support providers themselves, so organisations have to close their doors when they cannot afford, for example, room hire or heating bills.
13. Further, there is little collaborative discussion around what works in social prescribing and the sector often finds itself asked to deliver services that it has had little or no say in the design of. This is not co-production. Also, due to this lack of collaboration, referrers are often unaware of all the services available to a client, leading to vital preventative opportunities being missed.
14. However, where there is resource and collaboration, social prescribing has been proven to be very effective - for example the Cardiff South West GP Cluster received grant funding of £14,997 from Nesta to test how time credits can be combined with

social prescribing to benefit patients. The impact evaluation of the Cardiff Time Credit programme found that 88% of patients reported improved quality of life, with 71% feeling less lonely and more positive about their future.

15. There is an opportunity to develop shared principles and guidance that builds on the evidence of what works, working with existing groups and networks, such as the Primary Care Social Prescribing Project Team, Action Learning Group and others, and to develop more collaborative and coordinated approaches with health bodies, local authorities and the third sector.
16. We commented in our response to last year's draft budget consultation that we would like to see more options around loans and social investment, so are pleased to see the approach adopted by the Wales Wellbeing Bond and Innovate To Save having a very positive impact. For example, the Wellbeing Bond is able to fund social prescribing and preventative measures; for instance, it has supported Valleys Steps to deliver 3,800 places per year on courses in Mindfulness and Stress Control. Valleys Steps have also used their funding to develop a website offering information on the causes of stress and anxiety.
17. Innovate To Save also funds social prescribing and preventative measures. Fabric Social Enterprise, which provides accommodation and support for young people in Swansea, received funding to buy new premises in Swansea. All the rooms in these premises were filled quickly, demonstrating the need in the area that Fabric tries to address.

Sustainability of public services, innovation and service transformation

18. WCVA is concerned that issues raised in the Wales Audit Office report should be addressed. In his report, the [Auditor General](#) notes that the sector's work with local authorities is increasing, yet 'poor systems and arrangements for awarding and allocating monies to the third sector currently impose heavy burdens on organisations'. The report encourages local authorities to come up with a comprehensive strategy for working with the sector. Wales Audit Office launched a checklist for local authorities in an attempt to assist with this. A survey of CVCs in the report suggests that few of them believe their local authority's funding practices are consistent with the Funding Code of Practice. It would be useful for the Welsh Government to remind local authorities of their responsibilities under the Code of Practice for Funding ahead of the next budget.
19. The Lloyds Bank Foundation report, [Facing Forward](#), notes the impact that cuts in grant funding across the UK have had on smaller charities, pointing out that it has halved over the last decade. The shift towards contract funding, it notes, has led to smaller charities often losing out to larger ones, often being limited to sub-contractor roles. *Facing Forward* also cites research by Locality, which in 2014 found that 22% of its member community organisations were making a loss on public sector contracts, a trend likely to be fatal to many of them if it continues. This shift to contracts has caused problems for those organisations who have not tried to diversify their income streams. The Wales Audit Office 2017 report referenced above shows that similar trends are being seen in Wales and similar difficulties arising. This is particularly problematic for small and medium-sized organisations. A 2015 report from Garfield Weston has noted a 'planning and development vacuum' in this area that charities are under-resourced to address. Unless steps are taken to amend this,

we would expect many third sector organisations to continue to struggle in this financial year and beyond.

20. WCVA was pleased to see continued commitment to co-production over the last year and would expect this to continue into the next budget.
21. There is a need for further support for Community Asset Transfer, so that organisations are not only supported in the initial stages of taking over an asset, but are given the skills and knowledge needed to ensure their assets are able to enjoy a longer-term future.
22. The budget must empower local authorities, town councils and citizens to have meaningful interactions with each other so that citizens can not only become more involved in service delivery, but to challenge poor practice and make their elected representatives more accountable. We encourage local authorities and councillors to embrace the [National Principles for Public Engagement in Wales](#).
23. We expect that there will be changes forthcoming to local government, following the White Paper on local government reform. There must be clarity in any change process so that local authorities and service providers understand what is expected of them and so that decisions made in this area can be effectively scrutinised.
24. Immediately prior to the Assembly Elections of 2016, Welsh Government published its [Action Plan](#) for alternative delivery models in public service delivery. We would be interested to hear an update on how Welsh Government has delivered so far against the Actions set out in the document.
25. To further promote innovation and transformation, and to upskill the sector, organisations should be encouraged to sign up to the Digital Inclusion Charter. According to 2015 report [The New Reality](#), the third sector across the UK as a whole suffers a skills gap when it comes to digital.

Welsh Government policies to reduce poverty and mitigate welfare reform

26. 2018-19 will be the first year without Communities First in 17 years. Welsh Government has announced that it will be developing a new cross-government approach to resilient communities. If it is to be effective, this new approach will need to be adequately funded and has clear, understood outcomes. We are particularly concerned that proposals for empowering communities are adequately resourced so that they can realistically achieve those outcomes.
27. It is important to understand what impact funded activity is having to plan for future spend. There should be no repeat of the mistakes of the last phase of Communities First, which has lacked external independent evaluation. Resource should be made available to ensure the new approach is adequately evaluated for its effectiveness.
28. Funding is needed to ensure the sector can support the engagement with seldom-heard communities of programmes, such as Communities for Work and Employability Grant, that have been placed with statutory agencies. As the Resilient Communities agenda moves forward, it is crucial that organisations are resourced to make the changes a success and that no areas are left behind following the closure

of Communities First. Funding should be allocated to allow the sector and other agencies to co-produce activities that build resilience and prosperity.

29. Continued funding for advice services is needed to mitigate the impact of welfare reform. It should be funding that invests in parallel in alternative forms of affordable credit to ensure that people are supported to avoid getting into debt and financial distress in the first place.
30. The Children First key principles are welcomed as a way forward for tackling poverty. These principles use the concept of 'place', developing a strategic focus with communities of that place, to improve outcomes for children and young people. However, the sector needs resources to deliver these effectively. Other funders, such as the Big Lottery Rural Programme, may be able to offer this to some groups.
31. WCVA continues to advocate for an asset-based approach to tackling poverty, with third sector groups playing a new or enhanced role in terms of empowering communities and individuals to discover and build on their own resources.

Welsh Government's planning and preparedness for Brexit

32. European Structural Funds have been a significant source of funding to support voluntary and community organisations to deliver vital social inclusion projects to regenerate and revitalise communities across Wales. The third sector continues to play a major role in the current EU programmes, delivering a wide range of ESF projects, including providing specialist, innovative approaches to helping the most disadvantaged to overcome barriers to employment, engaging with NEETs and raising the aspirations of young people, supporting the advancement of women in employment and developing the social economy in Wales.
33. Brexit will lead to the withdrawal of such European programmes that are funding employability projects. It is imperative that Welsh Government continues to make the case for replacement funding for these projects to UK Government.
34. Welsh Government should ensure there is adequate Targeted Match Funding available for the third sector to facilitate access to and spend across the European programmes.
35. WCVA's [Brexit Snapshot Survey](#) of employees in the third sector revealed the 75% of our members feel negative about Brexit and do not believe the UK Government will safeguard Wales' interests during negotiations with the EU. Welsh Government must continue to scrutinise and work with UK Government during the Brexit process in an effort to achieve the best possible outcomes for Wales.

How Welsh Government should use new taxation and borrowing powers

36. Welsh Government should use new powers to meet needs identified from the wellbeing plans to ensure as much co-ordination with other areas of public and social policy as possible.
37. Welsh Government should use the [National Principles for Public Engagement](#) to involve members of the public and communities of interest whenever possible.

38. It is important that Welsh Government ensures that communication to the public about the new powers is accessible to everyone in terms of language and descriptions used.

How evidence is driving Welsh Government priority setting and budget powers

39. When Welsh Government publishes legislation, priorities or budgets, it rarely explains how decisions have been arrived at following consultation. Published explanations of decisions, clarifying the evidence used, would increase openness and transparency and enable us to understand the use of evidence. This would be in line with open government approaches. The [evidence transparency framework](#), developed initially with Institute for Government and the Alliance for Useful Evidence and now being progressed by Sense about Science may be a useful tool to support this.

How the Future Generations Act is influencing policy-making

40. The Future Generations Act (and the Social Services and Wellbeing (Wales) Act) requires greater sector engagement in policy than ever before; however, the sector is not fully resourced to do this. We would hope to see greater provision for the engagement of third sector organisations with the Act.

41. Public bodies are still developing their responses to the Act and we are not aware of anything that has definitively been done differently to date. There is still much work to be done on involvement, co-production and putting the citizen at the centre in order to achieve this.

42. We welcome the Welsh Government's intention to focus on three key areas of procurement, participatory budgeting and de-carbonisation to reflect how the Act is influencing its budgetary decisions.

43. The Act demands long-term planning, yet, as noted earlier, budgetary cycles continue to be one or two years in length, meaning that such planning is not possible. A move towards longer funding cycles would be welcome and give some stability to a number of sector organisations.

44. When the budget is available, we would like to see the Finance Committee consider the extent to which Welsh Government have considered the Act's Ways of Working, and whether there is evidence of attempting to deliver holistic solutions to Wales's problems rather than the traditional budgeting approach. One example would be a redirection of some of the health budget into other areas with well-evidenced potential to help prevent or alleviate significant health challenges. Such an approach could allow for additional investment in the environment, recognising the health gains associated with greener environments in urban areas, and communities, recognising the health benefits of volunteering to those that volunteer, helping avoid costs associated with loneliness, isolation and lack of early intervention.

45. We support the recommendation of the Future Generations Commissioner that borrowing decisions come under scrutiny for their impact on budgets available to future generations and how they will impact their quality of life.

Discussion

46. We will be pleased to discuss these or any other points relating to this consultation response with Committees, Cabinet Secretaries or Ministers if requested.

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12 September 2017

Pwyllgor Cyllid | Finance Committee

Cynigion Cyllideb Ddrafft Llywodraeth Cymru 2018-19 | Welsh Government Draft Budget 2018-19

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SHAPING THE FUTURE OF WELSH RETAIL

RETAIL INDUSTRY RECOMMENDATIONS
TO THE WELSH GOVERNMENT FOR ITS
2018-19 BUDGET



A SNAPSHOT



12,880
RETAIL OUTLETS
IN WALES 2016



9%
OF WELSH
BUSINESSES
ARE RETAILERS



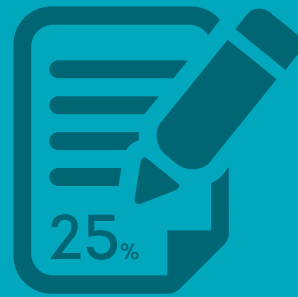
RETAIL
CONTRIBUTES:
6%
OF WELSH GVA



137,000
RETAIL JOBS IN WALES



32^{BN}
ACROSS THE UK
RETAIL PAYS
TAX PER YEAR



25%
ALL BUSINESS
RATES FOR WALES

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FOREWORD



The WRC welcomes the opportunity to engage in discussion on the forthcoming Welsh budget given the privileged position that retail occupies at the heart of our local communities.

As the nation's largest private sector employer and a driving force in the Welsh economy we understand how budgetary decisions can have wide ranging implications on both retailers and our consumers. And we are acutely aware of the challenges and difficult decisions faced in trying to manage the budget; these are challenges that we grapple with on a daily basis, as an industry that is undergoing transformational change and which is faced with testing operating environments.

Increasing food and raw materials price inflation has brought an end to a near decade long period of falling consumer prices, but the fall in the value of Sterling and the impact of fierce, technology enabled competition means that retailers' margins are actually depressed despite often modestly increased prices for the customer. Over the next decade the industry will continue its fundamental change; becoming more automated and more productive, but ultimately employing significantly fewer people from many fewer physical retail locations. As can be seen from the continued decline in the number of shops in Wales, these issues are just the most visible symptoms of the profound structural change that the traditional model of retail is undergoing.

It is in this context of enormous challenge and transition that the cumulative burden of government-imposed costs has become an increasingly acute issue. In addition to the lack of reform of the outdated business rates system, the cumulative burden is seeing retailers challenged with the implications of regulatory costs including the National Living Wage, the Apprenticeship Levy and rising statutory increases in employer pension contributions.

Ultimately, the fiscal environment is crucial. A substantially reformed business rates system that adapts to the changing retail world will be fundamental to this. Over the next decade the revenues from business rates from retail will fall. If the government wants that fall to be of a managed nature, they need to take swift and decisive action to reduce the counter-productively high share of the total business rates burden borne by retail. Otherwise the revenue fall will be more severe as the economic case for retaining shops becomes less and less sustainable and retailers thus have no choice but to close units and shed jobs at a faster pace than would otherwise be necessary.

In recognition of the role the retail industry can play we are encouraged by the recent appointment of a lead official within Welsh Government for the retail industry; we hope that the appointment will ensure that the retail industry is at the forefront of emerging policy.

However, we continue to press the case for a retail strategy for Wales, or at the very least the recognition of our industry within the forthcoming Welsh Government economic strategy and the subsequent action plans. The retail industry is integral in developing successful and resilient communities, it is not solely about jobs and growth but the role our industry can play in developing wider community benefit; whether that be economic, social or environmental. Every year, many retailers make significant investments in helping to improve the communities they serve, going far beyond offering a wide range of quality products in a highly competitive market.

The retail industry looks for a long-term strategic economic vision which will encourage investment, and deliver economic growth. For retailers the budget provides a great opportunity to assist the industry to be more productive, stimulate investment and bolster consumer sentiment. We welcome the opportunity to continue to engage across all Government departments to ensure we take a partnership approach to building a sustainable industry which continues to support communities across Wales.

SARA JONES

Head of the Welsh Retail Consortium

ECONOMIC OVERVIEW

The long term trend towards a growing and wealthier population presents genuine opportunities for the retail industry in Wales. Retail continues to be largest private sector employer, with 137,000 colleagues, as well as one of its most dynamic sectors. However, this is a challenging time for Wales's retailers. Retail sales growth has been anaemic for the past three years, against a backdrop of profound structural, economic and regulatory change for the industry added to more recently by a lack of clarity over what Brexit will look like.

Retailers are responding by seeking to become productive through investing in the future. That includes investing in: new technology, a higher skilled workforce, and revamped logistics capabilities. Yet this investment is taking place at a time when public policy costs are growing.

Consumer spending, the mainstay of Wales's economy and a reliable source of economic growth, faces headwinds in the months ahead as household finances contend with rising overall inflation, weaker earnings growth, and domestic cost pressures. Competition and innovation within the sector has delivered substantial benefits for consumers and has helped keep down the cost of living, and our Shop Price Index has recorded four years of falling shop prices. However, the era of sustained falling prices at tills is coming to an end, as retailers find it increasingly difficult to absorb a mixture of rising global food commodity prices, fluctuations in the exchange rate since the Brexit vote, and changes in public policy costs.

Areas of discretionary spend are being affected the most, with sales of non-food items struggling whilst groceries and online sales perform better. The shop vacancy rate in Wales continues to stand higher than the UK average at 12.1%, above the 9.6% average seen across the UK.

The outlook remains challenging. With falling shop prices, increasing empty shops, and fewer shoppers in stores, the industry will be looking for certainty and continuity over the forthcoming period. At the same time we will be asking Government to examine where, using the levers at its disposal, it can reduce the burden and help improve the economic prospects for an industry that plays a pivotal role in communities across Wales.

CHIEF RECOMMENDATIONS

The retail industry's chief recommendations for the Welsh Government's upcoming Budget:

- Ensure that retail is prioritised in the forthcoming Welsh Economic Strategy, and the industry is engaged in helping to support and deliver on the subsequent actions plans.
- Build on the current Small Business Rates Review by bringing forward an immediate review on reforming business rates for all over the decade ahead, to ensure rates better flex with economic conditions. Deliver a medium-term plan to substantially lower the rates burden.
- Maintain the commitment to not increase the rate of income tax during the course of this assembly (post 2019).
- Introduce a moratorium on new or additional rates levies during the remainder of the current parliamentary term
- Provide an annual review on the implementation of the Apprenticeship Levy in Wales and consider taking forward a Flexible Skills Fund.
- Engage the retail industry at the earliest possible opportunity on any proposals that arise from the national debate on new tax powers. Ensure that the unintended consequence of any move to introduce are fully costed and appreciated, and reject those which will negatively impact on the retail industry given the ongoing cost pressures and transformational change that is being experienced.

DETAILED RECOMMENDATIONS

A RETAIL STRATEGY FOR WALES AND THE WELSH ECONOMIC STRATEGY

The WRC welcomes the appointment of a retail lead official within Welsh Government to support our engagement across all sectors and ensure that the industry is represented at an early stage in policy development and new legislation. Early contact with individual retailers by the lead official is crucial, and we are keen to see a formal process of engagement with the official through our WRC Board meetings.

We are cognisant of the new Economic Strategy which is being drafted and due for imminent publication by the Welsh Government. We would ask that the strategy acknowledges the role that the retail industry has to play.

As the largest private sector employer in Wales, and accounting for a quarter of business rates both government and retailers have a shared interest in improving the conditions for the industry to flourish and succeed. We would also ask that the action plans that are developed to implement the strategy utilises the skills and experience of the retail industry and identifies ways in which our members can support on meeting aspirations.

The retail industry is undergoing seismic change against a challenging backdrop driven by changes in shopping habits, new technology, stiff competition, and burgeoning costs¹. These changes are already having profound implications for firm's business models and investment plans, jobs and productivity. The changes will also have profound implications too for devolved public policy, particularly for employment prospects in more vulnerable communities more reliant on retail jobs, for our town centres and for future revenues from taxes such as business rates.

Consequently, we continue to call for a joint retail strategy to be developed in order to support a more strategic and coherent approach towards public policy which nurtures the growth of the industry over the decade ahead. The strategy ought to include a clear road-map setting out the intended regulatory and tax changes that are likely to impact on the industry over the decade. This will be of benefit to retail and the customers it serves, but also its substantial supply chain and the other sectors it touches.

BUSINESS RATES

According to the OECD commercial property taxes in the UK are the highest in the OECD². Tax revenues from business rates in Wales have leapt by 38% over the past 10 years and firms have faced rises in the headline poundage rate from 41.4p to 49.9p in the £ over the same period. Retail is a property intensive industry but is becoming less so, during the past six years there has been a net reduction of 780 shops in Wales (6% of the total) which ultimately means less tax revenues for government. Retailers are keen to see fundamental reform of Wales's £993m annual business rates system in order to support investment, business growth and revive our high streets where 1 out of every 8 premises is vacant. Keeping taxes down and predictable helps retailers fund their investment plans, as retained profits are a crucial source of financing investment intentions.

1. The cumulative impact of recent UK public policy has for example meant retailers responding to the National Living Wage and higher employer pension contributions, over and above the Apprenticeship Levy and rises in business rates

2. Commercial property taxes in the UK are the highest in OECD: <https://www.oecd.org/tax/commercial-property-tax-in-the-uk/>

With September's RPI expected to be in the region of 4% retailers are likely to face a £280 million increase in business rates across the UK in April 2018 leading to fewer shops and fewer jobs. We remain concerned that communities across Wales cannot afford a further increase in business rates and the resulting loss of investment. Waiting until 2020, or later, to slow the growing burden for ratepayers by switching to CPI indexation is simply too late. A fairer level of property taxation that is competitive compared to other OECD and European countries is needed now to encourage investment.

We ask that the Welsh Government continues to provide greater urgency to the range of options which may recast business rates for the decade ahead and deliver a system which is modern, sustainable, coherent and competitive. A fundamentally reformed rates system which flexes with economic and trading conditions and leads to a substantially lower tax burden would increase retailers' confidence about investing in new and refurbished shop premises and help revive high streets and town centres.

At the heart of this agenda should be a medium-term plan to substantially lower the rates burden with more frequent revaluations, ensuring independent valuations, should be implemented at every 3 years and a move to understanding the legislative vehicle by which CPI indexation can be taken forward.

There are also a number of shorter term measures which Ministers should pursue and these should include a moratorium on any new or additional business rate taxes and that the outcomes of the SBRR consultation, which generally is a welcome recognition of the need to keep down costs for firms, does not unduly impact on multiples and large premises.

The current rates system is opaque, unwieldy and only seems to function through a myriad of exemptions and reliefs that continue to grow as an overall proportion of the total income from business rates. We question how sustainable this 'sticking plaster' approach is and how effective it will be.

WELSH INCOME TAX

The retail industry takes a great interest in personal taxation issues because of the potential impact on customers' disposable incomes and discretionary spending, the potential impact on employees and on retailers' administrative systems, and because of the potential knock on implications for other taxes.

Any moves which would lead to those working in Wales having to pay higher taxes than elsewhere in the UK could affect the ability of retailers to retain or attract talent - either on a permanent or temporary basis - especially when compared to other parts of the UK. Wales is an attractive place to live and work and in order for it to remain so we would request Ministers to maintain the commitment to not increase the rate of income tax during the course of this assembly.

The amount consumers have to spend is of course influenced by a wide range of factors including the cost of living which can be affected by broader public policy decisions. Retailers can and do play their part in keeping down the cost of living for families.

The WRC believes Wales's prospects can be enhanced further by using future powers over income tax to positively support the economy and consumer spending. The best outcome for retailers, households and the economy is for income tax rates for the vast majority of the Welsh public to be at least as competitive as they are over the border.

NEW DEVOLVED TAXES

With the recent announcement by the Cabinet Secretary regarding the national debate on ideas for potential new Welsh taxes³, the Welsh Retail Consortium is keen to outline and engage on these ideas at the earliest possible stage.

Whilst we are supportive of examining how the new levers available to the National Assembly for Wales can be used to change behaviours and deliver improvements for our communities, we would urge extreme caution in adding undue burden and financial penalty on a sector that is undergoing such transformational change and which is likely to see a contraction in its store footprint and jobs over the forthcoming period. We would also suggest that, if the driving force is changing behaviour, how we can use existing tools rather than taxation as a means to change.

Reflecting on some of the proposals mooted by the Bevan Foundation report which were cited by the Finance Secretary, our concerns would be drawn to the unintended consequence should some of these proposals be progressed further. Decision makers must be mindful of the cross border impact of introducing new legislation, which is likely to be as acute in our border communities as anywhere else in the UK. With such a porous border, and with the recent announcement on the scrapping of the Severn Bridge tolls, there is the potential for consumers to move more fluidly and a greater focus for business to consider where it invests should undue costs be imposed through taxation.

APPRENTICESHIP LEVY

Retailers have a strong record on training and career progression in Wales's local communities, with many providing a wide range of apprenticeships in diverse areas such as logistics, warehousing and food preparation alongside many other accredited or job related qualifications. That record is under threat by the asymmetric approach to the implementation of the (UK-imposed) Apprenticeship Levy.

Retailers in Wales are estimated to contribute circa £9million a year towards the Levy, for which it remains somewhat unclear what they get in return, with many viewing it as simply another cumulative cost burden. The WRC welcomed the decision by the Welsh Government to increase its investment during the current financial year in Level 2 apprenticeships, following initial proposals to reduce the number of places available. We ask that this funding is maintained and that a one-year review is initiated with the potential that this review could lead to a Flexible Skills Fund.

3. 'Have your say in the development of potential new taxes', Welsh Government statement, 4 July 2017

LAND TRANSACTION TAX

Due to the nature and scalability of the industry many retailers have a choice over where to buy, rent or invest in retail premises and warehouses in the UK. With the Land Transaction Tax replacing Stamp Duty Land Tax in Wales from April 2018 the rates, bands and thresholds for Land Transaction Tax must ensure Wales's taxes on purchases of commercial property are competitive.

FEES, CHARGES & LEVIES

The Welsh Government, its agencies, and Welsh local authorities determine or are highly influential in the setting of a number of fees, charges and levies which are or can be applicable to retailers. These include planning application fees, Business Improvement District levies, water and sewerage charges, fees for building warrants and the Carrier Bag Charge. The WRC is keen to see effective, well-resourced and consistent regulatory services, underpinned by a clear rationale for variations in charges with commensurate improvements in services and based on timely dialogue with the industry.

DEPOSIT RETURN SCHEME (DRS)

Welsh retail is amongst the most climate-conscious industries and retailers have taken a lead in reducing the environmental impacts of both their own direct operations and supporting improvements right along their supply chain and with customers⁴.

Alongside the efforts being made by industry it is welcome news that Wales is now ranked the third best recycling nation in the world.

The Welsh Government is currently undertaking research into Extended Producer Responsibility and will look at the feasibility of a Deposit Returns Scheme as part of this research. We continue to work closely with officials on this issue, whilst remaining firmly opposed to any such scheme for drinks and other containers. Such a nation-wide deposit scheme or 'bottle tax' would disproportionately penalise the consumer by pushing up prices, by tens of millions of pounds, at a time household finances are coming under increasing strain. A DRS would undermine existing kerbside recycling, for which there are ambitious plans and which already benefits from significant sums of sunk investment from taxpayers.

Further negative consequences would be an increase in carbon emissions through extra consumer journeys and retailer haulage operations; asking shops and grocery delivery vans to take waste like this could incur environmental health issues. A DRS also has the potential to disproportionately impact on consumers with mobility issues. The equipment required to accommodate a DRS would reduce trading space in shops on our high streets which is incongruous with any ambitions to revitalise town centres. We would see a further loss of trading space, costs of storage, associated installation infrastructure, and staff training. Given our nation's positive recycling figures, and the ongoing educational initiatives being undertaken by Welsh Government and local authorities to encourage greater recycling, we believe the introduction of a Deposit Return Scheme would be a retrograde step.

4. 'A Better Retailing Climate: Driving Resource Efficiency in Wales', WRC, 2015

REGULATION

With a significant number of retailers operating on a national and international stage the ease and cost of doing business is a major factor in their decisions of where to invest. Important steps have been taken in recent years including the development of Primary Authority which will guarantee greater regulatory consistency across the 22 local authorities in Wales. We are keen to ensure future regulations take full account of the dramatic structural change occurring in industries like retail and we would welcome the opportunity for further discussion with our industry in ensuring that regulation does not place unnecessary burden on retailers given the current flux facing the industry.

INFRASTRUCTURE

Transport is vital to the success of the retail industry. With outlets located in most cities and towns, retailers rely on access to good quality and reliable transport for the daily operation of their businesses – for ease of access for customers, to deliver goods, and to enable employees to reach the workplace.

Rail is increasingly used to distribute freight for retailers around the country, and changes in customer demand and how people shop is putting a premium on having effective high speed broadband. As a result, any windfall 'consequential' received from UK Budgets should be used for GDP-enhancing infrastructure projects or town centre regeneration which benefit the business environment.

MINIMUM UNIT PRICING (MUP) - ALCOHOL

The Welsh Government has announced that it will this year introduce legislation that will make it illegal for alcohol to be sold below a set price. Retailers have had a number of concerns around MUP. Firstly, on principle we oppose measures which interfere with the market and put costs up for our customers. Secondly we believe there is a concern that MUP may hit less affluent moderate consumers of alcohol whilst not necessarily having the desired impact on problem drinkers.

However, if MUP is brought in, it's crucial that there is a clear and rigorous approach taken to assessing the impact of the policy. As well as the data side, that also requires Government not to bring forward any further measures which would make it impossible to accurately understand what the impact of MUP has been. The WRC is a member of the Welsh Government Alcohol Industry Network and will continue to work with all partners on this issue and promote the use of a range of targeted measures which are likely to produce a greater impact.

WINDFALL CONSEQUENTIALS

Any windfall consequentials received by the devolved administration from UK Budgets should be used to keep down business taxes and directed towards GDP-enhancing infrastructure and town centre enhancements.

CONCLUSION

Retail is an industry undergoing enormous structural change during a sustained period of weak demand, and growing government-imposed costs have become an acute issue. We believe this Budget provides an excellent opportunity to better support the industry's potential, to grow and flourish continuing to support communities in Wales and offer job opportunities as Wales's largest private sector employer. We are very much open to further dialogue on how this can be better realised.

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ABOUT THE WRC

Retail is an exciting, diverse and dynamic industry undergoing transformational change. The WRC is at the forefront – enhancing, assisting, informing and shaping. Our mission is to make a positive difference to the retail industry and to the customers it serves. Our broad range of stakeholders demonstrates how retailing touches almost every aspect of our culture. The WRC leads the industry and works with our members to shape debates and influence issues and opportunities that will help make that positive difference. We care about the careers of people who work in our industry, the communities retail touches and competitiveness as a fundamental principle of the industry's success – our 3Cs.

In addition to publishing leading bell-weather indicators on Welsh footfall and shop vacancies in town centres, our policy positions are informed by our 255-strong membership and determined by the WRC's Board.



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Tudalen y pecyn 58



Welsh Refugee Coalition - Submission to the Finance Committee to inform the scrutiny of the Welsh Government draft budget proposals for 2018-19

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Introduction

The Welsh Refugee Coalition was established in 2015. We are a coalition of organisations working in Wales with asylum seekers and refugees at all stages of their journey, and with the communities in which they live. We work together in the interests of asylum seekers and refugees and the communities that welcome them, to ensure that our resources are used to best effect and to speak with a coherent and strong voice on policies and practices affecting people seeking sanctuary in Wales.

Through collaborative work, the Coalition contributes to a more equal, globally responsible Wales with cohesive communities to make a Wales welcoming place of safety where rights are enjoyed and asylum seekers and refugees can thrive.

Q1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

Our main contribution is in response to question 2, but it is clear that current budget to support refugees and asylum seekers falls short in areas such as language and integration support, advice and advocacy and prevention of destitution. This is having a significant impact on asylum seekers and refugees in Wales. Apart from the impact on the individuals concerned, lower levels of integration, employment or health are having a negative impact on Welsh communities and the economy.

Q2. What expectations do you have of the 2018-19 draft budget proposals?

The Welsh Refugee Coalition was delighted with the Equality, Local Government & Communities Committee inquiry report 'I used to be someone'. The report focused on so many of the important issues affecting asylum seekers and refugees and recommended concrete steps to make Wales a 'Nation of Sanctuary'. It is also encouraging that Welsh Government has accepted or accepted in principle 18 out of the 19 recommendations put forward in the report. We are committed to actively working with Welsh Government and other partners to push these recommendations forward.

Whilst recognising that asylum policy *per se* is reserved to the UK Government, the Committee found that 'the degree to which asylum seekers and refugees are able to settle and play a full part in our communities depends largely upon the accessibility and quality of the devolved services for which the Welsh Government is responsible.'

Finance is obviously critical in any re-invigorated approach and we urge the Finance Committee to ensure that the 2018-2019 draft budget proposals take this into account across all relevant portfolios. Refugees and asylum seekers frequently have many skills to offer in Wales and effective pathways into employment are critical. The relatively modest sums involved in supporting their effective integration will reap strong rewards in terms of their subsequent contributions to our communities and economy.

Some of the key costs arising from the ELG Committee's recommendations include:

- support to expand ESOL (English for Speakers of Other Languages) provision so that classes are accessible and available promptly (Education & Skills);
- enabling university access by treating refugees as home students (Education);
- expand the role of community cohesion co-ordinators to encompass all refugees and asylum seekers (Communities & Children);
- National Support Service for Refugees to provide stronger mental health support as well as legal advice and health screening (Health, Wellbeing & Sport);
- Avoiding destitution and addressing needs of those left destitute through better accommodation provision and small grants within the Discretionary Assistance Fund (Social Services & Public Health);
- Provide for Unaccompanied Asylum Seeking Children (UASC) through a Guardianship service, better mental health support and age assessment (Communities & Children);
- ensuring (the re-named) Asylum Rights Programme has sufficient provision of legal advice and mental health support (Health/ Communities & Children).

We would expect to see financial provisions within the draft 2018-19 budget to ensure that Welsh Government is able to effectively deliver in these areas.

Q3. Preventative spending and how Welsh Government policies to reduce poverty and mitigate welfare reform.

Whilst some asylum claims are settled rapidly, many extend over some months and even years. The costs of individuals not integrating into society or employment and of poor mental health can be significant and long-lasting. By contrast, effective integration will reap substantial benefits in terms of contributions to the Welsh economy, public services and communities.

Investing relatively modest sums for an effective approach to asylum seekers and refugees in Wales is therefore vital preventative spending that also helps alleviate long-term poverty. Effective support in Wales will be even more important as the impact is seen of UK-wide changes such as in Universal Credit and the 2016 Immigration Act.

Other areas where preventative spending would be beneficial include subsidised fares for asylum seekers and refugees on public transport which would reduce social exclusion and isolation, improve access to services and help reduce poverty. In addition, currently young asylum seekers leaving school and wishing to further their education face significant financial barriers as they are unable to access Education Maintenance Allowance (EMA). This effectively stifles the progress and quashes the hopes of young people who, as asylum seekers are unable to work and due to current guidelines on access to EMA are unable to afford the costs of continuing their education. This will have a significant impact on the well-being of young asylum seekers but could also have longer term implications for community cohesion.

Signatories to this submission

Asylum Matters
 City of Sanctuary
 Colwyn Bay Group of Amnesty International UK
 Diverse Cymru
 Evangelical Alliance Wales
 EYST
 Focal Point Merthyr
 Displaced People in Action
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 Hay Brecon & Talgarth Sanctuary for Refugees

Henna Foundation
Hope Not Hate
Mind Cymru
Muslim Council for Wales
Oasis
Oxfam Cymru
Race Council Cymru
Race Equality First
Red Cross
Snap Cymru
Swansea Bay Asylum Seekers Support Group
Tai Pawb
Together Creating Communities/ Trefnu Cymunedol Cymru
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Unity in Diversity
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Women Connect First



Oxfam Cymru: Submission to the Finance Committee to inform the scrutiny of the Welsh Government draft budget proposals for 2018-19

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Introduction

Oxfam works with others to overcome poverty in three ways:

- by developing projects with people living in poverty that improve their lives and show others how things can change
- by raising public awareness of poverty to create pressure for change
- by working with policymakers to tackle the causes of poverty.

For further details about Oxfam's work, see www.oxfam.org.uk/.

Oxfam Cymru welcomes the opportunity to contribute to the Finance Committee's thinking on the scrutiny of the Welsh Government draft budget. The budget is one of the key mechanisms by which the Welsh Government can show leadership in driving through the major changes required by the Well-being of Future Generations (Wales) Act 2015. As such, it is essential that we see a budget process that fundamentally changes the way finances are allocated to effectively implement the Act. There was little evidence of these changes in the 2017-18 budget allocation. Answers to specific consultation questions are given below.

Q1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

The phasing out of the Communities First programme began during the 2017-18 budget cycle. The uncertainty of what happens after Communities First has had a significant impact on those involved in delivering the existing programme and the communities they support. The Welsh Government intends to embed work to tackle poverty across all policy areas and therefore this needs to be adequately reflected in the budget of all portfolio holders from 2018 onwards. Oxfam Cymru believes that any successor to Communities First should use an asset-based approach to poverty alleviation. We outline the advantages of this on page 4 of this response.

Q2. What expectations do you have of the 2018-19 draft budget proposals?

As part of Oxfam Cymru's core mission to overcome poverty, we believe there are some areas of spending that must be reflected in the budget proposals.

Firstly, as a member of the Sustainable Development Alliance, Oxfam Cymru expects to see the Welsh Government budget reflect the goals and principles embedded in Welsh law by the Well-being of Future Generations (Wales) Act 2015. The Act requires all Welsh public bodies, including the Welsh Government, to act in accordance with the sustainable development principle. Given that the budget underpins the actions that Welsh Government will take in the next twelve months the budget must also work in accord with the principles. In general terms this means we would expect to see:

- A clear shift in expenditure towards programmes aimed at preventing problems occurring
- Financial arrangements, such as pooled budgets, that encourage and require collaboration among Welsh Government departments or among public bodies and facilitate the achievement of multiple well-being goals
- An emphasis on addressing long term problems such as tackling poverty and climate change

It is essential that such shifts in monetary allocations, and the reasons for them, are clearly explained in the narrative accompanying the budget, so that public bodies in receipt of funding are fully aware of how they will also need to change their approach to budget setting.

Secondly, it is essential that the Wales for Africa budget is protected within the overall budget. This will show Welsh Government's ongoing commitment to international development and also supports delivery of Wales as a globally responsible nation under the Well-being of Future Generations (Wales) Act 2015. Wales for Africa activities are beyond the remit of climate change mitigation and adaption activities and hence not part of that budget line.

Finally, Oxfam Cymru welcomed the Equality, Local Government and Communities Committee inquiry report '*I used to be someone*' and was encouraged by Welsh Government's response to this. Finance is obviously a critical issue in any re-invigorated approach so it is essential that ELGC Committee members scrutinise the relevant spending lines as part of the 2018-19 budgeting process to ensure the costs of delivering on the inquiry recommendations are covered. For example, some of the key costs arising from the ELGC inquiry include support to expand ESOL provision, fund university fees, expand the role of community cohesion co-ordinators, address needs in mental health, of the destitute and of unaccompanied asylum seeking children and ensuring (the re-named) Asylum Rights programme has sufficient provision of legal advice and mental health support.

Q3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

To eradicate poverty and economic inequality in Wales, there is a clear moral and monetary case for prioritising preventative spending. For example, the death rate among children living in the most deprived fifth of Wales is 70% higher than those living in the least deprived fifth.¹ The Welsh Health Survey demonstrates significant correlations between mental illness and deprivation; in the most deprived areas 18% of people report mental illness, while only 9% did so in the least deprived areas.²

Similarly, children from deprived backgrounds will be over a year behind in their vocabulary by the time they are five-years-old, are more likely to fail to achieve expected levels by the end of primary school and are over five times more likely to become NEET (not in education, employment or training) when compared with children from less deprived backgrounds.³

For all these reasons, tackling economic inequality and poverty must be a top priority for Wales and needs a whole government approach. We need to see clear evidence within the budget of resource allocation to tackle poverty across all departments.

If female employment levels in the UK matched those in other countries the UK GDP would be raised by 9%. A particular focus on gender mainstreaming is needed to improve the situation of women by undertaking gender budgeting and gender impact assessments, which will significantly improve labour market outcomes in terms of poverty reduction (and the accompanying increases in social mobility and living standards).

Gender budgeting implies that in all budget programmes, measures and policies, revenue or expenditure should be assessed and restructured to ensure that women's priorities and needs are taken into account on an equal basis to those of men, the final aim being to achieve equality between men and women. The European Parliament emphasises that gender budgeting does not aim to produce separate budgets for women, but rather, influence the public budgets as they are not gender-neutral, as they have a different impact on women and men both from the revenue and from the expenditure perspective.⁴

¹ Public Health Wales (2015) "Child Death Review Programme Annual Report 2015" [http://www2.nphs.wales.nhs.uk:8080/ChildDeathReviewDocs.nsf/85c50756737f79ac80256f2700534ea3/dfc42877da71d3b380257e7e002e0a71/\\$FILE/CDR%20Annual%20Report%202015%20\(Eng\).pdf](http://www2.nphs.wales.nhs.uk:8080/ChildDeathReviewDocs.nsf/85c50756737f79ac80256f2700534ea3/dfc42877da71d3b380257e7e002e0a71/$FILE/CDR%20Annual%20Report%202015%20(Eng).pdf)

² Welsh Health Survey data cited in Oxfam Cymru (2015) "The Welsh Doughnut: A Framework for environmental sustainability and social justice" <http://policy-practice.oxfam.org.uk/publications/the-welsh-doughnut-a-framework-for-environmental-sustainability-and-social-just-346207>

³ Welsh Government figures cited in Wales Centre for Equity in Education (2014) "Good news...What schools in Wales are doing to reduce the impact of poverty on pupil's achievement" <http://www.cscjes.org.uk/getattachment/Knowledge-Bank/Closing-the-Gap/Good-News-What-schools-in-Wales-are-doing-to-reduce-the-effect-of-poverty-on-pupils-achievement.pdf.aspx>

⁴ European Parliament resolution on gender budgeting <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P5-TA-2003-0323+0+DOC+PDF+V0//EN>

- Sustainability of public services, innovation and service transformation

The Well-being of Future Generations (Wales) Act 2015 puts a clear obligation on all public bodies to ensure that Wales is a globally responsible nation. In Oxfam's view, procurement is a key lever for achieving this. Higher expectations need to be placed on businesses to be responsible employers, particularly in return for the array of state support that they receive, and in the delivery of public contracts. The budget needs to drive sustainable and ethical action by businesses that are supported by public bodies in relation to their activities domestically and internationally. We also believe that the Welsh Government can lead by example on this. For example, all Welsh Government contracts and buildings can switch to sustainable products including: MSC certified fish, FSC certified timber and paper products, and Fair Trade tea, coffee, sugar, cotton and rice. By using contract management techniques, businesses can be pushed to lower their carbon emissions and move towards carbon neutral fleets and premises. The Welsh Government should exemplify good practice for their own carbon neutral premises, including ideas like microgeneration on all authority buildings and rain water harvesting.

- Welsh Government policies to reduce poverty and mitigate welfare reform

Oxfam Cymru expects the draft budget to confirm Welsh Government's commitment to tackling poverty by ensuring sufficient financial allocation across all departments. The Welsh Government set out a series of claims within "Taking Wales Forward 2016-2020⁵ and in its Programme for Government promised to look at the living wage and poor employment practices, but tackling poverty was not mentioned. Since the announcement of the phasing out of Communities First in February 2017 there has been a lack of further information of what happens next.

Oxfam Cymru want to see a commitment to reducing poverty in Wales with a renewed action plan centred on a Sustainable Livelihoods Approach (SLA)⁶ with budget allocation attached. The evidence from Oxfam Cymru's programme work shows that key to supporting people back into work, and helping them sustain that employment, is taking a holistic approach – not only to the individual, but to their family and wider situation. An individual starting a new job may have knock-on implications for other family members, for example, tax credits may be affected, and those who require care may need their situation reconsidered, and so on. It is often the case that an individual may face multiple barriers to employment – not only their own health and wellbeing, but that of their dependents. Key for many individuals is building confidence and self-esteem, in parallel to any skills development or training they may need. If an individual has been out of employment for many years, starting employment may be a huge cultural shift for them.

The SLA has been used across Wales through Oxfam's Building Livelihoods and Strengthening Communities in Wales project. Not only does evidence from this project show that individuals have been able to affect transformational changes in their livelihoods, there was also a significant

⁵ Taking Wales Forward 2016- 2020 <http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>

⁶ The Sustainable Livelihoods Approach: Toolkit for Wales <http://policy-practice.oxfam.org.uk/publications/the-sustainable-livelihoods-approach-toolkit-for-wales-297233>

(£4.43:£1) social return on investment.⁷ Since 2016, Oxfam Cymru has been running a DWP and Oxfam Livelihoods training project which has reached almost 40% of the Wales DWP workforce. Early indications from an independent evaluation by Salford University are that the social return on investment from this project will exceed £6:£1.

The economy should prioritise decent work. Oxfam's report from Scotland⁸ explored what 'quality work' looks like from workers' point of view. In Wales, the Welsh Government can improve and enforce basic employment conditions and create effective employment strategies. They can also establish a 'Business Pledge' model, similar to Scotland's approach, where the Pledge is a commitment by accredited companies to adopt fair and progressive business practices, based around various components. Better labour market data is also essential to understand the extent to which people's needs are being met. This can all be enhanced through the Welsh Government's Code of Practice for Ethical Employment in Supply Chains.⁹

Decent work should also come with a decent wage; Wales can be a Living Wage Nation (using Living Wage Foundation rates of pay) by ensuring that Welsh public bodies are Living Wage employers and using all levers such as procurement and grant funding to incentivise employers to provide decent work, including payment of the Living Wage.

Oxfam Cymru welcomed Welsh Government's approach to mitigating the impacts of welfare reform on people living in Wales through provision of the Discretionary Assistance Fund (DAF) and the Council Tax Reduction Scheme. There needs to be ongoing scrutiny of the DAF to ensure that people living in poverty have access to the assistance it is meant to provide and to ensure that the recommendations for improvements in the 2015 evaluation report have been effectively implemented.¹⁰

- How the Welsh Government should use new taxation and borrowing powers

Fuel poverty is a major health risk to vulnerable people; National Energy Action estimates "*over the next 15 years over 7000 vulnerable people in Wales will die needlessly due to the cold and the national health services in England and Wales will need to spend in excess of £22 billion treating cold related health problems*".¹¹ A strategy that focuses on vulnerable people's homes – regardless of whether they are owned or rented – is needed to make our houses warmer and healthier.

⁷ Oxfam (2016) Building Livelihoods and Strengthening Communities in Wales: Value Analysis Report <http://policy-practice.oxfam.org.uk/publications/final-evaluation-building-livelihoods-and-strengthening-communities-in-wales-pr-615933>

⁸ Oxfam (2016) Decent work for Scotland's low paid workers – a job to be done <http://policy-practice.oxfam.org.uk/publications/decent-work-for-scotlands-low-paid-workers-a-job-to-be-done-619740>

⁹ Welsh Government (2016) Code of Practice for Ethical Employment in Supply Chains <http://gov.wales/docs/dpsp/publications/valuwales/170309-ethical-en.pdf>

¹⁰ Welsh Government (2015) Evaluation of the Discretionary Assistance Fund <http://gov.wales/docs/caecd/research/2015/150128-evaluation-discretionary-assistance-fund-summary-en.pdf>

¹¹ <http://www.nea.org.uk/media/news/new-report-calls-for-greater-investment-to-tackle-fuel-poverty-in-wales/>

A large-scale energy efficiency programme across Wales would provide opportunities to upskill and re-skill those in the construction sector, as well as boost the quality of Wales' housing supply. These schemes need to easily apply to both social and private housing. A WWF Cymru report has shown that by bringing all the least efficient houses in Wales up to a rating of D it would “*reduce greenhouse gas emissions from the housing sector by 40% and reduce the number of households in fuel poverty by 40%.*”¹²

If financing such a programme is difficult then as a capital investment project Welsh Government could use new borrowing powers to help fund the work.

- How the Future Generations Act is influencing policy making.

Oxfam Cymru is concerned that the Welsh Government is failing to effectively embed the five ways of working stipulated by the Wellbeing of Future Generations (Wales) Act 2015. In the development of Welsh Government's four cross-cutting strategies to implement the Act there has been little collaboration or involvement with external partners and no public consultation. This is not consistent with previous commitments from the Finance & Local Government Secretary who said in a written statement¹³ on the wellbeing objectives that they “*will be tested further through the development of the strategies and will engage businesses, public bodies, people and communities in this important work.*”

It's important that the Welsh Government shows leadership in implementing the framework of the Wellbeing of Future Generations (Wales) Act 2015 and there needs to be coherence across policy areas. It is crucial that the seven well-being goals within the Well-being of Future Generations Act are financed on a scale that matches their ambition. For example, since business and poverty reduction objectives do not automatically align, the public sector will need to ensure that partnerships with the private sector prioritise poverty reduction and are subject to robust environmental and social safeguards reflecting international best practice.

When the four cross-cutting strategies are published soon, we would like to see them include an analysis of how funding will work in this cross-departmental context.

¹² WWF (2012) Cutting carbon in Welsh homes – a twin track approach

http://assets.wwf.org.uk/downloads/cutting_carbon_emissions_in_welsh_homes.pdf

¹³ <http://gov.wales/about/cabinet/cabinetstatements/2016-new/wellbeingobjectives/?lang=en>



C3SC response to the Consultation on the Welsh Government Draft Budget Proposals 2018-19.

Introduction

0.1 Cardiff Third Sector Council (C3SC) is a registered charity and umbrella body working to support, develop and represent Cardiff's third sector at local, regional and national level. We have over 1,000 members, and are in touch with many more organisations through a wide range of national and local networks. We are a part of Third Sector Support Wales (TSSW) – a body of membership organisations constituting WCVA and Wales' CVC's; our mission is to provide excellent support, leadership and an influential voice for the third sector and volunteering in Cardiff.

0.2 C3SC is committed to a strong and active third sector building resilient, cohesive, active and inclusive communities, giving people a voice, creating a strong, healthy and fair society and demonstrating the value of volunteering and community action.

0.3 We welcome the opportunity to respond to The Committees of the National Assembly consultation on the Welsh Government Draft Budget Proposals 2018-19. This response is structured in accordance with the questions in the consultation document. This response is provided in the English Language only.

0.4 This response is drawn together by C3SC's Health and Social Care Facilitator from experience and knowledge of related issues through their working role, and contributions from C3SC's Senior Management Team. C3SC promoted the consultation to members; we will confirm through Network meetings if member organisations, as is very likely, have contributed via other avenues.

Consultation questions

1. *What, in your opinion, has been the impact of the Welsh Government's 2017/18 budget?*

1.1 There has been a reduction in money to enable innovation, austerity is continuing to have a detrimental impact with more money beginning to be protected within the public sector. Integration is often spoken about, but this is only integration between the Health Boards and Social Services, it excludes integration with the third sector and private sector.

1.2 The reduced budget for Communities First is having issues around the preventative agenda, with less opportunities to encourage healthy lifestyles and develop community cohesion. In Cardiff all of the Communities First services are provided by the third sector, all of whom are being innovative to try and maintain services in the community which are evidence-based but in the current economic environment this is challenging and will result in wider variance in services

available across the city for those in more deprived areas, whilst at the same time reducing access to mainstream services. Feedback from providers has evidenced their reliance on CF to raise awareness and signpost people to activities, information and services..

- 1.3 The inclusion of ICF monies in more areas is a welcome addition, but the guidance that comes with that is increasingly limiting options at a local and regional level. For example the integrated autism service, the requirements are so limited that all of the funding is being kept within the health boards and local authorities and does not take into account the existing provision which is often provided by the third sector. Cardiff and the Vale are working to ensure that they are not duplicating anything that is already being provided, with some concerns that the guidance on what should be included being behind the levels of service that are being delivered already across the region.
- 1.4 A focus on prevention should extend to ensuring adequate support for providers to enable them to better meet demands through quality, sustainable services. For the third sector, this emphasises the need for a strong network of infrastructure support provided by Third Sector Support Wales and its range of partners and networks

2. *What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?*

- 2.1 We anticipate a further reduction in the monies coming through to many budget areas in Cardiff, with more austerity. This at a time when demand and expectations around the preventative agenda is increasing, means that there is a challenge to try and meet the needs by doing more with less money. The disproportionate impact on Cardiff and its population of funding not being apportioned with due recognition of the increasing size, complexity and diversity of the population is more harshly felt within the current financially strained environment.
- 2.2 We already know that Communities First funding will be finishing at the end of 2017/18 and that Families First has new guidance and so will need to be recommissioned, all of which is likely to have an impact on the third sector in Cardiff. As decisions are channelled through the statutory sector, there is little to be done in terms of preparedness. We have reviewed our Funding Strategy, and encouraged our member groups and organisations to do the same to help to develop more sustainable services; but it is more of a process of mitigation without ready access to alternative funding and delivery models and co-produced strategies that support this.

2.3 The third sector is used to having to be agile with services being recommissioned often in three year cycles, however this is increasingly challenging with other sources of funding which have traditionally been third sector funding now being targeted by the statutory sector as well to provide additional services and support. This at the same time that innovative, evidence-based initiatives are difficult to find continuing funding for so that they can either be sustainable or become part of business as usual within other services.

2.4 As finances remain tight, there is much less of an emphasis on funding in compliance with the Third Sector Scheme or other models of best practice. Funding agreements are frequently short term in nature with grants becoming a feature of the past rather than being a viable alternative in the mix of funding. This has many, well-rehearsed impacts on the third and community sector, particularly for smaller organisations and maintaining the diversity of provision.

2.5 We welcomed the WAO's recommendation for local authorities to develop a clear strategy for funding the third sector which, particularly if adopted more widely by public services, would greatly assist the capacity to plan. In the absence of this, it is difficult to plan for future years for ourselves and in support of our members.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Financing of local health boards and health and social care services

3.1 There should be a fair funding deal based on population size for both health services and social care services across Wales.

3.2 The Regulation and Inspection of Social Care (Wales) Act 2016 is bringing it a more professionalised adult social care service. This involves more qualifications and registration, if the plan for more guaranteed hour contracts in social care are also brought in then Social Care is going to need additional funding to afford to make the changes without risking the entire system falling apart. There are some third sector providers who are considering leaving the social care market because of the losses they will receive on every contract which are unsustainable. We are concerned that without additional funding which is ring-fenced to assist in qualification funding and to provide Welsh translation then the issues within social care will be exasperated and the services unable to meet the needs of those requiring services.

- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

- 3.3 There is no approach to preventative spending. The emphasis is on evidence-based and on being able to prove cost savings. A short term view is taken instead of a longer one. Healthy eating today, may reduce some obesity levels, but the true benefits will only be seen years later if there is a reduction in illnesses that are linked to poor diets and unhealthy habits.
- 3.4 Prevention for health is a particular concern, as a service may be able to prove that they have managed to keep someone out of hospital but that doesn't free up a bed in a hospital as someone else will be waiting for that bed. The approach taken by the Supporting People Programme to utilise the SAIL database is one that should be looked at for wider preventative services.
- 3.5 Mental Health provision at a local level is increasingly being looked at to deliver at a lower level to prevent people deteriorating into a crisis and requiring costly crisis support.
- 3.6 There is a lot of talk about prevention, especially in regards to the Social Services and Wellbeing (Wales) Act 2014, however limited resources and budgets means that monies are slow to be released from more costly interventions when people are in crisis and into preventative services to reduce spending longer term. Services still have to be delivered so without additional monies specifically for prevention it is battling with services that have to be statutorily delivered, leaving the local authorities especially with very little choice.
- 3.7 A focus on prevention should extend to ensuring adequate support for providers to enable them to better meet demands through quality, sustainable services. For the third sector, this emphasises the need for a strong network of infrastructure support provided by Third Sector Support Wales and its range of partners and networks

- ***Sustainability of public services, innovation and service transformation***

- 3.8 There is lots of evidence around the lack of sustainability of public services using the current model, for example see the WPS2025 report on 'A delicate balance? Health and Social Care spending in Wales'. This means that something has to change and fast, change takes time and with many decisions being politically sensitive change is very slow and often unseen away from departments.
- 3.9 Service transformation, even when funded is very slow to begin, often because it comes with specific funding that has to be used in certain ways and which means that staff recruitment has to take place, but which is on a short term basis. There is often a shortage of staff within statutory services who can fulfil these roles, with their being shortages in Social Workers, Nurses, Physiotherapists,

Occupational Therapists and Speech and Language Therapists. As services have to continue to be delivered whilst transformation is piloted and then rolled out, these are additional posts putting additional pressure on existing systems and which slow down transformation. This is an issue that is difficult to resolve.

3.10 Social Services and Wellbeing (Wales) Act 2014 highlights innovation and social enterprises as being important to making change. There appear to be meetings about innovation and social enterprises but without initial funding it is hard for innovative services to be tested or for social enterprises to be started. C3SC attended an event with Welsh Government officials where the officials suggested that the third sector could run pilots, without funding, and then the statutory sector could then fund the successful ones going forward. As starting a pilot and gathering the evidence is the most expensive time for any service, this lack of understanding and the challenging financial background that the third sector is operating in is of concern. It would appear that the Welsh Government are setting the third sector up to fail, and not be able to meet the expectations of the statutory sector.

3.11 We propose the worth of considering the benefit of providing a central team that supports the ambition around modern, enabling, inclusive public services. Without this investment it is difficult to see how in the current picture of demands services will respond with sufficient uniformity, innovation and pace to create the transformative changes required. This would include bringing in all sectors, as success is predicated on taking this approach.

3.12 We also propose the value of building on, rather than removing, existing trusted provision and taking an approach that addresses areas of weakness or concern rather than responding by ending all services – as per Communities First. We also propose that consultation should be undertaken prior to decisions being taken, with the next steps decided through co-production with Wales' citizens.

- ***The Welsh Government policies to reduce poverty and mitigate welfare reform***

3.13 We are already aware that the Communities First programme comes to an end in March 2018. This will reduce the number of people working in deprived areas who can provide support to reduce poverty and deal with welfare reform. The timing of this to coincide with the roll out of universal credit is a concern in regards to leaving vulnerable people, those who are digitally excluded or whose first language is not English or Welsh at a disadvantage.

3.14 Housing and Health are important to enable people to work and to reduce levels of poverty. These therefore need to be prominent in the poverty programmes and not just about being prepared and ready for work.

3.15 The Supporting People Programme has a campaign to keep funding which is being coordinated by Community Housing Cymru and Cymorth Cymru. The Programme have been able to demonstrate their effectiveness in prevention as mentioned before. We therefore, support the campaign to continue to fund this programme.

3.16 Poverty is multi-faceted, and so should the response be. Recent decisions appear to have reduced the names of lines of focus to meaningfully address the causes and consequences of poverty.

- ***The Welsh Government's planning and preparedness for Brexit***

3.17 We have no comment on the Welsh Government's planning and preparedness for Brexit, except to say that we hope the WG recognises this has a societal as well as economic impact, and proceeds accordingly.

- ***How the Welsh Government should use new taxation and borrowing powers***

3.18 Any borrowing should be used to fund innovation, social enterprises and preventative services. This will then reduce the need to fund additional services in the future.

3.19 New taxation monies should be ring fenced and be transparent in what they can be spent on, with decision being made through genuine co-production that incorporates the views of minority and seldom heard groups.

- ***How evidence is driving Welsh Government priority setting and budget allocations***

3.20 There is currently a lack of transparency in what is driving Welsh Government priority setting at the present time. There appears to continue to be a short term perspective being taken based on which Ministers are in which roles and what their personal priorities and interests are in.

3.21 There needs to be more transparency so consultations like this can be answered in more specific detail, and to develop trust in the Welsh Government.

3.22 There continues to be issues with delays in budget allocations being made. For example, some funding has only just had its funding allocation approved at the beginning of September, with the monies due to be spent by the end of March. This means that for six months services have either not been provided or the third sector or statutory body have had to continue to run the services taking

a risk that they may not receive the funding. This is not sustainable in the longer term, the Welsh Government need to implement faster processes which means that decisions and allocations can be made before the beginning of the financial year.

- ***How the Future Generations Act is influencing policy making.***

3.23 At a local level there is a draft Wellbeing Plan which is being created and which to reduce duplication is being linked in regionally with the Area Plan which is required under the Social Services and Wellbeing (Wales) Act 2014.

3.24 There is currently very little or no evidence of longer term thinking or planning which is required under the Wellbeing of Future Generations (Wales) Act 2015. This is at a local level but also by the Welsh Government. We think that the Welsh Government should be leading the way in this by looking at the longer term and developing more cross party working especially in regards to health and social care and the preventative agenda for these areas. And should ensure the legislation is transformative in terms of the role of citizens in influencing policy and developing solutions.



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A call for information – Welsh Government draft budget proposals for 2018-19

September 2017

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales, most of whom have an all-Wales remit. WEL is a respected intermediary body, connecting the government and the environmental NGO sector in Wales. Our vision is a healthy, sustainably managed environment and countryside with safeguarded heritage in which the people of Wales and future generations can prosper.

1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

Over the years, many of our members' budgets have been reduced as a consequence of continuing austerity measures that are felt across the whole of the third sector. However, we believe that the environment budget is under particular strain, due to years of continuing reductions to the Environment and Rural Affairs MEG.

The Environment & Rural Affairs MEG has reduced every year since 2014 and, drawing from Finance Committee reports, environment budgets have been a common casualty of ongoing austerity in the last few years:

- In the [2014-15 Draft Budget](#), the Natural Resources & Food MEG was at £415m, the lowest apart from Communities and Tackling Poverty's MEG.
- In 2015-16, this MEG had proposed reductions of 7.5%, about which the Environment & Sustainability Committee expressed serious concerns ([p.57](#)). The [Final Budget](#) for 2015-16 was £404m.
- In 2016-17, the Natural Resources Draft Budget was £367m ([p.15](#)), suffering "the largest percentage decrease for the second consecutive year of 5.6%". The [Final Budget](#) saw it only increase by £10m to £377m.

Looking to the present, the Environment & Rural Affairs budget now sits for 2017-18 at £383m. This minor increase does not adequately address the needs of a portfolio which requires resources more than ever to ensure effective planning for a post-Brexit Wales.

Given the challenges Wales faces in leaving the EU, it's more important than ever that eNGOs are robust. We need to ensure that we have the policy expertise to respond to the Welsh Government's call for our assistance, as well as the capacity for on-the-ground implementation, as we develop our own Welsh-specific environmental policies and ensure that strong environmental standards continue.

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Chair / Cadeirydd: Roger Thomas Director / Cyfarwyddwraig: Susan Evans

This need was echoed in the [evidence](#) from the Environment Secretary for the 2017-18 Draft Budget: *“The longer term implications of leaving the EU do not escape me and the need to take preparatory action remains a top priority. I have established a team of officials who are engaging with policy teams across my portfolio as well as with external stakeholders. We are working collaboratively to identify the key issues for Wales that need to be accounted for in any discussions with the UK Government as well as identify risks and opportunities associated with withdrawal from the EU. These actions will help identify and focus on transitional measures we will need to take.”*

Stakeholders are very keen to fully respond and collaborate with the Welsh Government on the next steps. However, without the right expertise or capacity, environmental charities will struggle to input as fully as we need to. The next few years will be crucial in terms of ensuring the Brexit transition doesn't cause environmental, social or economic harm in Wales.

2. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2018-19 financial year, and how robust is your ability to plan for future years?

WEL appreciates that all budgets are under pressure but, in line with the Wellbeing of Future Generations Act, we recognise that it is the duty of all of us to ensure that we are planning for the future in a sustainable and resilient way. The Environment and Rural Affairs Department will shoulder a large part of the burden in relation to planning for a post-Brexit Wales with high levels of environmental protection. There will potentially be a significant amount of legislative work required, along with the need for new sustainable land use and marine policies, so we would expect to see an increase in the ERA MEG for 2018-19 and beyond.

WEL is currently going through a process of increasing its own financial sustainability by broadening its membership base in order to increase its income from membership subscriptions and reduce reliance on grants. However, we are also reliant on the Welsh Government core funding to provide stability for long-term development. Continuing austerity has reduced third sector income from grants in recent years and this, of course, threatens WEL's income from membership subscriptions as our members' income streams are reducing. This makes it increasingly difficult to make long-term development plans for the network.

We are also concerned that, increasingly in the wider funding environment, there is a prevalence of funding for short-term projects rather than the core funding that allows eNGOs to plan into the future. Core funding over longer periods of 3-5 years is very important for NGOs to provide the necessary stability for long-term, sustainable change and strategic development. We are aware of precedents such as the Integrated Care Fund for the Health and Social Care sector, which now provides funding for 3 years, enabling longer-term planning.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

WEL believes that preventative spending is very important to prevent further environmental damage and deterioration that might lead to increased problems such as flooding, pollution,

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biodiversity loss and climate change. In addition, taking action to restore ecosystems must be a key part of the preventative approach to managing water (flooding and quality), mitigating carbon emissions, and addressing health issues. The Natural Resources Policy emphasises the importance of “nature-based solutions”, and the Environment and Rural Affairs Department is currently consulting on whether regulatory barriers exist to implementing these as part of its consultation on taking forward the sustainable management of natural resources. Where effective solutions are identified they will need to be allocated sufficient resources to be implemented effectively. Natural Resources Wales will have a key role to play in identifying and implementing nature based solutions, e.g. through the development of Area Statements under the Environment (Wales) Act.

It is not easy to identify current levels of preventative spending for the environment from the MEG. It would be useful to explore how much of the environment budget, including resources allocated to NRW, is currently spent on remediation or alleviation measures, rather than preventative measures.

- The Welsh Government’s planning and preparedness for Brexit

As referred to in our response to questions 1 and 2, WEL believes that the Environment and Rural Affairs Budget will need to be increased in order to cope with the significant amount of work that exiting the EU will entail in relation to the environment. All of our environmental legislation and policy on agriculture and fisheries is EU derived and driven. If environmental protections are to be retained, and continue to be strengthened in the future, an increase in resources will be necessary to allow proper transposition and full scrutiny of environmental legislation and policy.

A significant concern to WEL members arising from our exit of the EU is the governance gap that will be created once EU institutions (such as the Commission) can no longer undertake functions on behalf of the UK and its constituent nations. In order to address this governance gap we believe, among other things, the statutory environment bodies, including NRW, will need to take on additional functions. Adequate resourcing of NRW must be provided for in this respect.

- How the Future Generations Act is influencing policy making

It has been difficult to see how the Wellbeing of Future Generations Act (WFG Act) has influenced policy making so far, particularly when the mechanisms to embed it into Welsh Government decision-making – i.e. through the cross-cutting strategies and the wellbeing objectives – are still being developed. In the Finance Committee’s scrutiny of the 2017-18 Draft Budget, it highlighted WWF and Oxfam’s concerns that it was hard to see how the Act had informed any of the allocations. In the spirit of the five ways of working, there should be full involvement of stakeholders in the development of the cross-cutting strategies and wellbeing objectives. This ought to be transparent and accessible to the general public to facilitate their involvement.

It can seem as though wellbeing goals are ‘retro-fitted’ to decisions that would have been taken anyway, rather than making a change to how decisions are taken by public bodies in the first place. The WFG Act requires a significant step-change from ‘business as usual’ and it is vital that the Welsh Government provide leadership in this area, so other public bodies can follow their lead. So far, WEL cannot see how the WFG Act has provided this level of change in policy making, but we hope that the cross-cutting strategies will provide some direction on this and re-focus priorities.

The Natural Resources Policy emphasises the need for change across Welsh Government departments and portfolios, including transport. It is regrettable that the Welsh Government

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continues to pursue construction of the M4 Relief Road, which shows no substantive recognition of the new framework put in place by the Act – indeed it has been strongly criticised by the Future Generations Commissioner. It will be extremely unfortunate if one of the Welsh Government’s first major decisions with the Act in place sets such a damaging precedent with regard to its application.

It was welcome that Environment Secretary, Lesley Griffiths, stated that there would be more integration of carbon budgets with financial budgets and we would expect that to be more in evidence in this year’s budget.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



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Welsh Government draft budget proposals for 2018-19

Consultation Response by Welsh Women's Aid

Closing date: 13.09.17

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These are the views of:	<i>Welsh Women's Aid (Third Sector) - the national charity in Wales working to end domestic abuse and all forms of violence against women.</i>

About Welsh Women's Aid

Welsh Women's Aid is the umbrella membership organisation in Wales that supports and provides national representation for the 24 independent third sector violence against women, domestic abuse and sexual violence (VAWDASV) specialist services in Wales (our membership of specialist services¹). These services deliver life-saving and life-changing support and preventative work in response to violence against women, including domestic abuse and sexual violence, as part of a network of UK provision.

As an umbrella organisation, our primary purpose is to prevent domestic abuse and all forms of violence against women and ensure high quality services for survivors that are needs-led, gender responsive and holistic. We collaborate nationally to integrate and improve community responses and practice in Wales; we provide advice, consultancy, support and training to deliver policy and service improvements across government, public, private and third sector services and in communities, for the benefit of survivors. This includes advising and supporting commissioners and strategic leads in their development of VAWDASV needs assessments and strategic plans, promoting evidence for innovative new service models, and supporting research into the prevention of abuse.

Some of the many umbrella services we deliver for members include facilitating the involvement of member services' in relevant policy, legislative and strategy developments and encouraging co-production in service development; providing advice and information on the development and delivery of promising practice in the sector; providing support with policy and practice matters, and regional and national data analysis reports to support local needs assessments, strategy and commissioning developments.

¹ Our membership of 24 third sector VAWDASV specialist services in Wales, with whom we have national partnership agreements to ensure our work is coordinated and integrated: BAWSO, Hafan Cymru, Safer Wales incl. Dyn Project, Llamau, Cardiff Women's Aid, Cyfannol, Safer Merthyr Tydfil, Newport Women's Aid, Port Talbot & Afan Women's Aid, Swansea Women's Aid, Threshold, Atal Y Fro, Women's Aid RCT, Calan DVS, Carmarthen Domestic Abuse Service, West Wales Domestic Abuse Service, Montgomeryshire Family Crisis Centre, Aberconwy Domestic Abuse Service, Bangor & District Women's Aid, Clwyd Alyn Housing Association Domestic Abuse Service, Domestic Abuse Safety Unit (DASU), Glynwdr Women's Aid, Gorwel (Grwp Cynefin) and North Denbighshire Domestic Abuse Service (NDDAS).



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We also deliver direct services including the Welsh Government funded Live Fear Free Helpline; a National Training Service; the national Children Matter programme of work which, for example, supports local services to help children and young people affected by abuse and to deliver preventative Safety, Trust and Respect (STAR) programmes across Wales, and refuge and advocacy services in Colwyn Bay and Wrexham. We are piloting the Survivors Empowering and Educating Services (SEEdS) project, which is empowering survivors of violence and abuse to collectively influence and inform services and commissioning frameworks, and help change public and community attitudes.

We also deliver the Wales National Quality Service Standards, a national accreditation framework for domestic abuse specialist services in Wales (supported by the Welsh Government) as part of a UK suite of integrated accreditation systems and frameworks. (More information on the NQSS can be found here: <http://www.welshwomensaid.org.uk/what-we-do/our-members/standards/>)

1.1 Welsh Women's Aid's response

1.2 Our response is based, in part, on our recent report to the 'National Task and Finish group to inform the development of a Model for Sustainable Funding for VAWDASV (violence against women, domestic abuse and sexual violence) Specialist Services in Wales', which is a resource mapping funding for third sector organisations that has been informed by the experience of Welsh Women's Aid's direct services and our membership of 24 specialist services, as well as wider VAWDASV organisations across Wales.²

2.1 Summary of Welsh Women's Aid recommendations

1. Strong leadership is needed from Welsh Government to ensure that the national commitments to VAWDASV effectively resourced at a local and regional level. The Welsh Government should ensure it publishes robust commissioning guidance and local strategy guidance for public bodies as soon as possible to improve their practices in funding VAWDASV provision and end the postcode lottery.
2. The Welsh Government should ensure investment into early intervention and prevention does not come at the cost of life saving specialist support services that are vital to survivors and their children.
3. The Welsh Government should ensure that future investment meets the full capacity needed to ensure that services are able to meet demand and retain expertise.

² VAWDASV specialist services/organisations that were contacted for a response to the report: *Aberconwy DAS, Atal y Fro, Bangor and District Women's Aid, Barnardo's - sexual exploitation services, BAWSO, Clwyd Alyn Housing Association (CAHA) Women's Aid, Safer Merthyr Tydfil, Carmarthen Domestic Abuse Service, Calan DVS, Cardiff Women's Aid, Cyfannol Women's Aid, DASU, Glyndwr Women's Aid, Gorwel (Grwp Cynefin), Hafan Cymru, Henna Foundation, Llamau, Montgomeryshire Family Crisis Centre, New Pathways, Newport Women's Aid, North Denbighshire Domestic Abuse Service, North Wales Women's Centre, NSPCC, Phoenix Domestic Abuse Service, Port Talbot & Afan Women's Aid, Rape and Sexual Assault Centre North Wales, Relate England and Wales – Choose to Change Perpetrator Project, RCT Women's Aid, Seren, Safer Wales (including Dyn Project), Safer Merthyr Tydfil, Stepping Stones, Swansea Women's Aid, Threshold (formerly Llanelli Women's Aid), West Wales Domestic Abuse Service, Welsh Women's Aid Colwyn Bay, and Wrexham DAS.*





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4. 2018/19 draft budget to reflect commitment for a model for sustainable funding for specialist VAWDASV services across Wales, which should be cross-departmental and fit for purpose.
5. Maintain current Supporting People Grant Funding with the view to commit to the reintroduction of indicative three-year Supporting People funding allocation going forward.
6. Welsh Government to confirm core funding for VAWDASV organisations for 2018/19 within the current financial year (2017/18) in order to improve organisations' ability to plan for the 2018/19 financial year.
7. Welsh Government's sustainable model of funding for the VAWDASV sector to be in line with increased demand, expected to be caused by the implementation of the VAWDASV Act, which is appropriately cross-departmental to ensure the robustness of the sector in line with the National Strategy and Delivery Plan (currently in progress).
8. Welsh Government ensures NHS and social care investment enables Health, Social Care and Housing portfolios to play a greater role in the prevention of domestic abuse, sexual violence and other forms of violence against women.
9. Full training costs for public bodies' mandatory training such as Ask and Act should be fully financed by public sector budgets, i.e. the training of Health staff under 'Ask and Act', including the cost of having the specialist sector trainers, should be financed by the Health budget.
10. Welsh Government to implement the 'Change that Lasts' model to guide preventative spending for VAWDASV.
11. Welsh Government to a commitment of funding that is cross-departmental, and a diversification of funding streams that address the full range of needs of survivors of VAWDASV, as well as investment in early intervention and prevention, alongside crisis support and emergency provision.
12. Welsh Women's Aid strongly recommends that the budget prioritises the sustainability of the independent third sector (as well as the public sector), especially small specialist providers like VAWDASV services.
13. Investment should be targeted at systems change and transformation, as well as public service innovation.
14. The Welsh Government should ensure cross-departmental budgets support delivery of multi-agency statutory guidance that delivers systems-change and 'Change that Lasts'.
15. The Welsh Government to use evidence-based information from Welsh Women's Aid while deciding priority setting and budget allocation, including the report produced on behalf of Welsh Government for the model for sustainable funding, and work around the "Change that Lasts" model.
16. The Welsh Government to ensure that the Well-being of Future Generations (Wales) Act 2015 positively influences policy making around VAWDASV by providing leadership and guidance with clear expectations of quality standards required regionally and locally, including engagement with local specialist sector to help guide evidence based and appropriate policy making for each area.

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2.1 What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

2.2 Welsh Women's Aid welcomed the Welsh Government's 2017-18 VAWDASV budget that remained static from the previous year at £4.5 million pound.³ This investment is vital to ensure the effective implementation of the VAWDASV (Wales) Act 2015. At least this level of investment is again required to address the full range of needs of survivors of VAWDASV and to ensure investment in early intervention and prevention, alongside vital crisis support and emergency provision. Last year we welcomed the Welsh Government's focus on prevention and early intervention, this has been demonstrated by a letter from the Cabinet Secretary for Communities and Children regarding flexibility in the Supporting People Programme funding use being expanded to cover preventative work. Our concern remains that this new focus has not been accompanied by further investment or sufficient guidance to local commissioners to ensure there remains support for the life-saving specialist services, such as refuge, that are still vital to survivors and their children across Wales.

2.3 We remain concerned that the specialist VAWDASV services in Wales, and the survivors that rely on them, face a postcode lottery dependent on whether local commissioners prioritise them. These services include a range of needs-led and gender responsive approaches such as refuge and emergency housing, 'floating' community support, community-based advocacy, children's services and more. Most refuge services in Wales have low annual turnovers – significantly lower than their English counterparts – and any further cuts to services in 2018/19 will result in detrimental, possibly life-threatening, consequences for survivors of abuse. Without secure funding, the specialist services will be unable to deliver their critically important support enable survivors and their children to recover and gain independence from violence and abuse.

2.4 While the sector faces continued uncertainty with year-on-year funding, we have observed that there is also confusion at a local authority level. The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 puts duties on local authorities to develop local VAWDASV strategies. These strategies are currently being developed, but commissioning is already occurring on an ad-hoc basis without strong guidance or leadership, as both the Welsh Government's commissioning guidance and their guidance on local strategies are not yet available. This will likely lead to a continuation of the post-code lottery that the VAWDASV (Wales) Act 2015 aimed to address.

2.5 Nationally, Welsh Women's aid is pleased that the Supporting People Programme was recognised as a key priority and protected for 2017-18. We support Cymorth Cymru's *Let's keep on Supporting People* campaign and the need for appropriate protection of the Supporting People budget in 2018-19 and beyond.

2.6 In 2017/18, there was a 4% decrease in total funding for VAWDASV services from the Supporting People grant.⁴ As the Supporting People Programme is by far the largest contributor to VAWDASV specialist services in the third sector, even a small reduction in funding represents a risk to services. There needs to be clear join up between the needs assessments being carried out to inform local VAWDASV strategies and funding decisions made regarding the Supporting People

³ <http://www.assembly.wales/laid%20documents/gen-ld10923/gen-ld10923-e.pdf>.

⁴ Welsh Women's Aid, 'Report to National Task and Finish Group to inform the development of a Model for Sustainable Funding for VAWDASV Specialist Services in Wales – Draft August 2017'.





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Programme. There needs to be strong communications between strategic VAWDASV groups and Regional Collaborative Committees to ensure decision making supports a sustainable approach to funding specialist services inclusive of the Supporting People Programme.

2.7 The impact of previous budget cuts in the sector are still being felt. Many specialist VAWDASV services across Wales are trying to recover from years of insecure and unstable funding and some are facing year-on-year funding cuts, resulting in over-stretched and under-resourced services. These services have experienced cuts to their children, housing, counselling and refuge services.⁵ The total loss to specialist services funding in Wales for 2017-18 is between 3% and 5%.⁶ This is on top of funding cuts in 2016/17, which were received by 46% of Welsh Women's Aid's national membership of domestic abuse/violence against women services – the vast majority of whom are desperately trying to diversify their funding, at a time where there is very little capacity to do so.⁷ Cumulative cuts have deeply worrying implications for the sustainability of services that offer a lifeline to women, children and families across Wales.

2.7 Cuts lead to pay cuts, reduced support hours in refuge services, a decrease in capacity across whole organisations and services being unable to take on new staff or retain the expertise of long-serving staff, who are forced to find work elsewhere due to job insecurity. One service commented that “staff [are] doing more for less. Increase in working longer hours but we are unable to take time off in lieu as [there's] no time!”⁸

Recommendations:

- 1) Strong leadership is needed from Welsh Government to ensure that the national commitments to VAWDASV are effectively resourced at a local and regional level. The Welsh Government should ensure it publishes robust commissioning guidance and local strategy guidance for public bodies as soon as possible to improve their practices in funding VAWDASV provision and end the postcode lottery.
- 2) The Welsh Government should ensure investment into early intervention and prevention does not come at the cost of life saving specialist support services that are vital to survivors and their children.
- 3) The Welsh Government should ensure that future investment meets the levels needed to ensure that services are able to meet demand and retain expertise.

3.1 What expectations do you have of the 2018-19 draft budget proposals?

3.2 Welsh Women's Aid welcomes the commitment that the Welsh Government has made for a model for sustainable funding for the VAWDASV specialist sector, as laid out in the National Strategy on Violence against Women, Domestic Abuse and Sexual Violence⁹. This is particularly important as it is anticipated that the VAWDASV (Wales) Act 2015 will increase awareness, disclosure and referral to services. Welsh Women's Aid would expect the 2018-19 budget to reflect this commitment for a sustainable model.

⁵ <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.

⁶ Welsh Women's Aid, 'Report to National Task and Finish Group to inform the development of a Model for Sustainable Funding for VAWDASV Specialist Services in Wales – Draft August 2017'.

⁷ <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.

⁸ Ibid.

⁹ <http://gov.wales/docs/dsjlg/publications/commsafety/161104-national-strategy-en.pdf>.





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3.3 We are working with the Welsh Government to develop a model for sustainable funding, which needs to be sourced from cross-departmental budgets, for the VAWDASV specialist sector in Wales. This model will safeguard the expertise of specialist organisations that have been providing life-saving services, refuge spaces and life-changing provision for four decades. Without a fit-for-purpose model for sustainable funding tailored for the sector, services are unlikely to be robust, instead continuing to struggle to survive with year-on-year funding that makes planning for the future and retention of expertise incredibly difficult.¹⁰

3.4 In order to be successful, the model for sustainable funding will need to be supported both nationally and locally. Once finalised, Welsh Women's Aid asks that the Welsh Government communicate to local authorities, Local Health Boards and Public Service Boards their roles in making the model for sustainable funding viable in their local area.

3.3 Welsh Women's Aid recommends that the Supporting People Programme Grant funding remains at least at current levels in the 2018-19 budget. We are concerned that any reduction in Supporting People funding would have a massive impact on the most vulnerable people in Wales, particularly VAWDASV survivors and children. In line with the recommendations of the Wales Audit Office¹¹, Welsh Women's Aid supports to call to reintroduce indicative three-year Supporting People funding allocations, that would allow greater certainty across Supporting People funded services.

Recommendation:

- 1) 2018/19 draft budget to reflect commitment for a model for sustainable funding for specialist VAWDASV services across Wales, which should be cross-departmental and fit for purpose.
- 2) Maintain current Supporting People Grant Funding with the view to commit to the reintroduction of indicative three-year Supporting People funding allocation going forward.

4.1 How financially prepared is your organisation for the 2018-19 financial year, and how robust is your ability to plan for future years?

4.2 Welsh Women's Aid regularly consults with our members via our Funding Task and Finish Group. This offers all members an opportunity to raise relevant funding-related challenges and opportunities facing the specialist VAWDASV sector in Wales. Feedback from our members has highlighted that many currently have uncertain or unconfirmed funding beyond this current financial year. This is reflective of previous years in which only 33% (8) services were confident that their funding would continue beyond the current financial year¹². This uncertainty causes staff and delivery uncertainties with impact on retention and recruitment as well as uncertainties for survivors accessing services that their support will continue.

¹⁰ <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.

¹¹ <https://www.wao.gov.uk/system/files/publications/Supporting-People-2017-English.pdf>.

¹² <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.





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4.3 Many VAWDASV services in Wales find it impossible to adequately plan for the future due to their reliance on annual local authority funding and additional short-term grants¹³. Whereas policy and legislation focusses on long-term approaches to decision-making, this is not always supported by a corresponding long-term approach to funding accessed by the third sector. Therefore, the current funding climate for small specialist providers presents significant challenges with regards strategic business planning, service delivery and development and income diversification.

4.4 Specialist services have seen a reduction in staff and retention of expertise, as well as reduced capacity, while also having to mitigate the impact of funding cuts¹⁴. This has long-lasting and potentially devastating implications for the sustainability of services and the provision of support for women and children across Wales.

4.5 When combined, the grants from local authorities (whether from Housing/Homelessness, Children or Families First, Community Safety and other grants) amounts to 7.72% of funding in the sector in 2017/18 (a decrease from 9.84% in 2016/17)¹⁵. This reduction is of concern given the anticipated increase in referrals from public services over the next five years.

4.6 From Welsh Women's Aid's consultation with our members and the wider VAWDASV sector, experiential evidence suggests specialist services will face increasing challenges in securing sufficient funding to deliver their services.¹⁶ This is especially the case for sexual violence services and specialist BME services. Sexual violence services have received a significant reduction in funding levels between 2016/17 and 2017/18. Welsh Women's Aid's survey of specialist services showed a reduction of 20.2%, with reductions in funding through the loss of Home Office funding, this was not picked up by local commissioners (as was expected by the Home Office). Further reductions in contracts with the Welsh Government (60% funding reduction from all departments combined).¹⁷

4.7 Specialist BME VAWDASV services largely rely on funding at a national level for their core management and infrastructure costs, as well as for some project delivery in the regions.¹⁸ Feedback provided to Welsh Women's Aid suggests that around 50% of their funding from March 2018 is unlikely to continue beyond this date.¹⁹ When coupled with the lack of investment into specialist BME VAWDASV services generally in the regions, the lack of effective regional needs assessment that highlight the needs of VAWDASV survivors from BME communities, and the already inconsistent availability of specialist BME VAWDASV services, there is a real risk to the continuation of these services from 2018.

4.8 A robust sector is a sector with a sustainable model for funding. As we have referenced in section 3 above, the VAWDASV sector's ability to plan for the future largely depends on the success of the model for sustainable funding currently in development, alongside other prevent,

¹³ <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.

¹⁴ Ibid.

¹⁵ Welsh Women's Aid, 'Report to National Task and Finish Group to inform the development of a Model for Sustainable Funding for VAWDASV Specialist Services in Wales – Draft August 2017', 2017.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.





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protect and support obligations laid out in the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015.

Recommendation:

- 1) Welsh Government to confirm core funding for VAWDASV organisations for 2018/19 within the current financial year (2017/18) in order to improve organisations' ability to plan for the 2018/19 financial year.
- 2) Welsh Government's sustainable model of funding for the VAWDASV sector to be in line with increased demand, expected to be caused by the implementation of the VAWDASV Act, which is appropriately cross-departmental to ensure the robustness of the sector in line with the National Strategy and Delivery Plan (currently in progress).

5.1 The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

5.2.1 Financing of local health boards and health and social care services

5.2.2 All forms of violence against women, including domestic abuse and sexual violence are public health issues; the budgets of local health boards and health and social care services need to reflect this. In 2017/18, regional health board funding amounted to a very small proportion of the overall VAWDASV specialist services funding, at just under £120,500, having increased by 1% from the total in 2016/17, which amounted to 0.49% of all funding into specialist services.²⁰ Without these specialist services, costs to health services and other public services would be much higher.

5.2.3 The close link between such abuse and mental and physical ill-health, children's safety and wellbeing, plus the positive results of working in partnership, make it even more important that the NHS recognises and acts upon its responsibilities in this area. The NHS spends more time and money dealing with the impact of violence against women and children than any other agency,²¹ so action to tackle the causes and consequences of such violence is therefore not only cost-effective but contributes to the health and well-being of the population.

5.2.4 In comparison with other services in the UK, VAWDASV specialist services in Wales do not benefit from health service/health commissioner investment either nationally or regionally. This is despite specialist services' core business having a positive impact on the health and well-being of those who face adverse experiences in childhood or as adults.²²

5.2.5 Welsh Women's Aid would like to see greater join-up between Health, Social Care and Housing budgets, and how violence against women prevention is addressed strategically across these sectors. We recommend that the Welsh Government ensures NHS and social care investment enables these agencies to play a greater role in the prevention of domestic abuse, sexual violence and other forms of violence against women.

²⁰ Welsh Women's Aid, 'Report to National Task and Finish Group to inform the development of a Model for Sustainable Funding for VAWDASV Specialist Services in Wales – Draft July 2017', 2017.

²¹ http://www.irisdomesticviolence.org.uk/iris/uploads/documents/IRIS_CommissioningPack.pdf.

²² Public Health Wales, Making a Difference: Investing in Sustainable Health and Well-being for the People of Wales 2016.





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5.2.6 Welsh Women's Aid has been supporting the early adopter site delivery of 'Ask and Act'²³, which places new duties on public bodies. Although there has been some funding provided for this project going forward, the expertise and support given by the specialist VAWDASV sector throughout this training should be fully costed and financed, as it is not sustainable to expect an already stretched specialist sector to give their time without financial support for this mandatory public sector training. Welsh Women's Aid would expect, for example, that the full cost for training for health staff, including the cost of the having the specialist sector as co-trainer, should be funded by the Health budget.

5.2.7 The Welsh Government should ensure NHS and social care investment enables these agencies to play a greater role in the prevention of domestic abuse, sexual violence and other forms of violence against women, in partnership with specialist services and Welsh Women's Aid. This should include funding arrangements which support Public Health Wales and the Health Boards and Trusts in Wales to:

- a. Commit to delivering a public health approach to preventing domestic abuse, sexual violence and other forms of violence against women.
- b. Commission the IRIS programme for health services and independent (third sector) specialist services, to ensure national delivery.²⁴
- c. Implement violence against women guidance and NICE Domestic Violence and Abuse Guidelines (PH50 2014).²⁵
- d. All Wales roll out of 'Ask and Act', using the learning of the two early adopter sites of Abertawe Bro Morgannwg University Health Board (ABMU) and the Gwent group.

Recommendation:

- 1) Welsh Government ensures NHS and social care investment enables Health, Social Care and Housing portfolios to play a greater role in the prevention of domestic abuse, sexual violence and other forms of violence against women.
- 3) Full training costs for public bodies' mandatory training such as Ask and Act should be fully financed by public sector budgets, i.e. the training of Health staff under "Ask and Act", including the cost of having the specialist sector trainers, should be financed by the Health budget.

5.3.1 Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

5.3.2 Commissioning prevention and early intervention work for violence against women is an investment with the potential to create huge financial savings for the future. Domestic violence costs Wales £303.5m annually: £202.6m in service costs and £100.9m to lost economic output.²⁶ These figures do not include any element of human and emotional costs, which the research estimates costs Wales an additional £522.9m.

²³ <http://www.welshwomensaid.org.uk/training/ask-act/>.

²⁴ <http://commissioner.south-wales.police.uk/en/police-crime-plan/violence-women-girls/iris-identification-and-referral-to-improve-safety/>.

²⁵ <https://www.nice.org.uk/guidance/ph50/evidence/review-of-interventions-to-identify-prevent-reduce-and-respond-to-domestic-violence-430413229>.

²⁶ Walby, S., The Cost of Domestic Violence: Update 2009.





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5.3.3. Preventative spending needs to be well invested, which is why Welsh Women’s Aid believes in the cost-saving and wide-felt benefits of the ‘Change that Lasts’ model. The ‘Change that Lasts’ principles and the approach that underpins the model have been developed in partnership between Welsh Women’s Aid and Women’s Aid England, and further developed to better address the risks posed by perpetrators with Respect.²⁷

5.3.4 ‘Change that Lasts’ is a strengths-based, needs-led model that supports violence against women, domestic abuse and sexual violence survivors and their children through trauma-informed services in order to build resilience, and leads to safety, freedom and independence. It aims to prevent further incidences of violence through early intervention and specialist support and to prevent new incidents of violence against women, domestic abuse and sexual violence through raising awareness in communities, mitigating adverse experiences of children and young people and providing interventions for perpetrators.

5.3.5 ‘Change that Lasts’ is a cross-sector (community, statutory and voluntary) model of early intervention and prevention and a new, more effective model of support for women and girls affected by, or at risk of violence and abuse. It addresses gaps within current service models and provides a unique integrated approach to meeting the needs of survivors, challenging and changing perpetrators’ behaviour, and building strong, more knowledgeable and resilient community responses to violence against women.

5.3.6 Welsh Women’s Aid recommends commitment of funding that is cross-departmental within Welsh Government, and a diversification of funding streams that addresses the full range of needs of survivors of VAWDASV and investment in early intervention and prevention, alongside crisis support and emergency provision. Violence against women is a cause and consequence of gender inequality across society²⁸, therefore attitudes need to be challenged both in schools (through a whole education approach²⁹ of age-appropriate discussions throughout the educational journey of each individual – from nursery to further and/or higher education) and within communities themselves (including awareness raising campaigns and bystander initiatives³⁰).

Recommendation:

- 1) Welsh Government to implement the ‘Change that Lasts’ model to guide preventative spending for VAWDASV.
- 2) Welsh Government to commitment of funding that is cross-departmental, and a diversification of funding streams that address the full range of needs of survivors of VAWDASV, as well as investment in early intervention and prevention, alongside crisis support and emergency provision.

²⁷ <http://www.welshwomensaid.org.uk/what-we-do/our-approach-change-that-lasts/>.

²⁸ UN General Assembly 2006: http://www.un.org/womenwatch/daw/public/VAW_Study/VAWstudyE.pdf; http://www.who.int/violence_injury_prevention/violence/gender.pdf.

²⁹ <http://gov.wales/topics/people-and-communities/communities/safety/domesticabuse/publications/good-practice-guide-a-whole-education-approach/?lang=en>.

³⁰ <http://www1.uwe.ac.uk/bl/research/interventioninitiative/thetoolkit.aspx>.





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5.4.1 Sustainability of public services, innovation and service transformation

5.4.2 Welsh Women's Aid is concerned that specialist services may see an increase in survivors accessing services who are experiencing multiple disadvantages such as mental health conditions in addition to abuse, due to lost public services. Survivors with multiple disadvantages may also face increased barriers to finding appropriate domestic abuse refuge spaces that address their needs, which may result in them being unable to access the full services provision they require. It is vital that public services such as mental health provision are not lost, and that VAWDASV expertise is also protected, so that survivors' needs can be appropriately addressed through holistic provision that can meet multiple needs.

5.4.3 The trend of investment into core local authority budgets rather than through ring-fenced grants has the potential to have a detrimental impact on public authority grants to violence against women services. Several specialist services in Wales have told us before that local authority cuts to their grant funding are made in order to prop-up statutory provision.³¹ They have also said that the value of partnerships with specialist independent providers like domestic abuse services is not recognised in many local authorities, where they are either quick to cut services and deliver similar provision in-house, or reduce specialist provision in order to contract with one large generic provider. Funding for VAWDASV services needs to be protected.

5.4.4 We recommend investment should be targeted at systems change and transformation as well as public service innovation. Systems-change is being advocated by voluntary sector services like Welsh Women's Aid and others, because at present, government-led systems across public services have developed to only be able to respond to one 'need' at a time, which in turn can generate perverse situations where some of those in greatest need receive the least help.

5.4.5 If inter-related systems were changed to meet survivors' needs from the outset, then resources would be saved and survivors of abuse would achieve a much greater positive benefit from their interaction with public authorities. To support a systems-change approach that transforms services we recommend that the Welsh Government should ensure cross-departmental budgets support delivery of multi-agency statutory guidance that delivers systems-change and 'Change that Lasts'; prioritising needs-led strengths-based delivery that places survivors of abuse at the centre of any intervention.

Recommendation:

- 1) Welsh Women's Aid strongly recommends that the budget prioritises the sustainability of the independent third sector (as well as the public sector), especially small specialist providers like VAWDASV services.
- 2) Investment should be targeted at systems change and transformation, as well as public service innovation.
- 3) The Welsh Government should ensure cross-departmental budgets support delivery of multi-agency statutory guidance that delivers systems-change and 'Change that Lasts'.

5.5.1 Welsh Government policies to reduce poverty, mitigate welfare reform

³¹ <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.





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5.5.2 We support a vision for a more equal Wales, and action to tackle the causes and effects of poverty, the creation of cohesive, resilient communities where everyone has the support they need to live healthy, prosperous and independent lives.

5.5.3 However, Welsh Women’s Aid recommends that the Welsh Government should ensure budgetary investment targeted at reducing poverty and mitigating welfare reform proactively addresses violence against women prevention and the negative impacts these have on women and children.

5.5.4 Although they are in the purview of the UK Government, scheduled changes to Housing Benefit due to take force in 2019, and changes to Universal Credit have massive implications on VAWDASV specialist services provision in Wales. Welsh Women’s Aid is working with the Welsh Government to inform the development of a model for funding supported accommodation that can work within the welfare changes. Welsh Women’s Aid members have highlighted that the change in funding from the current housing benefit model presents a real risk to refugees in Wales as housing benefit makes up a large proportion of refugee income. All refugee provision across Wales may be at risk with at least 70% of provision likely to close if no solution is found.³² The Welsh Government’s solution must align with their commitment to work collaboratively to build provision of specialist services and develop a sustainable funding model for specialist service in the National Strategy on Violence Against Women, Domestic Abuse and Sexual Violence.

5.5.5 Welsh Women’s Aid has also consulted with survivors regarding the impact of the UK Government’s welfare reform on their lives and the lives of their children. Welsh survivors tell us they are being detrimentally impacted by the changes to Universal Credit and Child Tax Credit. Welsh Women’s Aid has spoken out about these impacts that are not only discriminatory but also put women and children at risk of further abuse. Although these welfare policies are not devolved, the Welsh Government, through the VAWDASV (Wales) Act 2015, has a duty to support and protect survivors, including those impacted by welfare reform. Welsh Women’s Aid would ask the Welsh Government to speaking out about the ‘Rape Clause’ which means that women are forced to disclose rape to receive Child Tax Credit for a third child that may be a result of rape.³³

5.6.1 The Welsh Government’s planning and preparedness for Brexit

5.6.2 There is much uncertainty around Brexit and the adverse effects that European withdrawal will have on the most vulnerable people in Wales. We are deeply worried by the lack of women involved in the senior team negotiating Brexit – with just two women at the time of writing. Welsh Women’s Aid feels that women and Wales are not appropriately represented at the negotiation table.

5.6.3. We are concerned that the loss of EU money will both directly and indirectly affect the sector, as EU funded projects are discontinued, in addition to VAWDASV services no longer having access to potential future EU funding streams.

³² <http://www.welshwomensaid.org.uk/wp-content/uploads/2016/03/State-of-the-Sector-Report-2016-FINAL.pdf>.

³³ Welsh Women’s Aid’s statement on the ‘rape clause’: <http://www.welshwomensaid.org.uk/2017/04/welsh-womens-aid-statement-uk-governments-tax-credit-rape-clause/>.





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5.6.4 We fear that withdrawal from the European Union will increase the number of women who have no recourse to public funds, as it is not clear how EU nationals and others will have access to funds to access specialist services, such as refuge, thus putting women at risk of all forms of violence against women, domestic abuse and sexual violence without appropriate access to support, a violation of their rights

5.6.5 Covering the costs of accommodating women with no recourse to public funds can be a financial burden on specialist services, in particular on specialist BME provision. This can have an impact on the sustainability of this provision. The Welsh Government will need to provide support to local authorities and providers so that there are alternative processes in place to cover the living/housing costs of accessing safety and protection for EU nationals and their children with no recourse to public funds accessing VAWDASV support. This should be aligned to duties under the Social Services and Wellbeing (Wales) Act 2014. For instance, when commissioning VAWDASV services there should be collaboration with social services to agree the funding of women and children who have experienced domestic abuse with no recourse to public funds, via alternative funds.

5.7.1 How the Welsh Government should use new taxation and borrowing powers

5.7.2 The ability of the National Assembly for Wales to set Welsh rates of income tax from April 2019 will increase the ability of the people of Wales to hold the Welsh Government to account. For this reason, Welsh Women's Aid would hope for an increased commitment by the Welsh Government to invest in provisions for prevention and support for survivors of VAWDASV, including children and young people, recognising the massive cost of VAWDASV in Wales every year. As mentioned previously, the cost of domestic abuse alone in Wales is £826.4m annually (in service costs, lost economic output and human and emotional costs). In addition, each domestic abuse homicide is estimated to cost public services in the region of £1.1million.³⁴

5.7.3 The lost economic output caused by domestic abuse alone, in Wales, is approximately £100.9m of the annual cost³⁵. This is a calculation of lost earnings, productive and taxation due to the time taken out of work due to the impact on the survivor's health, including injuries sustained as a result of the abuse. However, abuse and control also affect survivors' employment status, either through those forced to leave work or being physically and/or psychologically unable to work. As new taxation powers come to Wales, these economic losses as a direct result of VAWDASV will have an adverse effect on the amount of income tax that the Welsh Government can then reinvest into Welsh services. This highlights the importance of early intervention and prevention, as the societal knock-on effects are wide-reaching. By incorporating approaches to prevent VAWDASV, Wales will be more prosperous both with regard to public spending, and also in terms of personal ability to earn, learn and succeed.

5.8.1 How evidence is driving Welsh Government priority setting and budget allocations

5.8.2 Welsh Women's Aid advocates for funding to be allocated on an evidence based model; the Welsh Government have supported Welsh Women's Aid to develop a model for early intervention and prevention of violence against women, including domestic abuse and sexual

³⁴ Walby, S. (2009) The Cost of Domestic Violence: Update 2009. Lancaster: Lancaster University.

³⁵ Ibid.





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violence, called 'Change that Lasts / Newid sy'n Parhau' (as outlined above).³⁶ For survivors this would mean a community that is able to recognise their experience and respond to their specific individual needs. The model recognises survivors with multiple support needs, including those related to age and life experience, and aims to maximise specialist services ability to respond to those individual needs.

5.8.3 Welsh Women's Aid has also prepared an evidence-based report in support of the specialist VAWDASV services' model for sustainable funding for the Welsh Government task and finish group in order to present accurate evidence to support the use of evidence-based budget allocation and priority setting.

Recommendation:
1) Welsh Government to use evidence-based information from Welsh Women's Aid while deciding priority setting and budget allocation, including the report produced on behalf of Welsh Government for the model for sustainable funding, and work around the "Change that Lasts" model.

5.9.1 How the Well-being of Future Generations (Wales) Act 2015 is influencing policy making.

5.9.2 While the Well-being of Future Generations (Wales) Act 2015 requires Public Service Boards to publish wellbeing assessments, this work was developed in 2017 separately to the work on VAWDASV local strategies. Welsh Women's Aid found the vast majority of the 19 Public Service Board local well-being assessments³⁷ to be of significantly poor quality in relation to VAWDASV, which we found deeply concerning.

9.2.3 Powys' well-being assessment³⁸ had the best understanding, regard and commitment to VAWDASV. Even so, the assessment acknowledges that very little research into VAWDASV was done, though they had consulted local specialist services, whose concerns were noted.

9.2.4 By comparison, Anglesey and Gwynedd³⁹, whose assessments were developed together but published separately, make no reference to any form of violence against women, domestic abuse or sexual violence.

9.2.5 The Wellbeing of Future Generations (Wales) Act 2015, aims to improve the social, economic, environmental and cultural well-being of Wales. Proper investment into specialist services across Wales would help ensure many of the Act's 'Wellbeing Goals' for a **more prosperous Wales, a Wales of cohesive communities, and a healthier, more equal Wales.**

9.2.6 Early intervention and prevention work for violence against women, including domestic abuse and sexual violence at local, regional and national level has the potential to make a huge difference to the prosperity and success of Wales in the decades to come.

³⁶ The model has been developed in partnership, with initial support from Welsh Government, the Home Office and Women's Aid England, and is informed by a review of the literature and current approaches and by wide-ranging stakeholder engagement including consultation with survivors and specialist services.

³⁷ See link for access to all 19 documents: <http://gov.wales/topics/improvingservices/public-services-boards/?lang=en>

³⁸ <http://www.powys.gov.uk/en/corporate/find-out-about-consultations-in-powys/past-consultations/well-being-assessment-survey/full-well-being-assessment-analysis/>.

³⁹ <https://gwyneddandmonwell-being.org/>.





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Recommendation:

- 1) The Welsh Government to ensure that the Well-being of Future Generations (Wales) Act 2015 positively influences policy making around VAWDASV by providing leadership and guidance with clear expectations of quality standards required regionally and locally, including engagement with the local specialist sector to help guide evidence based and appropriate policy making for each area.

Welsh Women's Aid would again like to thank the Financial Committee and other Committees of the National Assembly for Wales for the opportunity to comment on this important issue. Welsh Women's Aid is also available to provide further written and oral evidence around this issues if required.

Any comments or questions regarding our response can be directed to:
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CHC's Response

Welsh Government Draft Budget Proposals for 2018-19

About Us

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2015/16, our members directly employed 9,109 people and spent nearly £2bn (directly and indirectly) in the economy, with 89% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

1) *What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?*

In 2016, Community Housing Cymru signed a tripartite housing pact with Welsh Government and the Welsh Local Government Association to work together to help deliver Welsh Government's 20,000 affordable housing target. The pact commits to continuing to 'invest in affordable housing through sufficient Social Housing Grant capital funding, regeneration grant and support for innovative finance schemes, such as Housing Finance Grant to enable the target to be achieved'.



In line with the pact, we welcome the continued investment in Social Housing Grant (SHG) in Welsh Government's 2017-18 budget, as the social housing sector worked towards the 20,000 target.

This investment is essential for housing associations to build the homes needed to tackle the housing crisis in Wales. However, CHC believe that there is a need for longer term planning of grant programmes such as Social Housing Grant across the Assembly term, as opposed to annually, to allow housing associations to invest the capital more strategically, and to plan their development pipeline more effectively. Further to this, the Cabinet Secretary for Communities and Children's announcement earlier this year that £20m would be available for innovative housing projects was widely welcomed by the sector, and the sector is currently in the process of bidding for the first round of projects.

The 2017/18 budget also saw the protection of funding for the Supporting People programme, which was greatly welcomed by CHC and our partners on the Let's Keep on Supporting People campaign.

The Supporting People Programme supports 60,000 people each year to live independently and avoid homelessness. The programme delivers wide-ranging benefits to a number of policy areas and public services. It prevents homelessness, reduces use of health and social care services, prevents violence against women, improves community safety, and supports people back into education, training and employment.

Studies have shown that the Supporting People Programme saves £2.30 of public money for every £1 invested in the programme¹. These savings were seen within health, housing, social care and community safety due to a reduction in GP visits, criminal behaviour and hospital admissions (amongst others), and it is vital that the programme is protected again in 2018/19.

Following the publication of the 2017/18 budget, CHC raised some concerns over the significant cuts to funding for regeneration projects.. The budget was cut from 2016/17's budget of £83.5m to £17.5m for 2017/18², a reduction of 80% in funding for projects that work to improve town centres, coastal regions and Community First areas, with a focus on reducing poverty. Although this

¹ <http://arlein.sirgar.gov.uk/agendas/eng/HOSC20111019/REP05.HTM>

² <http://gov.wales/funding/budget/final-budget-2017-18/?lang=en>
<http://gov.wales/funding/budget/final-budget-2016-17/?lang=en>



coincided with the end of the funding period for the Vibrant & Viable Places scheme, we are concerned about the long term future funding of regeneration projects, particularly as this runs alongside uncertainty over the future of European funded regeneration, and we would welcome clarity from Welsh Government on this issue, and a significant increase in regeneration funding reflected in future budgets.

The 2017/18 budget also saw £60m of funding for Health and Housing projects over the four years to 2020-21, and we welcome this funding which we believe will encourage collaboration between health and housing partners and allows for significant development in this area. We believe the continuation of this funding in the long term will reinforce the importance of the link between health and housing, and allow for long term cost savings in the NHS.

2) What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017- 18 financial year, and how robust is your ability to plan for future years?

Affordable Housing

CHC has welcomed Welsh Government's affordable housing target of 20,000 homes across this Assembly term, and we are working closely with Welsh Government to ensure housing associations can deliver on this through the tripartite housing pact. This target must be matched with investment, as we have seen this year, in order to allow Housing Associations to continue to build affordable homes, and we would expect to see continued investment in affordable housing in the 2018-19 budget as previously indicated.

To ensure that affordable homes can be developed in all parts of Wales, we would also like to see continued investment in Rural Housing Enablers in the upcoming draft budget, and guarantees over the funding in the long term. Rural Housing Enablers are a vital resource to ensuring that affordable homes can be built in rural communities, and long term certainty over their funding would secure jobs and allow them to develop long term strategies to tackle the rural housing crisis.

Supporting People

CHC believe it is essential that the Supporting People (SP) funding is protected in



the 2018/19 budget and are calling for this to be ensured in order to allow this programme to continue.

SP has been helping vulnerable people to live more independently in Wales since 2004. Since then, around $\frac{3}{4}$ of a million people have been able to turn their lives around because of SP-funded services, such as those with mental health problems, learning disabilities or substance misuse issues (among many others)³. A study into the impact of SP has found that those who access SP services report a decline in their use of statutory services such as health, social and criminal justice services⁴. This indicates that any reduction in SP funding is likely to result in increased usage of acute services.

It is vital to protect this preventative fund, but also to ensure there is a continued focus on prevention across the board. Welsh legislation on homelessness prevention has been attracting interest as an example of good practice from elsewhere in the UK, and across Europe⁵ and the Welsh Government should not jeopardise its important work by reducing other homelessness prevention funds.

The importance of protecting Supporting People is also heightened by the current uncertainty over the future of Supported Accommodation, which we have referenced later in the consultation, and will affect many of the same vulnerable groups.

Local Housing Allowance and Supported Accommodation

From April 2019, the UK Government have decided that all tenants living in the social rented sector will have their entitlement to Housing Benefit or housing costs in Universal Credit capped at the Local Housing Allowance (LHA). This policy will mean that many tenants will see a shortfall in the money they receive to pay their rent, and will have serious implications for social landlords if tenants are unable to pay their rent. While this is a non-devolved area, it could have serious implications for housing – an area devolved to the National Assembly for Wales – and we are working closely with Welsh Government to monitor, and where possible, mitigate the impact.

³ <http://gov.wales/topics/housing-and-regeneration/services-and-support/supporting-people/?lang=en>

⁴ <http://gov.wales/docs/desh/publications/150901-supporting-people-factsheet-en.pdf>

⁵ <http://www.walesonline.co.uk/news/wales-news/wales-homeless-legislation-sets-example-9830053>



This policy will also apply to supported accommodation, of which there are currently 38,500 units in Wales supporting older people, people with learning disabilities, those fleeing domestic abuse, and a range of vulnerable people with complex needs. The cost of providing this accommodation is significantly higher than General Needs housing, in part due to the specialist nature of the buildings and additional housing management, and thus reflected through higher rents and service charges, and the shortfall between the amount of benefit received and rent levels will therefore be much higher. To ameliorate this, UK Government propose to devolve a top-up fund to fund rent and service charges above LHA in supported accommodation to local authorities in England and Welsh Government in Wales. This is separate to funding for support, which is funded by local authorities in England and through the Supporting People Programme in Wales.

With the cap due to commence in April 2019, UK Government would usually be due to publish indicative budgets in it Autumn Budget later this year. However, with no decision yet taken over how the policy will work in England – a green paper was delayed due to the General Election – we have concerns that the lack of clarity from UK Government over the quantum of funding that will be devolved, and the time Welsh Government will thus have to prepare its own policy in this area. Additionally, rather than through a consequential, the UK Government proposes to calculate the size of the top-up fund devolved to Wales for financial year 2019/20 based on the housing benefit spend on supported accommodation in Wales as of March 2019, less the applicable LHA rates. This calculation will be undertaken through local authorities flagging housing benefit claims for supported accommodation, under the guidance of DWP, and submitting this information to UK Government.

We are working closely with both UK and Welsh Governments on this issue, but the lack of clarity on funding, and the devolution process is causing significant uncertainty in the sector. We have also called on Welsh Government to gain a full understanding of supported accommodation units in Wales, and most importantly their cost, in order to understand whether the devolved fund calculated by UK Government is sufficient to fund existing units.

- 3) *The Committee would like to focus on a number of specific areas in the scrutiny of the budget; do you have any specific comments on the areas identified below?*
 - a) *Financing of local health boards and health and social care services*



The Supporting People Programme saves a significant amount of money for the health and social care budget, with every £1 spent saving £2.30 for other public services.

Every year the Supporting People Programme helps approximately 60,000 vulnerable people in Wales and this has resulted in a decrease in GP appointments, emergency hospital admissions and ambulance call-outs for those receiving support from the programmes⁶. It is vital within the context of the pressure on health services and the increasing pressures due to the ageing population and other factors, that funding for preventative services such as Supporting People, which save the health service money, are protected,

Further to this, the funding mentioned previously in the consultation, for Health, Social Care and Housing provides the stability and security that is necessary to build partnerships and deliver housing and health solutions that improve life chances for people across Wales. These partnerships are able to make significant savings for the public purse; therefore we believe that such a fund should be long term, and it is important to ring-fence such funding specifically for collaborative projects between each of the sectors which have clear outcomes to improve the health of people of Wales. Short term funding streams and short term bidding rounds act as a barrier to cross sector projects.

A joint health, social care and housing fund that operated across a longer term would support partnerships to discuss scope and unlock strategic developments. Successful bids would need to be aligned with local well-being assessments and population needs assessments, as well as Well-being of Future Generations (Wales) Act 2015, Social Services and Well-being (Wales) Act 2014. It would also be expected that they would be able to demonstrate their sustainability in the long term.

This type of collaborative funding would facilitate partnership working to help meet key Welsh Government objectives across a number of areas, for example preventing acute admissions, accelerating discharge from care and recovery, reducing out of county placement, supplying new accommodation and driving significant transformation to services.

- b) Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)*

⁶ <http://www.cymorthcymru.org.uk/en/supporting-people/supporting-people-faqs/>



CHC support the committee in the belief that there should continue to be a focus on preventative spending in the scrutiny of the budget, however, due to the ever increasing pressures on acute services there will inevitably be difficult trade-offs for the Welsh Government in this area. These pressures will increase sharply and significantly if there is not investment in preventative programmes with well-evidenced outcomes, such as Supporting People and homelessness prevention schemes.

The Supporting People programme helps over 60,000 people across Wales every year and has transformed over $\frac{3}{4}$ of a million vulnerable people's lives since its implementation in 2004⁷. It is an invaluable programme that works with a number of services supporting care leavers, families and individuals who are fleeing domestic abuse, people with learning disabilities, older people, people with mental health or substance abuse problems and vulnerable young people. Supporting People also funds housing-related support services such as homeless hostels, domestic abuse refuges, supported accommodation projects and home-support. These are invaluable preventative services and data shows a reduction in GP visits, hospital admissions and ambulance call outs when these services are available⁸. Anecdotal evidence also suggests local authorities spend less in benefit payments due to services providing support gaining and maintaining employment and stable accommodation.

Furthermore, investment in building quality affordable homes is both a key preventative measure and an important economic stimulus. Poor housing has been shown to cost the NHS in Wales at least £67m per year, with the wider societal cost reaching around £168m⁹. Therefore, investment in quality affordable homes is vital when continuing with a preventative agenda.

c) Welsh Government policies to reduce poverty and mitigate welfare reform

CHC welcomes this focus from the committee as welfare reform has had a severe and long lasting detrimental impact on thousands of housing association tenants across Wales. CHC believe that it is vital that the Welsh Government properly understands the impact of welfare reform and assists those in need where it can.

Further changes to welfare in the near future, such as the capping of Housing Benefit at Local Housing Allowance rates and the continued roll out of Universal

⁷ <http://gov.wales/topics/housing-and-regeneration/services-and-support/supporting-people/?lang=en>

⁸ <http://gov.wales/docs/desh/publications/150901-supporting-people-factsheet-en.pdf>

⁹ <http://www.walesonline.co.uk/news/wales-news/poor-housing-costs-nhs-wales-1839361>



Credit, are expected to have an impact on housing association tenants, as outlined earlier in our response.

d) The Welsh Government's planning and preparedness for Brexit

Following the UK's exit from the European Union there are likely to be significant changes which impact on housing associations in three principle areas; construction, social care, and funding.

In construction, in particular, there are concerns over the supply of materials following the UK's exit from the EU. Currently 59% of the UK's construction materials are imported from EU countries¹⁰. The construction industry in Wales has relied heavily on importing building materials from the EU, for example 85% of imported bricks came from the EU¹¹.

Meanwhile, both construction and social care are likely to face challenges recruiting following Brexit, with both industries already facing skills shortages and currently recruiting from the EU. Data on social care workers is limited, but 4.3% of construction workers in Wales are EU citizens; however in some areas of the UK the figure is significantly higher, particularly in London¹². If EU citizens are not able to work in the UK, either directly through the restriction of the free movement of workers or due to a feeling of not being welcome, it is considered very likely that some Welsh construction workers would leave for projects occurring in London and the South-East of England (areas that would be experiencing significant labour losses so are likely to offer high wages and incentives), as occurred following the economic downturn in 2007/08.

If there are restrictions on the free movement of people this will be likely to significantly impact on social care services due to a significant proportion of the workforce in this industry being EU migrants. This will particularly impact on supported housing, where carers, support workers and nurses are a 24 hour presence.

CHC is working closely with our members to understand the impact changes to migration policy and future trading arrangements would have on both

¹⁰ <http://www.rics.org/uk/news/news-insight/comment/eureferendum-construction/>

¹¹ <http://www.newsandstar.co.uk/news/national/article/Brick-shortage-holding-up-housebuilding-process-from-beginning-to-end-report-99578748-4085-4ccf-b087-5f2442e5117a-ds>

¹² ONS (2017) JOBS02: Workforce jobs by industry



construction and social care, and we will look to work closely with Welsh Government on possible solutions, including construction skills training and investment in modern methods of construction.

Alongside the concerns over our future relationship with Europe and the potential impact we have discussed above, we have already begun to see some negative impacts on housing as a result of Brexit.

Earlier this year, Community Housing Cymru appointed The Housing Finance Corporation to negotiate a collective borrowing vehicle on behalf of Welsh housing associations, to match the funding received from Welsh Government's Housing Finance Grant.

Initial discussions with the European Investment Bank (EIB) proved productive, and investment from the EIB presented an attractive option with hundreds of millions of pounds potentially available to housing associations across all parts of Wales, at rates of interest much more competitive than anything else available on the market.

However, despite encouraging progress and positive negotiations and meetings with the bank, and a process that was proceeding through due diligence, the process was stalled to an effective stop in March following the triggering of Article 50. This is consistent with reports this summer that EIB, which has historically invested more than £5.5bn in social housing in the UK, had stopped funding future projects in the UK, and is likely to mean that housing associations pay millions of pounds in extra interest payments elsewhere.



e) How the Welsh Government should use new taxation and borrowing powers

We welcome the new opportunities taxation and borrowing powers will bring the Welsh Government. However, we are concerned that the ONS' decision last year to reclassify housing associations as public sector organisations for accounting purposes, and thus count future borrowing on Welsh Government's balance sheet from 2019 could have a negative impact.

Legislation is needed to return to housing associations to the private sector, and we welcome Welsh Government progress in this area following a consultation earlier this year. We would urge Welsh Government to bring this legislation forward at the earliest possible opportunity.

If legislation is not forthcoming, and housing associations remain classified as public sector bodies by the ONS, there is a danger that the sector's access to private finance, and therefore our ability to deliver the 20,000 homes target, would be restricted.



Universities Wales response to the Committees of the National Assembly for Wales' call for information on Welsh Government's 2018-19 draft budget proposals.

1. About Universities Wales

1.1. Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' Governing Council consists of the Vice Chancellors of all the universities in Wales and the Director of the Open University in Wales.

2. Impact of Welsh Universities

2.1. Welsh universities continue to leverage a large economic impact for Wales, generating £4.6 billion of output in Wales in 2013/14, some £2.4bn of Welsh Gross Value Added (GVA) (equivalent to 4.6% of the Welsh total) and creating almost 50,000 jobs in Wales (3.4% of the Welsh total). In the same year, Welsh universities generated a total of £600 million of export earnings¹.

2.2. All parts of Wales share in the impact of Welsh universities, with impact spreading across local authority boundaries and to areas which do not host a university. Around 25% of both the GVA and jobs generated by the universities in Wales, (£597 million and 11,783 jobs) were generated in local authority areas that did not have a university presence.

2.3. Universities play a broad role across society. For example, funding for quality research (QR) enables universities to explore foundational research areas. A programme of research by our universities reduced the number of people being taken to emergency departments by ambulance for example. In 2012-13 over 360,000 emergency calls were resolved through telephone advice, avoiding ambulance dispatch as a result of this research with estimated cost savings from avoided ambulance journeys alone of £24 million.

2.1. Welsh universities have the highest percentage of 'world leading' research in terms of impact of any part of the UK, covering a diverse range of areas such as bilingualism, policing, flooding, dementia, childcare, mental health, public housing, and community violence.

2.2. Universities in Wales have a multifaceted preventative role, including through research which saves public services such as local health boards money, support for individuals in entering or progressing through the workforce, and direct engagement with communities in areas including mental health, aging, and sport.

¹ <http://www.uniswales.ac.uk/wp/media/The-Economic-Impact-of-Higher-Education-in-Wales.pdf>

3. Summary

- 3.1. Universities in Wales are internationally competitive and a major economic asset, bringing widespread benefits to individuals, communities, the nation as a whole and government in Wales.
- 3.2. The reduction to university funding for 2017-18 has presented significant challenges for universities in Wales. It is the seventh consecutive year of reductions to the Welsh Government's funding of universities.
- 3.3. Our response to the Finance Committee's consultation on the budget for 2017-18 should be noted. There remains no further space for work-arounds in the sector.
- 3.4. The 2018-19 budget will begin to implement recommendations of the Welsh Government's 'Independent review of higher education funding and student finance arrangements' (Diamond Review). Implementation in 2018-19 will begin to create a positive long-term sustainable future for the Welsh higher education sector.
- 3.5. The UK's withdrawal from the European Union poses a number of challenges for universities in Wales including, amongst many, the uncertainty over residency rights for EU nationals, the continued participation in the Horizon 2020 research programme and the replacement of European Structural Funds at a devolved level.
- 3.6. Further reductions to the Welsh Government higher education budget would further impact vulnerable areas including part-time provision, high-cost subjects and quality research.

4. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

- 4.1. The reduction in university funding for 2017/18 presents significant challenges for universities in Wales. The Welsh Government's higher education budget has now had seven successive years of cuts, as of the First Supplementary Budget for 2017-18 the budget for higher education was £104.4m, down from £117.8m the previous year, a reduction of 11%².
- 4.2. When looking at departmental expenditure limits for both resource and capital funding, this represents a reduction of £347.8m, or 77%, since 2010/11. This reduction is partly the result of the shift from grant funding to full-time undergraduate fee income. This shift means that cuts to the higher education budget have different effects across universities. For example, universities with part-time provision, research, expensive subjects such as medicine, dentistry and conservatoire are particularly vulnerable. These concerns were raised by the Children Young people and Education Committee in response to the Draft Budget 2016-17³.
- 4.3. Universities in Wales have also had to manage a succession of major changes and financial

² <http://gov.wales/docs/caecd/publications/170627-tables-en.pdf>

³

<http://www.senedd.assembly.wales/documents/s500002798/Letter%20from%20Chair%20of%20Children%20Young%20People%20and%20Education%20Committee%20to%20Minister%20for%20Education%20and%20Sk.html?CT=2>

constraints and have engaged in a policy of substantial reconfiguration.

- 4.4. As a result of the Welsh Government's budget for the **financial year 2017-18**, HEFCW's funding allocation for the **academic year 2017-18** is £99.3m, a reduction from £127.6m for the academic year 2016/17. As this reduction partly reflects the Welsh Government directly funding the Coleg Cymraeg Cenedlaethol in 2017-18 instead of via HEFCW (which was £5.4m), this is an overall reduction to HEFCW of £22.9m. In total this is a 22% reduction in funding from HEFCW for universities in Wales in the academic year 2017-18 compared to the academic year 2016-17. This funding adjustment has not been allocated against individual funding lines⁴.
- 4.5. Wales lags significantly behind the rest of the UK in research and development investment. Wales' total research and innovation expenditure in 2015/16 was only 2.1% of all UK expenditure in these areas. Wales' long-term prosperity in the global economy will depend on its ability to foster research and innovation which is transformational and delivers long-term social and economic benefits.
- 4.6. A key driver of innovation activity in England is the Higher Education Innovation Fund (HEIF) and, similarly, in Scotland the University Innovation Fund. Two recent independent studies of the impact of the HEIF found that innovation funding has significant benefits for economic and regional development that are both monetary and non-monetary, including significant benefits for social and community groups and SMEs. These studies found that the HEIF presents a return of investment of £7.30 per £1 as well as an additional £2.40 of non-monetised benefits⁵.
- 4.7. There is currently no equivalent innovation funding in Wales. In UK-wide funding opportunities such as the Industrial Strategy Challenge Fund, universities will often have to provide an element of match funding. Therefore, the lack of innovation funding in Wales can impact the ability of universities in Wales to access and drawdown additional UK-wide funds. Introducing funding for knowledge exchange is a key recommendation from the Diamond Review.
- 4.8. It should be noted that all Welsh universities have become signatories of the Welsh Government's Code of Practice for Ethical Employment in Supply Chains and committed to paying the Living Wage Foundation's living wage to all directly employed HE staff by 2018/19 and to start the process of implementing the living wage across their outsourced HE activity from 2018/19⁶.
- 4.9. A key concern is whether universities are able to remain competitive at the current funding levels. This could be a major issue for Wales, since the future economy is dependent on the strengths of its universities and their ability to compete successfully in the global knowledge economy.

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https://www.hefcw.ac.uk/documents/news/press_releases/2017%20Press%20Releases/09%2006%2017%20HEFCW%20Funding%20Allocations%202017%2018%20%20English.pdf

⁵ <http://www.hefce.ac.uk/pubs/rereports/year/2015/heifeval/>

⁶ <http://www.uniswales.ac.uk/universities-wales-statement-on-the-living-wage-commitment/>

5. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?

Expectations of the 2018-19 draft budget proposals

- 5.1. Universities in Wales have had to make difficult decisions in light of the 2017-18 budget. In the 2018-19 budget, Universities Wales expects to see increased investment in higher level skills and a recognition of the economic impact of universities in Wales, in line with Diamond Review recommendations.
- 5.2. We expect the Welsh Government to begin action of recommendations from the Diamond Review, which received cross-party support, in their 2018-19 budget proposals. Implementation will create a positive long-term sustainable future for the sector.
- 5.3. Universities Wales also welcomes the proposed package of maintenance support, announced by the Cabinet Secretary for Education in July 2017, that means students from Wales will receive the equivalent of the living wage. Decisions that have been taken as part of the overall proposed package will ensure future sustainability and are necessary. For the first time, Wales is now an exemplar of higher education and student funding arrangements.

Financial preparedness and ability to plan

- 5.4. The current budget levels and funding arrangements for universities pose significant challenges both in the short and long term. However, as is well attested, including in the report of the Wales Audit Office,⁷ universities are highly capable in managing their financial affairs, but there are major issues relating to the future sustainability and competitiveness of universities.
- 5.5. University sustainability is also increasingly dependent on its students. Investment in buildings with up-to-date facilities, modern accommodation and the infrastructure to support world-leading research is more important than ever before, in order to attract students in an increasingly competitive marketplace. Given recent and forecast increases in borrowing by Welsh universities to support significant estate development plans, capital funding is now quite urgent.
- 5.6. It is noted that there is significant capital funding for this in England. A strong case can be made for additional capital funding in Wales to address the historic gaps and comparative under-investment. This is discussed in more detail in Appendix B.
- 5.7. Another significant challenge to universities' ability to plan is the UK's withdrawal from the European Union. The following have financial implications for universities in Wales:
- 5.7.1. Residency rights for EU nationals working in the university sector and their dependants
- 5.7.2. The UK's continued participation in the Horizon 2020 research and innovation programme to the end of the programme period

⁷ Wales Audit Office, Higher Education Finance, 21 November 2013 (as published in January 2014).

5.7.3. The replacement of European Structural Funds at a devolved level

5.7.4. Mobility opportunities for UK staff and students.

5.8. Much of the existing innovation activity in Wales is funded through European Structural Funds, which have awarded around £240m to Welsh universities for 2014-2020. The loss of these funds and the potential loss of access to EU competitive funding including Horizon 2020 could have a major impact on the work of universities including an impact on Wales' economic performance more widely.

5.9. The UK Government announced an increase in Government R&D investment of 20% a year by 2020-21, a total increase of £4.7 billion new money⁸. There remains uncertainty over what parts of this increased investment will be available to Wales and how much of the investment will result in consequential for the Welsh Government.

5.10. These uncertainties exacerbate existing planning difficulties. For example, many universities in Wales belong to cross-border consortia and seek to win funding competitions that require matched funding from HEFCW or Welsh Government. A recent example of this is a Bath-led consortium which includes Swansea University and Cardiff Metropolitan University applying for funding to establish the Institute for Coding⁹.

5.11. When additional funding is allocated via HEFCE, for example the additional £40million for the Higher Education Innovation Fund allocated in July 2017¹⁰, the Welsh Government receives consequential funding.

5.12. Uncertainty over whether funding such as this will be made available to universities in Wales can present barriers to universities forming collaborations and participating in UK-wide innovation activity which will benefit Wales.

5.13. Further reductions in the Welsh Government's higher education budget would disproportionately impact the areas that are vital to Wales, but that universities would not be able to provide without public subsidy. These include:

5.13.1. **Part-time provision** – a reduction in the higher education budget presents a serious risk of closing off the opportunities that part-time study provides for a wide variety of students, including those who want to upskill or retrain. Part-time provision makes a significant contribution to the widening access agenda, community development, and economic regeneration in disadvantaged communities. Without public support, it is inevitable that part-time fees will have to rise. We have seen in England that the part-time market will not sustain fees at the £9k level and this has caused a devastating decline in demand.

5.13.2. **High-cost subjects** – the cost of teaching exceeds £9k in about half of subject areas, with science, technology, and engineering subjects predominantly (but not exclusively) accounting for higher cost subjects. Without public investment, there is a significant risk that provision in high cost subjects will move into decline. This creates a significant risk

⁸ <https://www.gov.uk/government/news/autumn-statement-boosting-uk-research-innovation>

⁹ <http://www.hefce.ac.uk/pubs/year/2017/CL,082017/>

¹⁰ <http://www.hefce.ac.uk/news/newsarchive/2017/Name,114709,en.html>

of Wales' higher education system not being able to cater to the diverse needs of the future workforce and economy.

5.13.3. **Quality research funding** – reducing QR funding would have a profound impact as it would remove the foundations from a system that is proven to have a direct transformational effect on society and the economy.

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

6.1. Approach to preventative spending and how is this represented in resource allocation

6.1.1. Welsh universities leverage a large economic impact for Wales, generating £4.6 billion of output in Wales in 2013/14, some £2.4bn of Welsh Gross Value Added (GVA) (equivalent to 4.6% of the Welsh total) and creating almost 50,000 jobs in Wales (3.4% of the Welsh total). Funding for universities plays a preventative role in multiple areas.

6.1.2. For example, funding for quality research (QR) enables universities to explore foundational research areas. A programme of research by our universities reduced the number of people being taken to emergency departments by ambulance for example. In 2012-13 over 360,000 emergency calls were resolved through telephone advice, avoiding ambulance dispatch as a result of this research with estimated cost savings from avoided ambulance journeys alone of £24 million.

6.1.3. Universities in Wales have the highest percentage of 'world leading' research in terms of impact such as this of any part of the UK, and it is the type of research that would be at risk should higher education budgets face further pressure. QR funding has a multiplier effect, successive projects build on the foundations of QR funding, attracting the brightest research and winning competitive research funding awards.

6.1.4. On a more fundamental level, insufficient funding of higher education in the present stores up longer-term problems that will take years to remedy, such as research infrastructure, facilities or skills deficits in the economy. For example, if universities are not adequately funded to train doctors, this could lead to a shortfall that would take at least 5 years to turn around.

6.1.5. Funding for universities is also preventative in the way that it can minimise risks to the Welsh workforce and economy that global technological developments could bring.

6.1.6. Recent analysis by PricewaterhouseCoopers found that up to 30% of UK jobs could potentially be at high risk of automation by the early 2030s¹¹. The same analysis found that, based on the risk of job automation and the proportion of the workforce, the most vulnerable areas are retail trade, manufacturing, and administrative support services.

6.1.7. These sectors are important parts of the Welsh economy, accounting for over half a million jobs in Wales. The proportion of employees in these areas in Wales tends to be higher than the UK as a whole.

¹¹ <http://www.pwc.co.uk/economic-services/ukeyo/pwcukeo-section-4-automation-march-2017-v2.pdf>

- 6.1.8. PricewaterhouseCoopers report found that for those educated to GCSE-level or below, the estimated potential risks of automation are as high as 46%. This falls to only around 12% for those with undergraduate degrees or higher. These findings come against a backdrop of already increasing demand for higher level skills with the CBI's Education and Skills Survey 2016 finding that more than three quarters of businesses in the UK expected to have more job openings for people with higher level skills over the coming year¹².
- 6.1.9. Investment in the delivery of higher level skills, and new models of higher level skills delivery, can ensure the Welsh economy and workforce is prepared for and responsive to the challenges of automation. Given the progress in delivering new models of higher level skills delivery elsewhere in the UK, such as the development of graduate level apprenticeships in Scotland and degree apprenticeships in England, inadequate investment in this form of provision in Wales could have a negative impact on skills development in Wales and, accordingly, the economy more widely.
- 6.1.10. Work by universities also has a wide-ranging preventative impact on their communities in other ways. For example:
- 6.1.10.1. the Centre for Health and Aging at University of Wales Trinity Saint David which works to improve the health and fitness of the over 50s
 - 6.1.10.2. Aberystwyth University's work with the local health board to deliver cardiac rehabilitation classes and Parkinson's Group classes.
 - 6.1.10.3. Cardiff Metropolitan University's delivery of sports programmes in Cardiff, including organising one of the largest centrally organised schools' competitions in Britain.
 - 6.1.10.4. University of South Wales supporting members of the public to have access to therapeutic services including CBT, children's therapies, music therapy and online counselling.

6.2. *Welsh Government policies to reduce poverty and mitigate welfare reform*

- 6.2.1. Higher education remains a major catalyst for social mobility. Investment in universities has significant consequences for students and access to higher education. As outlined above, further reductions - particularly for part-time provision – are likely to have a detrimental impact on disadvantaged groups.
- 6.2.2. We expect the Welsh Government to implement proposals from the Diamond Review in the 2018-19 budget. These proposals, from the progressive package of maintenance support to the support for part-time and expensive subjects, will support social mobility and contribute to the reduction of poverty in Wales. The role of universities in reducing poverty in Wales is multifaceted, including widening access to higher education, the positive economic impact they have on their communities, and the impact of the diverse profile of research in Wales on topics such as public housing, health, policing and

¹² www.cbi.org.uk/cbi-prod/assets/File/pdf/cbi-education-and-skills-survey2016.pdf

community cohesion.

6.3. The Welsh Government's planning and preparedness for Brexit

6.3.1. Universities in Wales benefit significantly from membership of the EU. The UK's withdrawal presents a number of challenges for universities in Wales, including the loss of European Structural Funds which play a crucial role in funding innovation activity in Wales and the impact this activity has on Wales' productivity. Universities are the third largest recipient of structural funds in the last round and are particularly exposed to the withdrawal of this funding. It is the main source of capital and innovation funding for universities in Wales at present.

6.3.2. As well as the challenges posed by the loss of structural funds and question marks over continued participation in Horizon 2020 and its successor scheme, withdrawal from the EU could also impact student recruitment.

6.3.3. It is important that Welsh Government Barnett allocations are increased to a level that at least meets any shortfall of funding from loss of access to EU programmes.

6.4. How evidence is driving Welsh Government priority setting and budget allocations

6.4.1. Universities Wales welcomed the publication of the Diamond Review and its commitment to finding a sustainable solution to higher education funding and student finance arrangements. The review reflected a body of evidence on both supporting students and the key priorities for funding universities.

6.4.2. We also welcomed the Welsh Government's response to the recommendations which [accepted key recommendations from the review](#) including the funding of QR, part-time, knowledge exchange and expensive subjects.

6.4.3. As announced, this will now be taken forward in the 2018-19 budget round.

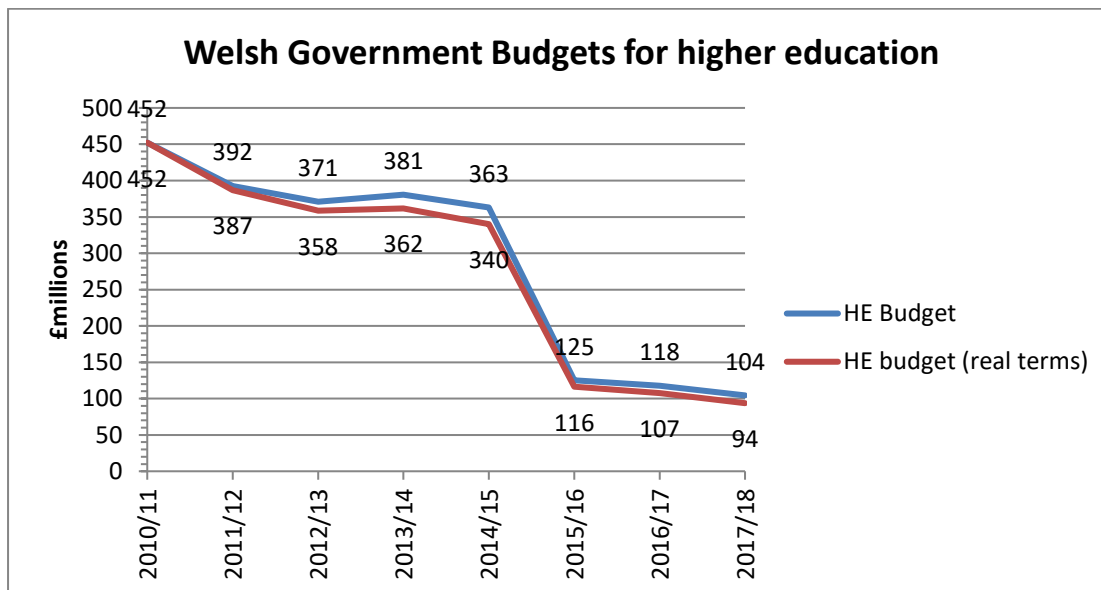
6.5. How the Future Generations Act is influencing policy making

6.5.1. Research and innovation activity by universities in Wales makes an extensive and wide-ranging contribution to each of the seven well-being goals of the Well-being of Future Generations Act. For example, from improving the detection of abnormal blood clotting to safely disposing of high levels of nuclear waste; from exploring how sport can improve mutual respect and understanding to using computers to reduce preventable deaths in the health service.

Appendix A – HE Budget and HEFCW funding allocations 2016/17

What was the budget for HE for 2016/17?

1.1. The current budget position compared to previous years in both nominal and real terms is summarised in Figure 1:



Source: Universities Wales (from Welsh Government 2nd Supplementary Budgets for 2010/11 to 2016/17 and 1st Supplementary Budget for 2017/18). Real terms stated at 2010/11 market prices (using HM Treasury GDP deflators, June 2017).

1.2. For comparison, the following table summarises the change in the HE budget compared to the Welsh Government’s total budget (excluding annually monitored expenditure i.e. expenditure it is not free to allocate). The HE budget has been cut by 77% since 2010/11 whereas the remaining Education and Skills Budget has fallen by 9% and the Welsh Government’s total budget has fallen by 3%:

Welsh Government Budgets

Resource and Capital DEL (£m) Financial Year	Education and Skills MEG			All MEGS
	HE	Other	Total	Total
2010/11	452	1,618	2,071	15,583
2011/12	392	1,471	1,863	15,037
2012/13	371	1,554	1,925	14,986
2013/14	381	1,790	2,170	15,766
2014/15	363	1,408	1,771	15,672
2015/16	125	1,673	1,798	15,843
2016/17	118	1,761	1,879	14,790
2017/18	104	1,475	1,579	15,101
% change since 2010/11	-77%	-9%	-24%	-3%

Source: WG 2nd Supplementary Budgets, except for 2017-18 (1st Supplementary Budget)

What was the impact on funding for universities?

- 1.3. HEFCW funding is based on academic years, so the amount that it has available to allocate will depend on the budgets for the overlapping financial years as well as any previous balance that it may have carried forward.
- 1.4. The following summarises HEFCW's allocations for 2017/18, as indicated in HEFCW Circular W17/11HE:

Funding Category	Funding Available for Allocation (£M)	
	Academic Year	
	2016/17	2017/18
Research ¹	79.2	80.6
Full-time teaching ²	15.1	15.0
Part-time teaching ³	26.4	27.0
Strategic Funding ⁴	31.4	5.2
Baseline allocation prior to funding adjustment	152.1	127.8
Funding Adjustment	-24.5	-28.5
Funding allocation after adjustment	127.6	99.3

- 1.5. Jobs generated by the expenditure of Universities, their students and visitors across Wales, by relative employment impact in each area:

Numbered by relative importance to employment in that area	Area of Wales	FTE Jobs generated by University activity	% of employment in the area ¹³
1	Ceredigion	3027	8.4
2	Cardiff	15047	6.6
3	Swansea	6482	5.6
4	Gwynedd	2851	4.7
5	Rhondda Cynon Taf	3227	4.3
6	Newport	2433	3.4
7	Wrexham	1704	2.6

¹³ Derived from 2013 Data on Workforce employment by Local Authority (StatsWales)

8	Merthyr Tydfil	534	2.3
9	Caerphilly	1349	2.3
10	Vale of Glamorgan	813	2.1
11	Carmarthenshire	1512	2.0
12	Neath Port Talbot	941	2.0
13	Torfaen	703	1.9
14	Bridgend	1248	1.9
15	Monmouthshire	839	1.9
16	Blaenau Gwent	339	1.7
17	Anglesey	396	1.6
18	Conwy	679	1.6
19	Flintshire	693	1.2
20	Denbighshire	488	1.1
21	Powys	707	1.1
22	Pembrokeshire	542	1.0
	ALL WALES	46552	3.4

1.6. Further information on the budget and on HE funding in general is available in Universities Wales's guide.¹⁴

¹⁴ Universities Wales, New guide to university funding and student finance in Wales, 21 September 2016 (see the Universities Wales website: [here](#)).

Appendix B - Capital Funding

Why does this matter to Wales?

1.1. Wales' universities make a significant contribution to Wales through:

1. Generating billions for the economy
2. Providing a world-class experience for students and meeting skills needs
3. Producing impactful research
4. Regenerating communities

Why do universities need capital funding to deliver?

1.2. To do this they need to invest capital in order to continue to:

- a) **Attract students and staff** as their spending generates an economic impact for Wales of £4.6bn¹⁵. A recent Frontier Economics report¹⁶ shows the value of capital expenditure in attracting additional student numbers: The quality of a Higher Education Institution's teaching and research facilities is an extremely important component of its offer. It is also seen as being a driving factor for developing collaborations between HEIs and the private sector, which can lead to important innovations and generates further income: Income to Wales through knowledge exchange between universities and other organisations, including the private sector, rose to £201 million in 2013/14¹⁷.
- b) **Offer a competitive student experience.** The introduction of tuition fees has changed the nature of the relationship between student and provider completely, with student expectations of their experience increasing significantly. Wales performs well overall in student satisfaction; however universities still report that a key objective in the development of capital programmes is because they need to improve the student experience by improving the environment.
- c) **Create the right conditions for world-class research.** Welsh universities have the highest percentage of 'world leading' research in terms of its impact of any part of the UK, with almost half of it considered to be having a transformational effect on society and the economy¹⁸. This is through investment in the latest research facilities, which in turn attract the brightest and best researchers from across the world.
- d) **Perform a central role in projects that bring benefits to local communities.** All Welsh universities have buildings and facilities that are crucial to their local communities, such as arts, innovation and sports centres. Furthermore, many historic

¹⁵ [The Economic Impact of Higher Education in Wales](#)

¹⁶ 'A review of HEFCE Capital expenditure – a report by Frontier Economics' HEFCE 2015

¹⁷ [Higher Education - Business and community Interaction \(HE-BCI\) Survey](#)

¹⁸ 2014 Research Excellence Framework (REF)

university buildings, that are often central to the cultural identity of many Welsh cities and towns and key to attracting people internationally, are very expensive to maintain.

How do universities currently fund capital investment?

- 1.3. Universities have to invest in order to attract students and staff. Until recently Welsh universities have had lower borrowing levels than the UK sector average. However, recent and forecast increases in borrowing to support significant estate development plans are likely to see the Welsh sector borrowings at least match the UK average, if not exceed it. Capital projects are noticeably more ambitious. Backlog maintenance may not be the biggest issue for all universities but for some in the sector, it remains a concern.
- 1.4. The vast majority of this expenditure has been covered by taking on more debt. Debt has never been so readily available at affordable costs, and interest rates remain low. Furthermore, universities are increasingly looking to more innovative means of raising money, such as bond issues, again which is generating relatively cheap money for universities to invest in their estate.
- 1.5. However, continuing at current rate of borrowing is not sustainable across all universities. A universities' ability to finance capital expenditure depends on their ability to generate a surplus – both for direct financing but also to enable borrowing. The Frontier Economics study suggests that a surplus of 7% per annum is required in order to sustain this.
- 1.6. Universities have been driving substantial operational efficiencies. This has been particularly driven in the Estates sector where we've seen property costs remain stable for the last five years despite substantial upward cost pressures.

What is the evidence?

- 1.7. HEFCE has produced (with Frontier Economics) a study reviewing capital expenditure. They found that capital is associated with significant positive changes in a number of outcomes at Higher Education institutions, including student numbers, numbers of researchers and contract and consultancy research income. There is clear evidence of the ongoing need, on the part of Government and the sector itself, for further capital investment in the sector, to continue to attract the best students, lecturers and researchers in the world.
- 1.8. UK universities lag behind some of their international competitors in terms of the amount they invest in capital. The funding gap between Wales and England was estimated to lie between £73m and £115m (before the reductions in the November Comprehensive Spending Review and Draft WG Budget for 2016/17). Whilst the funding environment continues to remain uncertain for the sector it is vital that investment levels are maintained to ensure that buildings and equipment remain fit for purpose and continue to meet the needs of students and staff.



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Finance Committee

Welsh Government Draft Budget Proposals 2018-19

About the National Education Union Cymru:

- The National Education Union Cymru stands up for the future of education. It brings together the voices of teachers, lecturers, support staff and leaders working in maintained and independent schools and colleges to form the largest education union in Wales.
- The National Education Union is affiliated to the Trades Union Congress (TUC), European Trade Union Committee for Education (ETUCE) and Education International (EI). It is not affiliated to any political party and seeks to work constructively with all the main political parties.
- Together, we'll shape the future of education.

What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

What expectations do you have of the 2018-19 draft budget proposals?

The education sector in general is increasingly expected to undertake more activities with less money. The Welsh Government's 'Transformation Agenda' will see greater expectations of the whole education sector, with no, or little, more resources. Reforms include:

- A new Curriculum for Wales
- Additional Learning Needs Reform

- Welsh language targets
- Changes to tests and Qualifications
- New Estyn regime
- Digital competency framework
- Changes to categorisation
- New professional standards
- The Tertiary Education Commission for Wales

These, along with other changes, will all have cost implications for the whole sector, and yet are not being met by adequate resources.

All education budgets have been stretched to breaking point. This is not merely a reflection the 2017-18 budget but a recognition that education has been underfunded for a significant number of years. This has led to school having to utilise reserve budgets, make staffing cuts in the interests of finance rather than educational outcomes and reduce the levels of resources they are able to offer pupils. The budget for 2017-18 again failed to ensure schools and the wider education sector is adequately funded and there are particularly harsh challenges for those in the FE sector.

We do not expect the 2018-19 draft budget proposals to do anything to mitigate the historic chronic underfunding within the sector. We would also anticipate that any benefits of possible increases in delegated school budgets, for example, to be undermined by the requirement to fund increased responsibilities.

How financially prepared is your organisation for the 2017- 18 financial year, and how robust is your ability to plan for future years?

Schools in general have mapped out their funding plans for the coming year, and indeed for future years, however they have increasingly found the goalposts have been moved in terms of the grants and initiatives they are provided with, as well as with increasing expectations placed on them without warning. This has often led to financial upheavals that cannot be accounted for in advance which have significant impacts on their abilities to ensure financial security.

The number of school teachers registered with the Education Workforce Council (EWC) has dropped by 769 this year¹.

Naturally this, and other financial decisions, has led to poorer education provisions being offered to children and young people as resources, education professionals and streams of work have had to be amended in an ad-hoc fashion to reflect this lack of budget flexibility due to operating on budgets already at breaking point.

The number of FE lecturers registered with the EWC also fell this year, by 626². Changes to the post-compulsory education and training (PCET) sector will have a significant impact on an already squeezed sector. Whilst some of the changes proposed under the Tertiary Education Commission for Wales (TERCW) may be welcome, the change will inevitably have an impact on the sector's ability to undertake long term planning, and could have implications for learners and education professionals as they are introduced.

Additional Learning Needs and Tribunal (Wales) Bill

The ALNET Bill is yet to proceed to the Stage Two Committee Stage because the Financial resolution is being redrafted. This is welcome. However, it is difficult to comment on the financial implications of the Bill without this document.

Never-the-less, the ALNET Bill, along with the other reforms listed above, will have implications for the whole workforce. Without sufficient funding and training ahead of the Bill's implementation, the aims of the Bill will not be realised.

The Well-Being of the Future Generation Act

There are some specific targets under the WFG Act which relate to education and young people who are not in education, employment or training (NEET). Whilst we recognise that the WFG Act is new, it is difficult to see how the Welsh Government is implementing the Act, for example, in the manner in which it is planning, writing and implementing legislation.

¹ Annual Statistics Digest 2017 <https://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>

² Annual Statistics Digest 2017 <https://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>

For example, it is our view that the ALNET Bill needs clear collaborative working, underpinned by duties, which relate not only to schools, FEIs and local authorities, but also the health sector too.

At this very top level, if duties are not imposed equally, across several sectors, then the work on the ground will become more difficult. We have real concerns that the current challenges in ALN provision – around funding, for example – could be replicated if the Welsh Government fails to implement its own plans for collaborative working, outlined in the WFG Act.

Conclusions

Education professionals want only the best for children and young people in Wales. We believe that much work needs to be done to ensure that education provision is properly funded, to ensure that future generations of Wales are ready for the challenges they will face.

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INTRODUCTION

The Sustainable Development (SD) Alliance is a group of organisations that cares passionately about the Wales we live in now and will pass on to the next generation. Our Alliance brings together over 30 organisations, from environment and development charities to faith and belief, language, community and women's groups. We share a commitment to shaping a sustainable future for Wales – fighting for social justice in Wales and around the world and doing so within the environmental limits of our one planet, using only our fair share of resources.

CONSULTATION RESPONSE

1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

The Environment & Rural Affairs MEG for 2017-18 was £383m, which does not address the needs of this area. This allocation has been on the back of sustained cuts to the environment and natural resources budgets over the last few years, which was recently highlighted in a letter to Finance Secretary, Mark Drakeford, by Wales Environment Link. This is very concerning, particularly given the need – recognised in Wales' legislation – to reverse the decline to biodiversity and ensure the resilience of ecosystems. This is also reflected in the [State of Natural Resources Report](#), which flags up urgent concerns about our environment's resilience and can also be seen in ongoing concerns about Natural Resources Wales' capacity.

2. What expectations do you have of the 2018-19 draft budget proposals?

The SD Alliance expects to see the Welsh Government budget reflect the goals and principles embedded in the Wellbeing of Future Generations (Wales) Act 2015. The Act requires all Welsh public bodies, including the Welsh Government, to act in accordance with the sustainable development principle. Given that the budget underpins the actions that Welsh Government will take in the next twelve months, the budget must also work in accord with the principles. In general terms, this means we would expect to see:

- A clear shift in expenditure towards programmes aimed at preventing problems occurring e.g. energy efficiency measures preventing fuel poverty at a large scale; habitat creation to reverse biodiversity decline; habitat restoration to build ecosystem resilience; using the best evidence to tackle flooding and air pollution (with 'nature based solutions', to use language from the Natural Resources Policy); and investment in anti-poverty programmes to promote equality and reverse deprivation.
- Financial arrangements, such as pooled budgets, that encourage and require collaboration between Welsh Government departments and among public bodies, which facilitate the achievement of multiple well-being goals. These ideally should be linked to the delivery of the wellbeing objectives.
- An emphasis on addressing long term problems such as tackling poverty, natural resource depletion and climate change.

It is essential that such shifts in monetary allocations, and the reasons for them, are clearly explained in the narrative accompanying the budget so that public bodies in receipt of funding are fully aware of how they will also need to change their approach to budget setting.

It's important that the Welsh Government shows leadership in implementing the framework of the Wellbeing of Future Generations Act and there needs to be coherence across policy areas. The Welsh Government's policy and spending should be pulling in the same direction and planning for the long term; policies that have a counter-productive effect need to be removed. For example, as Wales moves towards renewable energy, it is counter-productive if Welsh public sector pension funds remained invested in fossil fuels.

To drive change on our path towards sustainable development, there are four over-arching areas that the SD Alliance would expect to see prioritised within the budget:

- To transition to a low-carbon and resource-efficient economy.
- To reduce consumption and promote sustainable production.
- To ensure a comprehensive decarbonisation programme across all MEGs. One of the ways this can be demonstrated is via a carbon impact assessment of the fiscal budget.
- To ensure natural capital is recognised and investment increased in line with delivering on the Natural Resources Policy. WWF has recommended – in the report [‘A Greener Budget: choices for a prosperous future’](#) – that there is a ‘natural capital stress test’ at the heart of budget-making.

In addition, a budget needs to be allocated for activities that contribute towards the wellbeing goal of ‘a globally responsible Wales’, such as the Wales for Africa programme. Wales for Africa activities are beyond the remit of climate change mitigation and adaptation activities, so are not part of that budget line. There are other organisations, such as the Size of Wales, which addresses both climate change and tackling poverty internationally, so also fulfils the global goal. It would be helpful for the positive impact of such programmes to be recognised and to therefore encourage wider participation from public bodies, in line with Wales’ commitment to the UN Sustainable Development Goals.

3. Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

1) Financing of local health boards and health and social care services

The NHS is the biggest expenditure of the Welsh Government, so should be an exemplar for sustainable development in terms of procurement. Contracts should be predicated on ensuring products are sustainable, e.g. MSC certified fish, FSC certified timber and Fairtrade tea, coffee, sugar and cotton. The [NHS Wales Shared Services Partnership](#) has already enacted this through its fish procurement.

In terms of health services themselves, social prescriptions ought to be implemented, to stress the importance of access to natural green spaces. This is important for both physical activity and mental wellbeing. Both the RSPB report [‘Natural Health’](#) (and the more in-depth report [‘Natural Thinking’](#)) and the Wildlife Trusts report on [‘Wellbeing benefits from natural environments rich in wildlife’](#) outline the array of positive impacts the natural world provides to people. There are also several reports concerned with young people’s disconnect from nature, which could be causing problems later on. The National Trust describes it as ‘Nature Deficit Disorder’ in their report [‘Natural Childhood’](#), which is evidenced in both children and adults, particularly in urban areas.

2) Approach to preventative spending and how is this represented in resource allocation

The Welsh Government could certainly have more focus on preventative spending across the piece, rather than just in health. For example, energy efficiency programmes are one of the best preventative investments for people's health, for good housing stock, keeping people out of poverty and decreasing carbon emissions. A large-scale energy efficiency programme would also upskill and re-skill those in the construction sector. A [WWF Cymru report](#) from 2012 showed that by bringing all the least efficient houses in Wales up to a rating of D it would “*reduce greenhouse gas emissions from the housing sector by 40% and reduce the number of households in fuel poverty by 40%.*” There is a [more recent report by WWF and the Energy Saving Trust](#) that looks at the progress towards meeting the target of reducing Welsh emissions by 40% by 2020 (compared to the 1990 baseline).

Similarly, investing in environmental protection is preventative in terms of protecting future generations from developing climate change problems. Carbon budgeting is an inherently preventative measure by reducing the damage our emissions are causing. Investment in environmental protection and restoration to ensure our ecosystems are resilient – and can support social, cultural and economic resilience – is key for Wales' future.

3) Sustainability of public services, innovation and service transformation

Procurement is one of the best levers to direct public spending to sustainable choices, and to ensure a market for the business which is transitioning to sustainable production. For example, all Welsh Government contracts and buildings can switch to sustainable products including: MSC certified fish, FSC certified timber and paper, and Fair Trade. By using contract management techniques, businesses can be pushed to lower their carbon emissions and move towards carbon neutral fleets and premises. The Welsh Government should exemplify good practice for their own carbon neutral premises, including initiatives like microgeneration on all authority buildings and rain water harvesting.

4) Welsh Government policies to reduce poverty and mitigate welfare reform

As the economy transitions to a low-carbon one, decent work for workers should be guaranteed. [Oxfam's report](#) from Scotland explored what 'quality work' looks like from workers' point of view. In Wales, the Welsh Government can, to some extent, improve and enforce basic employment conditions and create effective employment strategies. They can also establish a 'Business Pledge' model, similar to Scotland's approach, where the Pledge is a commitment by accredited companies to adopt fair and progressive business practices, based around various components. Better labour market data is also essential to understand the extent to which people's needs are being met. This can all be enhanced through the Welsh Government's [Code of Practice for Ethical Employment in Supply Chains](#).

Decent work should also come with a decent wage; Wales could become a Living Wage Nation (using Living Wage Foundation rates of pay) by ensuring that all Welsh public bodies are Living Wage accredited employers, and using levers such as procurement and grant funding to incentivise employers to provide decent work with decent conditions.

5) The Welsh Government's planning and preparedness for Brexit

Environmental standards, agricultural policy and fisheries are some of the most significant areas that a post-Brexit UK will need to legislate for, which does bring forward opportunities for improvement and reform. Wales Environment Link has put together a [Sustainable Land Management Vision](#) for a post-Brexit Wales, centred on the need for a new agricultural policy. Farming subsidies should be refreshed to a 'public money for public goods' model with payments for ecosystems services.

The Welsh Government also needs to ensure that important EU environmental legislation protecting wildlife and the environment is retained and strengthened in Wales in the long term; there have been a number of welcome statements relating to this, but no detailed commitments to date.

6) How the Welsh Government should use new taxation and borrowing powers

There is a lot of possibility for innovation in using new taxes, which The Bevan Foundation highlighted in their report: [‘Tax for Good: Devolved taxes for a better Wales’](#). Suggestions on taxing sun beds, polystyrene packaging and sugar should all be explored within the context of the Wellbeing Goals.

7) How evidence is driving Welsh Government priority setting and budget allocations

It is deeply worrying to have seen reductions to environment and natural resources budgets over the last few years, with ongoing concerns about Natural Resources Wales (NRW) having sufficient funds whilst their remit and responsibilities increase in embedding the Environment Act. It’s important they are adequately funded as they put together Area Statements which deliver the Welsh Government’s Natural Resources Policy, as well as their existing regulatory and monitoring requirements.

In their last budget scrutiny, the [CCERA Committee](#) highlighted NRW’s request for three-year budget settlements to better manage the challenges they are facing. NRW’s [State of Natural Resources Report](#) (SoNaRR) provides the evidence base to show that none of Wales’ ecosystems is resilient and we need to address this if we are to maintain and enhance the benefits we gain from the natural environment. As mentioned above, evidence identified in SoNaRR should be clearly driving priority setting and budget. Now the Natural Resources Policy is published, the SD Alliance would expect the budget to support delivery of this and set out how it will be delivered across Welsh Government portfolios.

8) How the Future Generations Act is influencing policy making

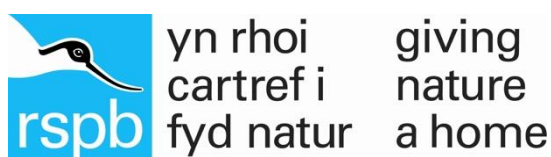
The SD Alliance is concerned that the Welsh Government’s approach so far has not been delivering fully on the Wellbeing of Future Generations Act. There has been no participation of organisations from the Alliance in the development of the Wellbeing Objectives or the cross-cutting strategies. We do not consider this as effective engagement required under the Act’s five ways of working. This is a considerable failure of the Welsh Government in its main strategic requirements of the Act; if this is not being achieved it does not send good signals for what is taking place across rest of organisation.

This was inconsistent with the Welsh Government’s previous commitment to engage with stakeholders on how the strategies are formed. The Finance & Local Government Secretary said in a [written statement](#) on the wellbeing objectives that they *“will be tested further through the development of the strategies and will engage businesses, public bodies, people and communities in this important work.”* It is very disappointing that this did not take place.

In addition, the WFG Act does not seem to be changing the Welsh Government’s decision-making. The continued commitment to the M4 relief road, for example, in spite of [advice from the Future Generations Commissioner](#) that it is ‘ill-conceived’, is a significant failure to consider the WFG framework in policy decisions.

SD ALLIANCE SUPPORT

This paper has been put together and supported by the following members of the SD Alliance: Bat Conservation Trust, Cynnal Cymru, Hub Cymru Africa, Keep Wales Tidy, Llais y Goedwig, Oxfam, RSPB, Size of Wales, Sustrans, Wales Environment Link, WCVA and WWF Cymru.



Hub Cymru Africa





FAO: Finance Committee

Dear Committee Members,

Cymorth Cymru welcomes the opportunity to respond to this consultation regarding the Welsh Government Draft Budget Proposals. We have kept our consultation focused on the Supporting People Programme, which currently funds homelessness and housing related support services for 60,000 of the most vulnerable people across Wales.

In terms of the 2017-18 Welsh Government budget, the protection of both the Supporting People Programme grant and the Homelessness Prevention grant has enabled preventative services across Wales to continue - and therefore helped 60,000 people to avoid homelessness and live independently in their communities. At this time last year, there were very real concerns that funding would be cut by as much as 15%. Organisations providing SP services were facing the potential for significant disruption to their services, and it would have resulted in the loss of support for many individuals. Many charities that deliver these services responded to Cymorth Cymru at the time to say that combined with other pressures such as welfare reform, the reduction in other funding and increased drive for 'efficiencies', this would force some of them to close, putting entire services at risk.

By protecting the budget in cash terms (if not real terms), this worst-case scenario was not realised, and we have to pay tribute to Welsh Government for protecting the budget and for Plaid Cymru for ensuring it was included in last year's budget deal. It once again underlines the cross-party cooperation that has been present throughout the Assembly's existence.

However, one significant impact that we need to draw attention to is the continued uncertainty of the Supporting People Programme funding. Once again this year, we are aware that significant cuts are being considered by Ministers, something which the First Minister refused to rule out in a recent interview (ITV Wales, Sharp End, 12/09/2017). This level of uncertainty creates problems in and of itself in the sector. Charities and housing associations have fed back to Cymorth Cymru that every January without confirmation of budgets, they need to issue redundancy notices to colleagues in Supporting People projects. This has a direct and detrimental impact on the sustainability of projects, with staff often leaving for roles that offer more stability and certainty. It can also have an impact on vulnerable people using these services, as they do not know whether the service will continue to exist. This instability occurs *whether or not the Programme is protected*, as every year local authorities have to plan for cuts, and even if they do not take place, it then takes a long time for official confirmation of funding to filter down to providers.

This is a point that was drawn out in the recent Wales Audit Office report, which levelled some criticism against the management of the grant (but, crucially, not the services themselves), arguing that the Welsh Government should move away from the current annual funding cycle to three-year indicative funding. This would be extremely helpful, by reducing the uncertainty faced every year by providers. Fundamentally as well, it will enable individuals who are receiving support to be more secure in their recovery.

We are deeply concerned that any cut to the Supporting People Programme would put the lives of vulnerable people at risk. People who have been helped by Supporting People have spoken personally about the life-changing impact it can have. Our *Experts by Experience* report ([Spring 2017](#)) makes it clear, having spoken to almost two hundred people with direct experience of Supporting People, the impact the programme has had. Many say they would otherwise be dead, in hospital, or homeless. Others told us that Supporting People services had helped them to escape domestic abuse, to avoid re-offending and to re-engage with education, training and employment. This is the very real human impact of the Programme, but there have been other studies that have demonstrated the impact on the public sector, such as to the Carmarthenshire study which found that for every £1 spent, it generates savings of £2.30 to housing, health, social care and community safety. In addition, the Data Linkage Feasibility Study commissioned by the Welsh Government showed a clear link between the receipt of SP services and a reduction in NHS service usage. We believe the economic and human case for protecting the Supporting People budget is clear.

We are aware that the Welsh Government's draft outline budget will be published on 3rd October, but will only include departmental lines. We would advise caution if the overall Communities budget is not cut, as we are aware that the Welsh Government may include funding for their childcare commitment in this department. As a result, the Communities budget would need to increase by the same level of the childcare pledge ([between £80 - £200m](#)) in order to guarantee Supporting People protection. Assembly Members will therefore need more information on the day of the draft outline budget to determine whether Supporting People is going to be cut.

Our organisation is sustainable and secure for the longer-term, but the services provided by our members and other providers are not. The additional costs based on national living wage, welfare reform, wider austerity, and continued reductions in grant funding has created a perfect storm of pressure for providers. Many are saying they will not be able to continue operating if the issue is compounded with further cuts to Supporting People.

In terms of specific areas that the Committee wanted to look at, we have drawn out particular points:

Financing of local health boards and health and social care services

The Supporting People Programme, and the other areas of spending within the Communities budget, help to reduce greater pressure and cost on health and care budgets. During our engagement events in January people told us that these services helped them to improve their health and avoid hospitalisation, particularly in relation to mental health and suicide. Older people and people with learning disabilities told us that they would be in residential social care if SP services hadn't enabled them to continue living independently in their communities.

In addition, the recent data linkage feasibility study indicated that SP services led to a reduction in the use of health services. More work is currently being done to link SP data and health data across the whole of Wales, and in our view it would be ill thought out to cut the Supporting People Programme while work is ongoing that will further demonstrate the impact it makes on health and care.

Given the pressures on public spending, reducing a preventative programme would be a retrograde step that would significantly increase pressure on local authorities and health boards.

Approach to preventative spending and how is this represented in resource allocation

Preventative spending – and preventative legislation and policies – is an area that the Welsh Government can be rightly proud of. The Housing (Wales) Act 2014 has influenced the English Homelessness Reduction Act 2016, one of the few major pieces of Wales-based policy that has been adopted in England. The preventative approach is a key success of devolution, which all parties can be proud to have supported. The Supporting People Programme is also something that has had cross-party support over the years, and is the envy of colleagues in England, who have seen the ring-fence removed and services decimated. Assembly Members will be aware that the Supporting People Programme is preventative in a number of ways: it prevents homelessness; reduces the need for acute health services; prevents a loss of independence; prevents domestic abuse, and prevents re-offending.

We acknowledge that it is harder, in a period of austerity, to fund preventative services when the demands on crisis response are increasing. However, it has never been more important. The risk when funding is reduced is that crisis is prioritised, and preventative spending is slashed. This is exactly the pattern of budget-setting that the Welsh Government seem to be following, and it will have marked consequences. In a very real and unfortunate sense, the policy aims of the Welsh Government are becoming more and more divorced from the fiscal reality of budget decisions. This debate needs to be had within the Assembly, to ensure that preventative spending is given a robust funding allocation that is not always put at risk by increased need for crisis services.

Sustainability of public services, innovation and service transformation

The third sector has been a source for innovation and transformation for decades. Supporting People providers have worked with statutory partners in housing, health and social care to deliver innovative, person-centred services that provide value for money. In response to austerity, charities and providers have worked extremely hard to provide more for less. It is becoming harder to do this, however. As noted above, organisations are telling us that they are cutting closer and closer to the bone, and it is almost impossible for services to make savings that do not impact on frontline delivery. In terms of public service sustainability, most providers are now talking about having reached their own crisis point. Providers of learning disability services for example, have talked about the sheer weight of costs potentially leading to services being ended

(<http://www.bbc.co.uk/news/health-40803107>). These pressures are not exclusive to social care, and threaten Supporting People providers in all areas.

Welsh Government policies to reduce poverty and mitigate welfare reform

We acknowledge that the Welsh Government is doing its best to navigate, and mitigate, welfare reform policies on vulnerable people's lives. The benefit cap, bedroom tax, changes to young people's entitlements and the sanctions regime have all had a detrimental impact on vulnerable people. Supporting People is one of the key programmes that supports people affected by welfare reform to access and maintain housing in extremely difficult circumstances. The ill-conceived and potentially catastrophic decision to apply the Local Housing Allowance cap to supported housing is a major concern for the sector. The Welsh Government has been very collaborative in its efforts to develop a policy response to this, but it is essential that the Welsh Government ensures that any funding devolved from Westminster in 2019/20 is allocated to supported accommodation.

Unfortunately, any success the Welsh Government has had in reducing poverty and mitigating welfare reform will pale into insignificance if the Supporting People budget is cut. It is precisely this budget that has shouldered much of the burden created by Westminster-driven poverty. Any reduction would make it much, much harder to mitigate welfare reform and would directly increase poverty. Not only that, but it would increase the poverty of those on the edges of society, who may have very little resilience to cope with changes in their circumstances.

How the Future Generations Act is influencing policy making

The challenge, as ever, is in making the promise of the Future Generations Act a reality. We are pleased that it is receiving widespread attention, and as ever we support the ambitions of the legislation. However, we remain concerned that, as with the preventative principles that the Welsh Government have consistently championed, the principles of the Future Generations Act will be eroded in this budget. A time of budget difficulty is exactly when the cooperation promise in the Act is needed. Supporting People is a good example of a Programme that supports co-operation across public policy areas and reducing the capability of these services to support people will make this harder.

Supporting People is a good model, in terms of services on the ground, for how different elements of policy can work together. It can have impacts on education, criminal justice, health, social care, and more. It should be championed as an example of what the Welsh Government, and Welsh providers, can do when they work together – rather than constantly undermined and challenged by the need to protect funding every year.

Conclusion:

We would ask the Committee to keep a close eye on the Communities budget when the draft outline budget is released. We have real concerns that the Supporting People Programme will have its funding cut, something that should be challenged in the

strongest possible terms. A nation like Wales, which is built on its many different communities, can only be as strong and successful as those who have the least. Many of the people who are supported by the Programme are the most vulnerable and marginalised in our society. We hope that the Committee will closely scrutinise the impact of any cuts on their lives.

Best wishes,

Katie Dalton

	The Welsh NHS Confederation response to the Finance Committee consultation on the Welsh Government Draft Budget Proposals 2018-19.
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Date:	11 September 2017

Introduction

1. The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, welcomes the opportunity to respond to the Finance Committee’s consultation on the Welsh Government’s Draft Budget proposals for 2018-19.
2. The Welsh NHS Confederation supports our members to improve health and well-being by working with them to deliver high standards of care for patients and best value for taxpayers’ money. We act as a driving force for positive change through strong representation and our policy, influencing and engagement work.
3. With money extremely tight and demand rising, finance and funding can never be far from NHS leaders’ minds. The NHS in Wales, along with other public services, continues to work in an extremely challenging financial climate and it must prioritise and change. Radical transformation of healthcare, and related services, is now the only way in which NHS Wales can hope to be on a sustainable footing for the longer-term. The NHS in Wales is adopting and implementing a ‘prudent healthcare’ and ‘valued based healthcare’ approach to support sustainability in the future. This ‘transformation’ is not only about reshaping healthcare and doing things very differently, it also involves recalibrating our relationship as patients, and the public, with the NHS.
4. If the NHS in Wales is to remain sustainable in the long term the Welsh NHS Confederation believes large scale system change needs to be planned, resourced and supported, rather than allowed to happen on an ad-hoc basis. At the same time, the NHS in Wales has a clear duty to provide high quality and safe healthcare services to the people of Wales within the resources available. In this context, we look forward to seeing the final recommendations put forward by the Parliamentary Review Panel later this year.

Summary

5. The Welsh NHS Confederation has previously welcomed the investment that the Welsh Government has made in the NHS in recent years. NHS Wales faces a significant financial challenge during this period of continuing austerity. We are seeing increasing costs as well as relentless advances in medical technology and increased patient and clinical expectations. Furthermore, an ageing population, combined with more people having increasingly complex needs, means that demand for health and social care services is predicted to grow rapidly.

6. While the fact that more of us are living longer is a success story and should be celebrated, this trend brings about fresh challenges for the NHS. The number of people aged 65 and over is projected to increase by 50% by 2037.ⁱ While people are living in good health for longer, this health gain is not distributed equally. Wales currently has the highest rates of long-term limiting illness in the UK, which is the most expensive aspect of NHS care. As last year's Health Foundation reportⁱⁱ highlighted, the percentage of people in Wales living with at least one chronic condition has increased from 5.1% in 2004/05 to 6.5% in 2014/15, an almost 30% increase. However, the biggest rise is in the percentage of people living with multiple chronic conditions. This percentage has increased by 56% over this 10-year period if you take population growth into account. This is the equivalent of 64% more people living with multiple chronic conditions. The Health Foundation report concludes that without any action to reduce pressures or increase efficiency, NHS spending would need to rise by an average of 3.2% a year in real terms to keep pace with demographic and cost pressures, and rising prevalence of chronic conditions. Maintaining the current range and quality of services would see spending rise from £6.5bn in 2015/16 to £10.4bn in 2030/31.
7. Expenditure on the NHS across the UK as a percentage of Gross Domestic Product (GDP) is lower than other countries and declining in relative terms. This is of real concern and the Welsh NHS Confederation believes that the Welsh Government should commit to provide a settlement for the NHS in Wales that as a minimum keeps pace with GDP growth in the long-term. There is no escaping the fact that the NHS will need more money from the Welsh Government each and every year if it is to keep pace with inflation and cope with these challenges.
8. The Welsh NHS Confederation recognises that the Welsh Government may not be able to fully fund the pressures facing the NHS in Wales and our members are therefore continually seeking to drive out efficiency savings where they can, but successive years of dealing with financial challenges means the traditional methods of finding savings are unlikely to serve us well in the future. We must recognise that, year on year, the NHS in Wales has to develop more sustainable and sophisticated plans that have got to be delivered within its responsibility to provide high quality care to patients. Ensuring that efficient and safe services are provided within the resources allocated by Welsh Government requires each NHS body, and NHS Wales as a whole, to prioritise spending. This will inevitably mean that difficult choices have to be made on what services are provided.
9. The NHS has made a strong and consistent case for investing in the NHS based on sound economic and social policy. The moral case for transforming how care is delivered to better suit the needs of people today is strong. There is however an equally compelling economic case for investing in the NHS now, so it can better support our society to live healthier lives with less need for medical care in the future. Put bluntly, a strong economy needs a strong NHS. It is increasingly apparent that more of the same is unsustainable. In order to address the continued austerity in NHS Wales and the challenges it brings, our overriding approach now must be for the NHS in Wales to adopt and implement

universally a 'prudent healthcare' and 'value based healthcare' approach and to have a long-term vision and strategy for health and social care.

10. 'Prudent healthcare' describes the unique way of modelling the Welsh NHS to ensure it is always adding value, contributes to improved patient outcomes and is sustainable. 'Prudent healthcare' also recognises the need to shift to a stronger primary, community and preventative model of care, with closer integrated working with other public services. In the context of the financial challenges that the NHS faces, the 'value based healthcare' proposition enables increased value for our health and social care system through; improved outcomes for the same costs; improved outcomes for less cost; and maintained outcomes at reduced costs.
11. A strong NHS also needs a strong social care sector. The Welsh NHS Confederation recognises the crucial role of social care as part of a patient's pathway and as a means of helping maintaining people's independence and managing demand on frontline NHS services. Against that background we would support additional investment in social care and other preventative services, such as housing, if the Welsh Government budget allows and we underline our commitment to collaborate with colleagues across sectors; seeking new ways of working to deliver timely services which meet the needs of the people of Wales. The Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015 help support integration and collaboration across the public sector in Wales. As highlighted in our recent joint publication with ADSS Cymru, "*Health and social care: Celebrating Well-being*",ⁱⁱⁱ significant change has already happened across Wales to ensure more integrated care, however we need to build on this further with our partners.
12. Finally, to cope with the challenges facing the NHS, the NHS and its partners need to be allowed, enabled and supported to change the healthcare system within the resources available. This will inevitably mean that difficult choices have to be made on what services are provided where and when. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and different ways of delivering services, while taking more responsibility for how they use those services.

Consultation questions from Finance Committee

1) What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

13. The Welsh NHS Confederation recognises that the Welsh Government operates within a fiscally constrained environment, which was emphasised within the budget proposals for 2017/18, with an overall budget which is reducing in real terms. Within this context, Welsh Government face significant challenges in determining budgetary trade-offs.

14. We welcomed the additional £265 million funding for NHS delivery that has been provided and the research based approach which the Welsh Government is increasingly adopting

in financial policy development, such as the Institute of Fiscal Studies report into Welsh budgetary trade-offs;^{iv} the Health Foundation's report on the financial sustainability of the NHS in Wales^v and the Nuffield Trust's 'Decade of austerity in Wales' report.^{vi} Such evidence will serve to ensure that Wales is well placed to adopt best practice in resource allocation. The funding allocation to the NHS by the Welsh Government has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

15. Within the budget, additional investments were announced for Mental health services; New Treatments; workforce training, development and recruitment; and £1.1bn programme to transform and maintain NHS infrastructure capital funding. The additional £20m investment made in mental health services was particularly timely, given the significant and growing pressures in this area. Mental health is the largest single programme budget category, at 11.2%, and this investment has supported Health Boards to make progress in implementing the requirements of the 'Together for Mental Health' Delivery Plan, 2016-19.
16. Over many years, the NHS has faced a number of longstanding issues which the budget for 2017-18 has supported. The introduction of new treatments, for example, has provided significant financial challenges to the NHS over a number of years. The development of the Treatment Fund has provided certainty over these pressures and ensures that access to new treatments can be provided quicker.
17. The increased demands on the NHS, along with a workforce which itself is ageing, has increased the pressures on our workforce. Over recent years, this has resulted in an increasing and overreliance on temporary staffing through agencies for medical and nursing staff. A co-ordinated and targeted national and international recruitment campaign has offset some of this pressure, and a significant number of new appointments have been made for medical staff, however there is some uncertainty following Brexit and the ongoing Brexit negotiations. Commissioning training places remains a challenge, but it is expected that the new organisation, Health Education and Improvement Wales, will improve the co-ordination of workforce planning and education across the NHS. This will be an area for further development over coming years.
18. Lastly, and recognising the particularly challenged capital allocation to Welsh Government, we welcome the commitment to prioritise the investment in new medical equipment, IM&T and estate infrastructure. The increased certainty provided through a four-year capital budget is welcomed as it allows the NHS to better plan for the future. In addition to this, the development of the Welsh Mutual Investment Model at the Velindre Cancer Centre is being viewed with interest to understand how this model may be used to upgrade and modernise facilities elsewhere in NHS Wales.
19. While welcomed, the additional funding did not cover the funding gap and the health service continues to work hard to meet the ongoing financial challenges through the delivery of Cost Improvement Programmes and efficiency measures.

20. The Welsh NHS Confederation recognises the contribution that other public services, especially local government, make to supporting the health and well-being of their population and to helping manage demand on health services. It is important to recognise that healthy lives are determined, not just by spending directly on health, but through communities which are prosperous, secure, active, well-educated and well-connected. We are supportive of the funding that was given to preventative and social care services in the 2017 – 18 budget and recognise the need for further investment in this area. In particular, our members are concerned about the frailty of the social care sector, which is already impacting on NHS demand, performance and finance. There is a real concern that the availability of care services in some parts of Wales is likely to contribute to more delayed discharges and a reduction in unscheduled care performance, particularly as we approach winter (but also beyond).
 21. Part of the responsibility of the NHS in Wales, especially in these economically straitened times, is to be open about the difficult choices we face. Of course the NHS can make the current model of care more cost-effective through efficiency by ‘doing the right thing’, reducing the costs of delivering services and workforce redesign. However, there are only so many costs that can be taken out of the existing models. The challenge here is that there is limited flexibility to shift significant investment away from treatment services when the current demands on the health service are so great. Therefore, this is an extremely difficult, yet vital, task and the health service will need support to do this.
 22. In parallel, the NHS needs to channel resources into new care pathways, preventative measures and more cost-effective models of care, which can generate efficiency savings from ‘doing the right thing’ in the first place. Moving resources into new models of care won’t be easy and evidence suggests it takes time to see the benefits. That is why the Welsh NHS Confederation is calling for the Welsh Government to develop a long-term vision and ten-year strategy for sustainable health and care services in Wales and we hope that this is introduced following the recommendations from the Parliamentary Review of health and social care.
 23. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and different ways of delivering services, while taking more responsibility for how they use those services.
- 2) What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?**
24. In common with public services across the UK, the NHS in Wales is challenged by the requirement to provide timely, high quality services within its resource constraints. The requirement for NHS organisations to develop financially balanced three-year integrated plans provides the NHS with a clear framework to encourage longer term planning. Consequently, it is important that there is stability and consistency in the overall NHS budget alongside a recognition of the growing pressures facing the system.

25. NHS organisations have faced significant challenges in preparing for the 2017-18 financial year, despite significant additional resource allocations. The planning cycle has seen three organisations being placed in Welsh Government’s targeted intervention status at least in part due to their financial positions; and other organisations are also reporting deficits in-year. While the reasons for each organisation will be somewhat different, there are consistent issues across the NHS in Wales, in common with the rest of the United Kingdom.
26. However, the policy framework in Wales does allow an appropriate focus on the issues in planning for future years:
1. The Well-being of Future Generations (Wales) Act 2015 requires NHS organisations to work in partnership with other public and thirds sector organisations. This will be a key enabler to deliver system wide change;
 2. The Value Framework, alongside the strategic alliance with the International Consortium for Health Outcomes Measurement, advocated by the Welsh Government, provides an opportunity for the NHS to embed the principles of Prudent Healthcare. Importantly, this moves the NHS from its historic focus on technical value (doing more for less) to allocative value (allocating resources to maximise outcomes) and personalised value (as measured through health outcomes). Such an approach encourages careful consideration of preventative spend, and close working with colleagues in Public Health Wales NHS Trust; and
 3. The Welsh Government escalation process enables a bespoke response to the issues facing NHS organisations in difficulty, utilising external experts to provide an independent assessment of the issues facing each organisation and the appropriate solutions.
27. We recognise that the 2017-18 health and social care budget within Government represents nearly 50% of the total Resource DEL and that further allocations will result in trade-offs elsewhere in the Welsh Government Budget. In line with the commitments given in the run up to the 2016 Assembly election our expectation is that the Welsh Government will continue to provide more per head funding for health and social care in Wales that the UK Government provides in England. Beyond that our members are hopeful that the settlement for the NHS will at least keep pace with GDP growth and be in line with the funding requirements forecast in the Nuffield Report 2014^{vii} and the Health Foundation report.^{viii}
28. Alongside the settlement, NHS organisations recognise the need for and are committed to deliver further efficiency savings to balance their budgets. Since 2010-11 the NHS in Wales has delivered more than £1.1 billion in recurrent efficiency savings through service changes including increasing day surgery rates, providing more care closer to people’s homes, service reconfiguration, increased productivity, demand management, pay restraint and more effective prescribing. While the efficiency savings made by the NHS are significant, the annual achievement has been gradually diminishing year on year, a reflection that traditional methods of savings are unlikely on their own to deliver what is

needed in the future. There will be a continued focus on driving technical efficiencies from areas such as procurement, estates management and shared services as well as looking at new opportunities for service redesign, regional working and the use of digital technologies.

29. The key financial pressures that will need to be met in 2018-19 include, but are not limited to:
- a. The workforce, in respect of capacity to deal with increased demands and the increased cost of the workforce through increments and pension contributions. Currently, NHS Wales directly employs around 89,000 staff.^{ix} This makes the health service Wales' biggest employer, with the NHS pay bill standing at around £3 billion (more than 50% of NHS spend);
 - b. Non-pay cost increases, also through increasing demands, price increases and the increasing demands for high cost drugs;
 - c. Increased volumes of packages of care for patients in the community meeting the continuing NHS healthcare and funded nursing care criteria as a result of our growing elderly population;
 - d. Increased demand for prescribed drugs within the primary care setting; and
 - e. The NHS Pension Scheme Administration Charge (anticipated to be around £2.5m across the NHS).
30. Again this year the capital settlement for the NHS will also be critical and it is hoped that there will be additional capital resources made available to enable the service to address the maintenance backlog in the NHS estate as well as providing the much needed capital to invest in new facilities, such as integrated primary care centres and regional diagnostic treatment centres. The NHS needs additional capital for NHS equipment, ICT and infrastructure. The shortage of capital funding is a very particular barrier to service change. In order to consolidate services and make them more efficient to release revenue there will need to be a significant investment now and in the future in buildings, equipment and information and communication technology in the secondary care sector but also in primary and intermediate care.
31. The priority for our members is that the 2018-19 settlement, combined with their efficiency plans, needs to meet their immediate recurrent revenue pressures. But we are also committed to shifting resources to preventative and community services as this is vital for the future health and well-being of the population and therefore we support the continuation of the Intermediate Care Fund and the £60m invested in the Fund in the 2017-18 budget settlement. The Intermediate Care Fund has helped keep older and vulnerable people out of hospital and in their own homes and has provided the resources to encourage innovation and develop new models of delivery to ensure sustainable integrated services.

32. The Welsh NHS Confederation would also like to see the Welsh Government protect, as far as possible, public services that support health and well-being. We are concerned that reductions to local government, housing and voluntary sector budgets will impact on NHS demand and our collective efforts to invest in preventative services.
33. Therefore, we want to underline our commitment to collaboration with our partners and integration with social care services in particular. The Welsh NHS Confederation believes that Wales, given its size, structure and close links, has a golden opportunity to achieve so much when it comes to integration. The Welsh NHS Confederation works with ADSS Cymru, Wales Council for Voluntary Action, Care Forum Wales, the Welsh Local Government Association and Community Housing Cymru to support the continued implementation of the Social Services and Well-being (Wales) Act 2014. However, to provide patient centred care, collaborative working and transformational change is vital across all of the public sector. The 'prudent health' care approach will help us work through this but it will require the commitment of the NHS, all healthcare related partners and the general public, to truly be successful. The NHS will need to be supported to make progress in changing the way care is delivered, with patient outcomes at the heart of the measurement of success.
34. NHS organisations are already planning for the 2018-19 financial year. The NHS works together to understand service pressures, for example by looking at population projections and to model the impact of different financial scenarios and this has helped to develop financial planning and management skills across the sector. Financial resilience varies between organisations depending on a range of factors including population, socio economic factors, levels of deprivation and rurality and the configuration of services.
35. The Integrated Medium Term Planning (IMTP) process requires health organisations to plan three years ahead, but their ability to predict and plan the future has been constrained by the annual nature of the Welsh Government budget planning framework in recent years. While the Welsh NHS Confederation recognises the Welsh Government is itself constrained by the UK Government planning cycles, the absence of three year settlements limits the ability of NHS organisations to plan and their appetite to invest in new models of care that may not provide a return on investment in the short term.
36. Against that background indicative future year settlements aligned to the IMTP timetable would be most welcome. Added to this it would be helpful if Welsh Government could set out in detail any specific funding requirements when the budget is published to give the NHS adequate time to prepare for implementation. Delays in informing health organisations of specific commitments can lead to unforeseen pressures on in year budgets which are difficult to manage.
37. Looking to the future the NHS in Wales remains concerned about the scale of the challenge to manage within their likely resources without a detriment to quality, safety and access. Perhaps the largest financial risk is the unforeseen or unfunded pressure on

the pay bill, which could easily derail NHS performance, finance and improvement. Add to that the pressure on the NHS continually to develop and accelerate technological advancements (which usually increase cost, rather than save money) and the financial outlook for the NHS is clearly precarious. Against that background we would urge the Government to consider the medium to long term risks to the sector in setting the budget for 2018-19 and beyond.

38. The NHS must be supported to prioritise and change over the next period if it is to ensure efficient, safe and sustainable services are provided within the resources allocated by the Welsh Government. This will inevitably mean that difficult choices have to be made on what services are provided where and when. Prioritising services and spending means that the people of Wales, NHS staff, partners and politicians must be prepared to accept and support new and innovative ways of delivering services, while taking more responsibility for how they use those services.

3) The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

Financing of local health boards and health and social care services

39. Our response to the previous two questions provides a detailed answer to this specific question.

Approach to preventative spending and how is this represented in resource allocation

40. Investment in prevention and early intervention is a priority for our members. However, there is a very real tension between the need to meet the immediate costs of treating those in need of healthcare services and diverting resources into preventative services which may not deliver tangible gains for a number of years. Every NHS organisation is committed to the preventative agenda and is seeking to invest in preventative services, but short-term budget cycles reduce their risk appetite and the need to meet inescapable annual pay and price pressures stops them from investing more at the current time. We believe the Welsh Government should support public bodies in Wales to invest where there is firm evidence that investment in preventative services will improve population outcomes and reduce demand on more expensive treatment services in the future. If the Welsh Government was able/prepared to share the financial and performance risk with public sector organisations more could be invested now for the benefit of future generations.

41. Unless we get serious about prevention, health needs will continue to grow, placing more pressure on our universal healthcare system. Services provided by the NHS in Wales cover both prevention and treatment-based services. Evidence has long been put forward that the amount that the NHS spends on preventative services is too little and that there are significant health and care benefits for investing in preventative services. The NHS in Wales is very supportive of the Public Health Wales report "*Making A Difference: Investing*

in Sustainable Health and Well-being for the People of Wales^{xx} published last year which set out research evidence and measures that could be taken to build resilience; address harmful behaviours and protect health; and address wider economic, social and environmental determinants of health.

42. In terms of funding distribution across NHS organisations, relative need in relation to changes in the makeup of the population (for example demonstrated by the Welsh Health Survey) is not used as a driver in determining allocation changes overall or how resources are distributed. The Townsend formula attempted to do this some years ago but it was discontinued. The challenge remains to develop a distribution mechanism which transparently and fairly links need, especially poverty and ageing, to resource.

Sustainability of public services, innovation and service transformation

43. The Welsh NHS Confederation is calling for transformation and transition funding (revenue and capital) to be given to NHS organisations to enable them to invest in new models of healthcare and digital technologies that will help the NHS transform to a system that focuses on prevention and the provision of health and care services as close to home as possible. Upfront investment will be crucial and is needed to get new models up and running and transition funding is needed to meet the double running costs associated with moving from one way of working to another.
44. Sustainability of public services is dependent upon innovation and transformation as explained above. To ensure a safe, high quality and efficient healthcare system in Wales it is necessary to move to new innovative models of care supported by adequate financial, physical resources, a well-trained, multi-disciplinary workforce, supported by technology.
45. Radical change is needed if the NHS is to meet the level of demand being placed upon it while living within its means. Sustainable plans will have to be developed to enable the NHS to deliver financially as well as provide high quality care to patients. This is a significant and complex challenge which will require the support of the political community and the public.
46. For these strategies to be successful requires a collective ambition and an acceptance that change in the way we deliver services will be inevitable. For any change to be successful the Welsh Government, the National Assembly and the public must acknowledge that the priorities for health services in Wales will need to be re-assessed and delivery targets set accordingly. The current financial position of the NHS means it is very difficult to transform services at the same time as handling ongoing enormous pressures on existing services, finances and resources.

Welsh Government policies to reduce poverty and mitigate welfare reform

47. The Welsh NHS Confederation supports the Welsh Government's efforts to reduce poverty, mitigate welfare reform and prepare for an ageing population and believes that

these challenges need to be tackled holistically through the public service as a whole. The Joseph Rowntree Foundation^{xi} estimates that poverty costs the UK health care about £29 billion per year and accounts for the largest portion of additional spending associated with poverty. A crude Wales proportion would be about £1.5 billion per year and the report discusses that there is growing weight of evidence that health care utilisation and costs are strongly related to poverty, both as presently experienced and as a legacy from past experiences of poverty. They compute the cost to all public services in the UK as £78 billion per year.

48. As highlighted in our briefing, *“From Rhetoric to Reality – NHS Wales in 10 years’ time: Socio-economic Deprivation and Health”*,^{xii} the socio-economic inequalities in life prospects and health are stark. Socio-economic deprivation has a significant impact on child development, on people’s lifestyle choices, on healthy life expectancy, including living with an illness or chronic condition, and life expectancy.

The Welsh Government’s planning and preparedness for Brexit

49. The financial impact for the NHS in Wales will depend on the terms of the agreement and the broader impact on the UK economy, tax revenues and public finances.
50. The influence and impact of EU affairs on the NHS has significantly increased over time, with various aspects of domestic health policy now being intrinsically linked with EU policy. As our briefing, *“The path to Brexit: Key priorities for the NHS”*,^{xiii} highlights it is still unclear what the implications of Brexit will be but it is likely that the impact could span over a broad range of areas of NHS activity. Brexit could have implications for the commissioning, provision and development of healthcare interventions given the extent to which the EU policy and legislation impact on the NHS. There are possible implications for the NHS workforce, with over 1,350 EU Nationals directly employed by the NHS in Wales in April this year, research and innovation could be impacted and public health and health technology regulation are priority issues to be looked at during the withdrawal negotiations.
51. The Welsh NHS Confederation has been highlighting the possible implications for the Welsh NHS of Britain exiting the EU with the Welsh Government but also to the UK Government through being a proactive member of the Cavendish Coalition and the Brexit Health Alliance.
52. The Cavendish Coalition is a group of health and social care organisations united in their commitment to provide the best care to their communities, patients and residents. We are committed to working together to ensure a continued domestic and international pipeline of high caliber professionals and trainees in health and social care. The Brexit Health Alliance brings together the NHS, medical research, industry, patients and public health organisations. The Alliance seeks to make sure that issues such as healthcare research, access to technologies and treatment of patients are given the prominence and attention they deserve during the Brexit negotiations.

53. It is imperative that health and social care is not forgotten when negotiating Britain's exit from the EU and if an economic shock materialises the UK and Welsh Government need to be honest about the implications for patients and service users.

How evidence is driving Welsh Government priority setting and budget allocations

54. We welcomed the additional £265 million funding for NHS delivery that has been provided and the research based approach which the Welsh Government is increasingly adopting in financial policy development, such as the Institute of Fiscal Studies report into "*Welsh budgetary trade-offs*";^{xiv} the Health Foundation's report on the financial sustainability of the NHS in Wales^{xv} and the Nuffield Trust's "*Decade of austerity in Wales*" report.^{xvi} Such evidence will serve to ensure that Wales is well placed to adopt best practice in resource allocation. The funding allocation to the NHS has broadly followed the recommendations in the Nuffield Trust and Health Foundation reports.

How the Future Generations Act is influencing policy making.

55. All public bodies have a duty when it comes to building a healthier Wales and we should not underestimate the significant opportunities presented to us through the Well-being of Future Generations Act 2015 and the Social Services and Well-being Act 2014.

56. The Public Service Boards, introduced as part of the Well-being of Future Generations Act 2015, enable public services to commission and plan collaboratively, ensuring that services are integrated and that care and support provided improves health and well-being outcomes for the local population now and in the future. Both Acts should help drive collective decision-making models within national and regional priorities, especially around service reconfiguration. It is vital for the long-term health and well-being of the population that a 'health in all policies' approach is implemented, with all public bodies being required to conduct health impact assessments on future policies. We need to work collaboratively across sectors to help people make healthier choices in life and reduce their risk of developing chronic diseases, many of which are linked to lifestyle.

Other relevant areas

Mental health spending

57. Mental health is the largest of all programme budgets in NHS Wales, accounting for just over 11% of the budget. However, while significant investment is made to mental health services, mental health conditions account for 23% of ill health in Wales.

Expenditure on mental health services by category in £ over recent years
(Last update 24th April 2017; Next update expected: April 2018).

Year		2009/10	2010/11	2011/12	2012/13	2014/15	2015/16	2016/17
Mental health problems		607,446	636,711	641,841	617,500	634,474	663,251	683,030
Mental health problems	General mental illness	306,627	327,713	316,356	254,376	271,146	305,874	310,624
	Elderly mental illness	167,445	176,320	186,407	178,856	181,934	201,672	212,800
	Child & adolescent mental health services	43,814	41,928	42,819	42,846	40,248	41,320	45,817
	Other mental health problems	89,559	90,749	96,257	141,420	141,144	114,384	113,787

NHS workforce pressures

58. As highlighted previously, currently NHS Wales directly employs around 89,000 staff,^{xvii} with the NHS pay bill standing at around £3 billion. However, there are recruitment and retention issues within the NHS which the NHS leaders are addressing.

59. Workforce gaps are challenging across all professional groups resulting in high usage of agency and locum costs to cover vacancies. In particular, there has been an increased demand for nursing staff which has been in excess of predicted and planned demand. This has come about due to an increased emphasis on staffing levels following the enquiry into Mid-Staffordshire Hospitals and the Nurse Staffing Levels (Wales) Act 2016. The introduction of the Nurse Staffing Levels (Wales) Act, will also have an impact on the skill mix within acute medical and surgical wards. However, NHS Wales does have a significant opportunity to re-design its workforce. This will be a major development challenge that will require local management time and support to critically review the skill mix of multidisciplinary teams, using workforce evidence and tools to support. Essential to success will be the support and agreement by professional leaders on the scope and boundaries of staff working in multidisciplinary teams and in particular amongst those in non-regulated roles. While systems and services provide a focus for change it is the

workforce that represents the largest asset in delivering care and making the changes needed.

60. The Nuffield Trust has identified that support staff provide good quality patient focused care. Short training times mean that numbers can be expanded relatively rapidly. The changing needs of the health service and the productivity challenges facing all NHS organisations, presents a compelling argument therefore, for improving the focus on this element of the workforce and ensuring that the most appropriate and effective use of their skills is made.
61. Healthcare support workers (HCSW) provide care under the direction of registered professionals with clinical support staff, constituting 31% of the total workforce. The Welsh Government has introduced levels of governance (Codes, Career Framework, delegation Guidelines) to ensure HCSW are supported to practice safely in Wales. However, there are challenges to be worked through to ensure registrants are confident and comfortable in delegating to HCSW roles and this will need to be addressed.
62. As healthcare moves away from a focus on episodic acute care towards more holistic, continuous care, opportunities will and are emerging to explore ways of using the clinical team/workforce in a different and more integrated multidisciplinary way. Health Boards and Trusts in Wales could exploit the opportunities available by using the available governance frameworks and the national job evaluation role profiles, supported by education and training to enable HCSW to develop and expand their roles which would support the graduate/registered workforce to 'do only what they can do'. Changes to roles inevitably challenges established interests and attitudes and this will need to be managed if NHS Wales is to develop a sustainable workforce model and deliver the efficiencies that are necessary.
63. The establishment of Health Education and Improvement Wales (HEIW) provides an opportunity to consider potential economies of scale in the purchasing and delivery of education for CPD of the NHS Wales workforce. Initiatives could include:
- Working with education providers provide a co-ordinated approach to support the widening access agenda coupled with clarity around the possibilities for career development for staff through a skills escalator approach which helps to support the development of sustainable and skilled workforces across our communities;
 - Centrally commissioning the certificate of higher education which would allow the Health Boards/Trusts to talent manage their current HCSW staff and provide early identification of those who could progress to registered nurse training either via the traditional route or the part-time route;
 - Health Boards/Trusts could identify the graduates among the current HCSW workforce and support them onto the 2-year graduate entry programme;
 - Exploring the possibility of distance learning via the Open University who may be able to provide adult or mental health training, however this would need to be done via a procurement process;

- Higher level apprenticeships that are constructed in a way that staff can step on and off at agreed points with a qualification. Some elements of these pathways have been developed by individual universities and are already in place but not as apprenticeships. Any gaps would need to be addressed and each qualification put into an apprenticeship framework, this would require the support of other department in Welsh Government; and
 - Currently there are no degree level apprenticeships in Wales due to the funding model. Welsh Government is currently looking at priority areas and such a course could not start until 2020 which would allow time for proper development. This would necessitate influencing regional skills partnership.
64. There are a significant number of vacancies within the acute medical workforce at a number of different grades. This has led to a significant agency and locum deployment and expenditure. NHS organisations have been working on improving their systems for reporting on areas of high expenditure and have been using this data to determine the appropriate approaches to reduce expenditure.
65. A task and finish group has been set up to address the situation and support all NHS Wales organisations working together to drive down agency and locum cost with a view to achieving significant benefits including: -
- The return of people to the NHS labour market so improving regular workforce supply and improving quality and consistency of care to patients;
 - Increasing the equity and transparency of reward systems and the reduction of internal wage completion; and
 - A clear national framework of limits and targets for agency and locum deployment and expenditure underpinned by some standard operating procedures.
66. The task and finish group has now made a series of recommendations to address and alleviate the high levels of locum and agency expenditure which are to be implemented during the autumn of 2017.
67. There are continuing and increasing difficulties in recruiting GPs which is being driven by falling incomes, reduced investment, increased workload and other external changes, for example changes to taxation and NHS Pension scheme; removal of Minimum Practice Income Guarantee (MPIG); increases in medical indemnity fees. Sessional work is becoming increasingly more attractive than partnership or salaried positions. An escalating reliance on the locum market, as practices become unstable and workloads become difficult to manage, is a driving force, with remuneration of locum work increasing but with less responsibility being taken e.g. locums will only agree to cover a selected workload. This situation applies to both in-hours Primary care and out of hours.
68. There are a number of potential solutions to address these difficulties, including:
- Improved primary care workforce planning intelligence to better understand demand and planning needs;

- Evaluating primary care workforce needs and identifying “who can do what” to enable greater flexibility in approach to service delivery. This will support transformational change that will underpin the appropriate skill mix of staff. Staff currently deployed to primary care includes;
 - Pharmacists – either practice/cluster based or community pharmacy;
 - Nurses – particularly advanced practice;
 - Health Care Support Workers
 - Paramedics – from community paramedics to advanced level practitioners;
 - Therapists – both physiotherapy and occupational therapy staff are being deployed in Primary Care;
 - Social prescribers/care co-ordinators – usually 3rd sector staff, but a mix of roles being used.
69. It will take time to deploy the correct mix of these staff and some, for example nurses, are difficult to recruit. As the staffing model changes there is likely to be increased costs but these should eventually tail-off.
70. In relation to recruitment, the Train, Work, Live initiative has shown dividends in its approach which saw GP recruitment rates significantly increase and the programme is being rolled out to attract nurses and Allied Health Professionals to work in NHS Wales.
71. There is also an emerging primary care model which is being used across Wales which is steering workforce development. As a result, innovative ways of working to drive up quality and effectiveness in service delivery are being developed.
72. Resources to support sharing of good practice, tools and resources to aid service delivery improvement (e.g. PC One website; Compendium of emerging roles and models) continue to be developed. The future shape of practices and cluster working will result in estates reconfiguration and the development of health and well-being hubs. This will impact capital costs.
73. To support this workforce plans must fully incorporate the skills and experience of all health and social care professionals, providing a comprehensive multidisciplinary care team in people’s own localities. Healthy Prestatyn is a model designed on this basis, where service users can be seen directly by the person most appropriate for their care needs, ensuring that GPs can devote their time to those patients who need to see a doctor.
74. The cluster models and social prescribing will also see an increasing need for integrated working and roles across health, social care and the 3rd sector. A particular workforce pressure is in domiciliary care where there are severe shortages impacting across the system. Effective integration of health and social care workers would go towards easing this pressure.

Conclusion

75. The Welsh NHS Confederation does not underestimate the massive challenge of public service budget setting in a time of austerity. The Welsh NHS Confederation, and our members, remain committed to doing the very best we can to continue to provide an NHS, in partnership with other public services, which supports the people who need it most, and helps the population generally live healthier lives. But we can only do what we can afford to do.

76. All parts of the NHS in Wales have been making changes to the way services are organised. The fact is that, with funding very tight, the NHS will have to continue to make difficult decisions about the future shape of healthcare services and about priorities. We will also have to strengthen our relationships with others in order to rise to the many shared challenges that public services face. To achieve all of this, the input and support of the public, politicians and staff is vital.

ⁱ Welsh Government, StatsWales, July 2013. Population projections by local authority and year.

ⁱⁱ The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31

ⁱⁱⁱ Welsh NHS Confederation and ADSS Cymru, July 2017. Health and Social Care: Celebrating Well-being. A selection of case study example.

^{iv} Institute for Fiscal Studies, October 2016. Welsh budgetary trade-offs to 2019–20

^v The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31

^{vi} Nuffield Trust, June 2014. A Decade of Austerity in Wales?

^{vii} Nuffield Trust, June 2014. A Decade of Austerity in Wales?

^{viii} The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31

^{ix} Welsh Government, StatsWales, March 2017. Health and Social Care, NHS staff by staff group and year.

^x Public Health Wales, July 2016. Making A Difference: Investing in Sustainable Health and Well-being for the People of Wales.

^{xi} Joseph Rowntree Foundation, August 2016. Counting the cost of UK poverty.

^{xii} Welsh NHS Confederation, June 2015. From Rhetoric to Reality – NHS Wales in 10 years' time: Socio-economic Deprivation and Health.

^{xiii} Welsh NHS Confederation, July 2017. The path to Brexit – Key priorities for the NHS

^{xiv} Institute for Fiscal Studies, October 2016. Welsh budgetary trade-offs to 2019–20

^{xv} The Health Foundation, October 2016. The path to sustainability: Funding projections for the NHS in Wales to 2019/20 and 2030/31

^{xvi} Nuffield Trust, June 2014. A Decade of Austerity in Wales?

^{xvii} Welsh Government, StatsWales, March 2017. Health and Social Care, NHS staff by staff group and year.

Welsh Ambulance Services NHS Trust

National Assembly for Wales' Finance Committee Call for Information: Welsh Government Draft Budget Proposals for 2018-19

1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

It is recognised that we are only half way through the financial year and so it would be premature to assess the full impact of this year's budget. However, there are some generic observations that the Welsh Ambulance Service NHS Trust would wish to make, based on its experience.

- a) As a commissioned service, the flow of money through the commissioning system is not always as smooth as it might be. Relationships with the Emergency Ambulance Services Committee continue to mature and we are optimistic that the glitches experienced in 2016/17 and, to some extent, in the current year, will be resolved in future years.
- b) Budget constraints across the wider health and care system have an inevitable and mutually damaging impact. For example, the pressures on social services budgets can detrimentally affect not only the timely discharge of medically fit patients from hospital, but also the timely assessment and admission of patients to hospital because of capacity pressures, resulting in handover delays for emergency ambulances and the resultant risk to patients in the community for whom there is diminished ambulance resource available.
- c) Availability of additional funding mid-year (winter pressures etc.) can make planning problematic, as there is a lack of clarity both about the quantum available and how/when this will be made available.
- d) Availability of capital is and will remain an issue. While a perceived lack of capital drives pan-organisational collaboration, which is entirely a good thing, collaboration cannot provide solutions to every challenge. NHS estate particularly is in need of significant capital investment and this will remain a challenge.
- e) There is an intrinsic conflict in the NHS between a one-year revenue budget and a three-year planning cycle. Such an approach to funding similarly militates against longer term strategy development and/or service change, which may require a number of years to enable transition and for the full benefits/impact to be felt.

2. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?

The Welsh Ambulance Service has a robust financial plan but with a significant (£5m, 3%) savings requirement. The organisation is forecasting break-even (as per previous year) in 2017/18 but recognises the likely challenges of the 2018/19 financial year. In addition, system and demand pressures (e.g. those resulting from a potentially harsh winter), plus economic changes (e.g. rising fuel costs, inflation) render all financial planning, however good, vulnerable.

A recently commissioned demand and capacity review has given the organisation insight into likely demand pressures over coming years, were nothing to change. The impact of this projected increase in demand has been modelled and is understood. It is clear from the work undertaken that the shift of emphasis required manage this increase and to ensure that more people can be treated and maintained at home will need better workforce planning, improved use of resources and system-wide action. The organisation understands that status quo is not an option on any one of a number of fronts, including in terms of the financial impact of rising demand.

The Welsh Ambulance Service's ability to instigate the level of service change required to fully deliver system wide service improvement for our patients is predicated on a shift in resources across the system, which will require sustainable investment. Without such funding, investment would need to be extracted from a system already under pressure.

There is an inherent conflict here in that, while releasing funds for innovation and service change is never easy, such changes can have long-term patient and financial benefits. However, the financial pressures on the service, coupled with the wider public sector funding environment, mean that there is limited ability to release sufficient money to optimise investment. In addition, there is insufficient time to "wait" for such innovative services to "mature" and demonstrate the anticipated financial benefits, when the financial pressures are current and pressing, with an expectation that there will be cost releasing savings to help fund non-discretionary inflation.

A longer term outlook/funding cycle of at least three years would be welcomed to facilitate service change in line with the ambitions outlined in the Programme for Government and other key policy directives/reviews.

In addition, consideration should be given as to how the timetables for the production of Integrated Medium Term Plans (end March) and the one-year allocation letter (usually received around 20 December) fit, given the need for sufficient time to align coherently the planning and financial agenda.

Consideration might also be given as to how outcomes from pilots are considered as part of budget decisions. Many will require an element of investment given that, while often enabling system efficiencies and improving performance e.g. lower waiting times (avoiding additional extra costs being incurred), many initiatives are not directly cash-releasing. This is particularly relevant where the costs and benefits of some schemes, for example community paramedic or falls services, transcend organisational boundaries.

The Welsh Ambulance Service anticipates more focus on leveraging and investment in whole system change, with a focus on funding/specific allocations linked to outcome. Specifically, consideration might be given to how funding might be more equitably and effectively targeted to priority areas and/or populations of greatest need to ensure optimum use of available resource to deliver optimum benefit.

Settlements will be challenging with little room for funding of “surprises”. As a minimum, developments requiring funding will need to be clearly articulated in Integrated Medium Term Plans (IMTPs) in order to be considered for any additional investment above and beyond base allocations.

It is anticipated that capital will remain scant and that the longer term impact of this will start to be felt in terms of estates, infrastructure etc. For example, while investment in the Welsh Ambulance Service’s fleet has been much welcomed, capital funding has been at a premium this year, meaning the service has had to pare back on vehicle replacement, which increases revenue costs in the long run. Further, the availability of additional capital late in the financial year makes the planning and optimising of investment more challenging.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget. Do you have any specific comments on the areas identified below?

Financing of LHBs and health and care services?

Consideration might be given as to how individual, organisational budgets contribute to wider programme budgets, for example, to support elderly care, and how this can be managed more effectively across the system to lever greater pan-organisational collaboration. Given the requirements of the Wellbeing of Future Generations Act, Welsh Government may wish to consider the supporting financial and budgetary infrastructure needed to enable and facilitate greater collaboration, with a distinct focus on outcomes based delivery.

A similar approach could assist in the much vaunted shift of resources from acute to primary and preventive care, again with delivery predicated on outcomes.

The shift in resources to support a better balance between acute and community/primary care is a need clearly articulated in the Five Step Ambulance Care Pathway, for which the need for targeted, collaborative investment to engender system change will be an important consideration. As previously identified, one of the key challenges in a landscape of diminishing public finances is balancing the need for short-term cash releasing initiatives, with the need to make upfront investment in services which deliver that required shift in focus to community-based care, recognising that these are unlikely to be cash releasing, at least in the short-term.

This is why it is important that, where enabling funds are available, for example through primary care clusters or specific funding streams such as the Integrated Care Fund, there is a clear expectation that these will be used to lever system change and that evidence will be required that the intention of services funded through such mechanisms is to rebalance the system. It may be appropriate to consider a cross-system, programme based approach to change, overseen centrally, to ensure that funds are used in a way which delivers optimum benefit across organisations and care settings.

It is recognised that funding for health services accounts for in the region of 50% of the Welsh Government's budget. The sustainability of this proportion remains questionable and it recognised that such a position provides little latitude for increased investment in wider determinants of health, for example housing and education. The Welsh Ambulance Service's evidence to the Parliamentary Review of Health and Social Care is included with this submission to assist Committee in its consideration of this point.

Approach to preventive spending and how this is represented in resource allocation

There is currently insufficient focus on preventive spending. The impact of funding to primary care clusters in driving system change will be interesting in this regard.

Funding, and the system more broadly, remain largely focused on reactive and acute services, not upstream or demand management interventions.

This echoes the previously made point about the complexities of recalibrating a system at a time of acute funding and demand pressures.

Sustainability of public services, innovation and service transformation

Innovation is stifled not just by lack of resources but by architecture and accountability structures. Innovation is, by definition, risky, which is why, in a risk averse system which is evidence-focused, it has limited real traction in the NHS. Couple this with the legitimate need to account for public funds and protracted mechanisms for approval of innovations and it is unsurprising that, by and large, the public service has not innovated as effectively as one might have expected.

Similarly, many innovations have historically been linked to discrete pots of money and funded as “pilots”. Once funding ceases, many of these innovative services wither on the vine, as there is often no proper evaluation of their effectiveness through which to lever funding from recurrent funding sources.

WG’s planning and preparedness for Brexit

Clearly, Brexit presents a number of challenges both in terms of workforce issues (including the potential repeal of EU employment law) but also, less obviously, through the impact on suppliers and procurement. While various peer groups, notably NHS Workforce Directors, are actively involved in trying to assess the impact, at this stage it is difficult to gauge the likely tangible effect of leaving the European Union.

Clearly, the loss of structural funds and stricter controls on the movement of people between EU countries and the UK post-Brexit are less than helpful in workforce terms, but it is as yet uncertain to what extent Welsh Government has influence on the Brexit negotiations or can mitigate the impact of the UK withdrawal from the EU on Wales, a country which voted overwhelmingly for Brexit.

The impact on the Welsh economy of the potential loss not just of EU workers, but on exit from the single market, means that one important determinant of health, employment, may be affected, in a country where economic activity and GDP levels are already low.

How WG should use new taxation and borrowing powers

Committee members are invited to review the Welsh Ambulance Service’s evidence submission to the Parliamentary Review of Health and Social Care for further thoughts on this issue.

Given the need to ensure that Wales remains an attractive place to live and work for NHS staff, Committee may wish to consider whether potential differences in the taxation regime between England and Wales (for example potential future differences in stamp duty) could have an impact on recruitment in border areas of Wales.

How evidence is driving WG priority setting and budget allocations

This is an area which could potentially be strengthened. The future health and social care challenges in Wales are well documented. The issue for Welsh Government is to ensure that its resources are used as effectively as possible in addressing these challenges, which it is suggested requires a more targeted and outcomes driven approach.

How the Future Generations Act is influencing policy making

The method by which funding is allocated to organisations, coupled with the required focus on outcomes, is likely to be a key enabler in the delivery of the ambition outlined in the Wellbeing of Future Generations Act. Hitherto, there is little evidence that the Act has genuinely challenged silo

working, either within or beyond Welsh Government and this is something upon which Welsh Government, and the public service more broadly, may wish to reflect if Wales is to realise its laudable ambitions, as outlined within the Act.

EVH/GK/Sept17

Parliamentary Review of Health and Social Care
Evidence Submission: Welsh Ambulance Services NHS Trust

Introduction

1. The Welsh Ambulance Service welcomes the opportunity to provide formal, written evidence to the Parliamentary Review of Health and Social Care.
2. There can be no doubt that such a review is both overdue and necessary in providing a basis on which to shape the future strategic vision for the delivery of health and social care in Wales, with all that implies for the configuration of those services in the future.
3. It is hoped that, in collating evidence from a wide spectrum of individuals and organisations, with the attendant diversity of thought and ideas that this will bring, the Review findings will represent a fresh opportunity both to reframe the public debate on the future of health and social care in Wales, as well as provide the basis for a consensual and concrete future plan.
4. In providing this evidence, the Welsh Ambulance Service seeks to identify its ambitions for its own services, as well as its contribution to the wider healthcare system and offer some thoughts on the health and social care system as a whole.
5. Given the wide-ranging nature of the questions the Review Panel has posed, it is hoped that the format adopted in this submission serves to provide the Welsh Ambulance Service perspective in a fluent and coherent manner.

The Welsh Ambulance Service: Context

6. While the Welsh Ambulance Service is firmly rooted within the NHS Wales family, it retains a unique perspective as an organisation which straddles both the health and emergency services systems.
7. In addition, the Welsh Ambulance Service delivers services across the country, delivering across the seven local health board areas. This gives the Service perhaps a more comprehensive view of the challenges and opportunities in the wider system; for example, in terms of integration, adopting good practice on a universal basis, delivering change at the required pace, ensuring consistency of approach to similar challenges and the need for strategic co-ordination around organisational and geographic boundaries.
8. As an organisation which has made significant progress in delivering its transformation agenda over the last two years or so, the Welsh Ambulance Service is in a positive position to share its learning with other parts of the healthcare system.
9. This applies in particular to the Service's experience of influencing the development, and managing the implementation of an outcomes-based performance model, delivered within an environment of collaborative commissioning and with governmental and political support.

Future Ambition and Opportunity

10. In addressing the Review's request for perspectives on a future priorities for health and social care over the next decade, the Welsh Ambulance Service is mindful both of its own responsibilities to address the needs of the population, as well as the system-wide changes which will be necessary to meet demand in a way which is markedly different from the current pattern of service delivery.
11. The recent demand and capacity review undertaken by the Welsh Ambulance Service (WAST) demonstrates clearly that the current method of delivering services is not sustainable and that a significant move towards managing demand in a different way will be necessary in relatively short order (three to five years).
12. In focusing on demand reduction, and against a backdrop of ageing and increased frailty and the repercussions of poor lifestyle choices (e.g. obesity, alcohol and tobacco consumption), WAST has already recognised the requirement to address differently the needs of a number of key groups of patients, for example those with substance misuse issues, mental ill health and frequent callers who place undue demand on services.
13. The wider health and care system will also recognise these same groups of patients as those whose needs place particular demands on services. It is, therefore, incumbent on all partners to work together to identify, and implement with pace and scale, those initiatives that best meet the needs of some of society's most vulnerable people in an integrated, system-wide manner.
14. WAST is already working closely with partners across the health and care system on supporting those with mental ill health, substance misuse or those who call 999 frequently (individuals and institutions, for example, care homes) in a better and more appropriate way than simply through attendance and/or conveyance to hospital, which is often the poorest solution to the challenges these patients face.
15. Similarly, much work is underway across Wales, working with health, social care and, in some case, emergency services partners, to address the needs of older people who have fallen, particularly those who are uninjured but require more support to remain independent.
16. The challenge across the system is to quickly identify which initiatives work best to address the needs of these broad spectra of patients and to implement, as far as possible, common solutions across the country.
17. In many ways, this hinges on health boards adopting common ways of working and replicating care pathways which have already proven their effectiveness in other areas.
18. This includes the consistent development of alternatives to admission to Emergency Units, which are often the least appropriate and most costly part of the system in terms of meeting patient need, including pathways which are focused on community-based services.
19. For example, admission directly to the specialist mental health unit at University Hospital Llandough represents a better solution for patients in mental distress than admission to a busy EU. However, this model of service delivery is not replicated in every health board area,

resulting in patients arriving in a part of the system that is often ill-equipped to meet their specialist needs.

20. As an organisation, we would argue strongly that, where pathways are proven to work, resulting in better care for the patient, reduced conveyance to hospital (for example, in the case of the Falls Service in the Aneurin Bevan Health Board area) and release emergency ambulance resources to attend those critically ill patients who are in immediate need of our services, then they should be adopted across Wales.
21. The development of an “adopt or justify” approach should be mandated as we move forward, to ensure that the scale and pace of change required to manage the demand we will all face over the coming years is effected.
22. It is also recognised that, while the need to work in a more systemised and integrated fashion is acknowledged by partners across the health and care system, there remain challenges around how this co-ordination of services can be achieved.
23. While there is a plethora of partnership and collaborative arrangements in place across the country, the Welsh Ambulance Service is of the view that the need remains for a single and strengthened overarching strategic co-ordinating function.
24. As an organisation with a pan-Wales remit, the Welsh Ambulance Service is able to take a wider view than most and is able to identify the fault lines in the health and social care system, which are problematic both for the organisation but, more importantly, for patients.
25. An overarching co-ordinating function in terms of operational delivery would be advantageous in looking above and beyond organisational and geographic boundaries to review services as a whole and at the evidence of “what works” to help secure a map of services and pathways which are all-Wales in nature and address the common needs of a number of patient groups on a consistent and effective basis.
26. There is a lack of capacity and capability to make such an approach happen in the current delivery structures and this overarching approach is one we would ask the Review team to consider in its thinking.
27. Clearly, more effective sharing of patient information, coupled with the routine use of technology, also need to be at the forefront of how we deliver services in the future.
28. In this respect, health and social care is lagging significantly behind where it needs to be. While the technology exists, and is developing apace, and while the will seems to be there at a superficial level, there has been limited real progress, either in developing appropriate digital systems and/or information sharing protocols which really benefit both the patient and the health or social care professional treating the individual.
29. Many other organisations have already made significant inroads into the “art of the possible” which better use of technology enables. However, the health and care sector has seemingly been unable to keep pace with developments.
30. There is a need to reduce risk aversion, particularly as it applies to improved use of technology. Telecare, outpatient appointments using video technology e.g. SKYPE and online booking of appointments are all weakly developed.

31. While it is true that older people are more likely to access healthcare services, it is equally true that older people are more tech enabled than ever and we are simply not keeping pace with technology as an enabler, or people's wish and need to use it. The private sector has moved ahead rapidly with digitising its services, for example banking, and these are the examples that need to be examined to see what can be learned in the health and care sector. We would encourage the Review Panel to consider what can be learned from other sectors in terms of technology-driven change in its thinking.
32. While the importance of maintaining data in line with established protocols is readily accepted, what cannot be allowed to happen is for regulation and legislation to be used as a way of hampering progress, to the detriment of the patient and the wider system.
33. To use examples pertinent to the ambulance service, we are investing in Wi-Fi-enabled ambulances, with a view, in the longer term, to exploiting the benefits of telemetry so that information on a patient's condition (for example ECG monitoring) can be sent directly to a specialist for interpretation prior to the patient arriving at hospital or, indeed, obviating the need for conveyance, dependent on specialist opinion.
34. Similarly, digital access to existing patient clinical records at the first point of contact by ambulance staff would assist in better decision-making at scene, resulting in fewer conveyances and/or more appropriate treatment; for example, in the case of end-of-life care.

Modernising Models of Care and Performance Metrics

35. One area where the Welsh Ambulance Service is ahead of other similar services nationally and, indeed, globally, is in the development and implementation of its clinical model, which focuses on measuring what matters.
36. In the case of the ambulance service, this is attending the sickest patients (those in a life threatening condition) most quickly and according a time target only to those condition codes where there is strong clinical evidence that time has a real bearing on patient outcome, for example, those patients in cardiac arrest.
37. While the [performance data](#) speak for themselves in terms of performance against the red call target of eight minutes, what is equally important is the introduction of the [Ambulance Quality Indicators](#) (AQIs) which measure patient outcome for a range of conditions, for example stroke.
38. AQIs look at a range of clinical indicators and measure what matters for the majority of patients; that they receive the right care at the right time, and that this has a positive impact on their outcome.
39. Working in a commissioned environment where health boards are our commissioners, supported by the Chief Ambulance Services Commissioner, it is important that performance is looked at holistically, both in terms of performance against evidence-based time targets, but also against the quality of care patients receive. You can read more about AQIs, which are published quarterly, [here](#).

40. The advent of the [Five-Step Ambulance Care Pathway](#) which aims to move services “left”, i.e. away from ambulance dispatch and conveyance and towards self-care advice and community-based alternative care pathways, is an integral part of our collaborative commissioning arrangement and seeks to move the ambulance service away from traditional models of delivery by commissioning services across the five steps. You can read more about the five step model [here](#).
41. Examples of changes to the way we now deliver services include the development of the Clinical Desk, which enables calls to be triaged by clinicians to ensure patients receive the right response. We are also actively working with both North and South Wales Police on basing clinicians permanently in police control centres to deliver clinical advice to police officers at scene as a way of freeing up resources from both services.
42. Similarly, the introduction of the pilot 111 service in the Abertawe Bro Morgannwg Health Board area, which WAST hosts, and which brings together telephone and on-line advice and support, together with the GP out-of-hours service, is an example of thinking differently about the way services are corralled for optimum benefit to patients in the future
43. While there are innovative initiatives happening across Wales, the lessons from them can be broadly summarised as two-fold: no single health, social care or, indeed, emergency services organisation can continue to deliver its services in isolation and, to reach fully their potential, initiatives that work need to be supported financially and operationally to mainstream them across the country, not just piloted in isolated pockets or through non-recurrent funding streams. Again, this could be resolved, to an extent, through the “adopt or justify” approach, but will also require a culture change in respect of entrenched organisational, professional and, notionally, geographic boundaries. This reflects our earlier reference to the need for an overarching co-ordinating function.
44. If the health and social care system is to survive the onslaught of shrinking public finances and increasing demand, it is only by learning quickly that isolationism is no longer an organisational option that services will be able to evolve and morph rapidly enough to keep pace with changing demography and patient need.

Developing the Workforce

45. However, even assuming that those organisational barriers start to come down more rapidly than is currently the case, the issue of having sufficient numbers of staff trained with the right skills not just for now, but for the next decade and beyond, remains a challenge.
46. As an ambulance service, our demand and capacity modelling shows that we will need a differently skilled workforce in the future, one which is able to make better decisions at scene for patients who are less likely to have a life threatening injury or condition, but a multiplicity of complex co-morbidities, with no single diagnosis and resultant frailty.
47. Similarly, it is increasingly the case that the expertise of some of our clinicians is more effectively utilised in the community, for example supporting GP clusters through the community paramedic model currently being trialled in several areas of Wales, or in providing “hear and treat” services, for example through the aforementioned Clinical Desk or 111 model of service delivery.

48. The skills required to deliver these new services effectively are quite different from those traditionally developed by ambulance service personnel, and the need to develop clinicians of the future who are able to work in multiple different settings, and with a range of different clinicians and professionals, means significant change to the training and development of ambulance staff.
49. However, this is by no means an isolated instance of the need to attract, train and retain a different breed of health and social care employee in the future. Who does what clinically has changed over the years and it needs to continue changing. The workforce and employee relations implications of this could be significant.
50. The ability to work across organisational and professional boundaries and in different settings; the need to be creative and innovative in the delivery of services; the need to develop more appropriate and flexible but robust governance structures across organisations predicated on fundamentally different operating and governance principles (e.g. the NHS and local government); the ability to procure more efficiently and manage resources prudently, coupled with the skill to work closely with patients and stakeholders to identify innovative solutions to difficult issues, are all skills the health and social care workforce needs now, but which will be writ even larger in the future.
51. Developing the skills and ability to confront and work with these challenges must be hard-wired into the training of health and social care professionals from the outset. Given the length of time it takes to agree and change curricula, those debates need to be happening at pace now, if we are to develop a different breed of professionals who can meet the challenges we face in the next decade with confidence.
52. A child of eight in 2017 will be training as a clinician or social care professional in 10 years' time and will form a view of the attractiveness of such a career probably in five or six years' time when they make GCSE choices at 14.
53. It is, therefore, critical that we develop a clear vision for the future of health and social care now so that the process of shaping an attractive career "offer" for young people can gather momentum and engagement with education providers to deliver the training they need can move forward apace.
54. Allied to this will be the need not just to alter the skills base of our health and social care professionals, but also the organisational cultures in which they operate.
55. More empowering leadership, support for balanced risk-taking as opposed to risk aversion, the use of technology to support decision-making and tangible and meaningful support for innovation, with a culture predicated on learning from failure as well as success, mean a radical shift in thinking, performance management, both locally and centrally, if we are to develop organisational cultures that are agile enough to respond quickly enough to societal change.
56. These cultural moves won't just happen organically. They will need to be supported now with different performance metrics, funding flows, and governance arrangements to begin the process shift necessary to make real change happen.

The Contribution of the Welsh Ambulance Service: A Different Future Role

57. The Welsh Ambulance Service has made significant progress in recent years in redefining its role, moving away from the concept of a “transport” service to a clinical service at the forefront of the pre-hospital, unscheduled and planned care systems.
58. Our priorities for the future are to build more significantly on our clinical expertise and pan-Wales infrastructure, coupled with our unique role in straddling both the NHS and emergency service systems, to provide support to the wider system in new and different ways.
59. There are a number of opportunities for us to do this, some of which are already in train and which are referenced throughout this document. However, in the interests of clarity, they can be summarised as follows:
- Providing an integrated single point of contact for health and social care, potentially building on the developing 111 model, utilising and developing the role of our clinical contact centres which represent a pan-Wales infrastructure ripe for future development
 - Building on the paramedic brand to enable us to play an enhanced role in promoting better population health, utilising the “Making Every Contact Count” approach and working in concert, rather than competition, with partners on this important work
 - Developing the concept and practice of community paramedicine, working closely with primary care clusters to develop new models of primary care delivery across Wales, with a much more multi-disciplinary focus
 - Optimising the benefits of emerging technology to take services currently provided in the fixed estate out to communities
 - Supporting better outcomes for patients and system efficiencies by working closely with partners to deliver an enhanced non-emergency patient transport service (NEPTS)
60. In order to exploit fully the opportunities we have identified, there is a clear and unambiguous need for infrastructure and other investment to ensure that, as a system, we can optimise the latent potential of our collective organisations.
61. Such investment includes in technology, in developing the strategic leadership and workforce capacity to drive and deliver new models of care and to make things happen.
62. Recognising the current and future constraints on public finances, we would welcome the Review Team giving detailed consideration to, and recommendations on, the priorities for future investment, particularly in the enablers of change.
63. It is critical that future investment is targeted appropriately to deliver optimum, system-wide benefit. The Review Team will be ideally placed to make recommendations in this regard, which could provide a blueprint for identifying system-wide priorities and leveraging the necessary changes.

Broader Observations

64. Health and social care are inextricably linked. While governance accountabilities are different, in practical terms they are on the care continuum and the future has to reflect a smoother, more integrated trajectory of care for patients than is currently the case.
65. The Regional Partnership Boards (a function of the Social Services and Wellbeing Act 2014) have a significant role to play here. However, the proof of the pudding will be in delivery and there has to be shared will to pool resources, efforts and to overcome professional boundaries. This will require bold leadership and sufficient organisational and governmental support to remove obstacles to change.
66. Given the challenges we face, it is clear that we need to redefine the social contract between those organisations engaged in the delivery of health and care services, and the public we serve.
67. This means a national, governmental focus on:
 - Improved public education around healthy lifestyles, coupled with levers for change in public health legislation. This needs to be embedded in the education system from the earliest age and should be based less on “lecturing” and more on the development of practical skills; for example a focus on teaching children to cook, helping them understand what constitutes a healthy lifestyle, as well as skills such as CPR and basic first aid, possibly delivered through the Welsh Baccalaureate, so that there is an opportunity for structure, consistency and potential assessment of these important skills with which our young people, and wider society, need to be equipped.
 - This proactive approach could be supported by other levers, for example the introduction of a “sugar tax”, stricter licensing laws and potentially controversially, a more systemised focus on supporting lifestyle changes prior to surgery where this is clinically and socially appropriate
 - Given the move towards Wales having revenue raising powers under the Wales Bill, consideration could also be given to hypothecating revenue raised in Wales to the NHS and social care, ensuring people have the opportunity to see the benefit of a devolved tax regime
68. Recalibrating the acute/primary care balance will need to be moved on rapidly, with the possibility that any available additional funding is predicated on such a recalibration. The ambulance service is already commissioned using the five step ambulance care pathway, with a focus on “shifting left” towards helping people secure the right health and care advice, often modelled on self-care based on telephone and online advice, as well as community-based services. The Welsh Ambulance Service has learning to share with the system in this regard.
69. Similarly, the nature of the primary care workforce will need to diversify to reflect this shift, moving away from a GP-based model to one where a range of clinicians and social care professionals work together to meet the needs of patients. The Welsh Ambulance Service is already piloting a community paramedic model, as outlined above, which will provide evidence on which to build future, more permanent models of primary care support.

70. A performance regime which “measures what matters” in the right way will be key to unlocking the potential inherent in the system and harnessing the innovative skills of the current workforce.
71. As an ambulance service, we know from experience that arbitrary targets, with limited or no clinical value, generate more heat than light. Ensuring healthcare targets have an intrinsic value for patients and clinicians, and that they are outcome focused, is important. Otherwise, there is a danger of perpetuating a culture of measuring what is easy (time) rather than what is important (impact).
72. The challenges of the future health and social care workforce are referenced earlier in this submission but should not be underplayed. Thinking differently about our professionals, where and how they work, will be key to altering models of service delivery and the culture needed to optimise their benefits.
73. Pushing the concept of prudent healthcare at a time of increasing demand may prove controversial, but it is something which bears further scrutiny. Such a debate exemplifies the real value which the Parliamentary Review can bring, which is genuine public engagement on the health and social care challenges we face and a real, cross party debate on what is reasonable to expect from a publicly funded health and care system.
74. Such a debate could be framed around the renegotiation of a “social contract” between the people of Wales and health and social care providers, based on an agreement that “this is the part that we will both play in improving my health and wellbeing” (patient/clinician/care giver).
75. The Wellbeing of Future Generations Act reflects our ambitions as a society but, as long and until we resolve the resourcing and delivery of health and social care services, there will be precious little public resource to invest in those other major investments that will bring about the major socio-economic change that we all wish to see in Wales, for example in housing, the environment, education and infrastructure.
76. Streamlining processes will be critical for patients and service users. The current system is difficult to navigate, with limited choices for many. This often results in patients ending up in the “wrong” part of the system.
77. Much work is needed to simplify how and where services are delivered, and to provide genuine, easy to access services for people who need help and advice. This is where telephone and online-based services could be developed to provide a more effective gateway into the non-urgent health and care system. The current 111 pilot could provide a model for this in the future, providing a single point of access as outlined earlier.
78. Similarly, interface between elements of the system needs to be smoother. Handover delays encountered by ambulance staff are an example of where there is limited integration or recognition that all healthcare providers are working in a single system of care. This disconnect is to the detriment primarily of patients, but also to staff caught in that disconnect.
79. Much has been made in this submission of the need for consistency in service delivery and the “adopt or justify” approach to implementing evidence-based improvements. However, despite many years of training staff in a range of improvement techniques (e.g. Lean, Six

Sigma, IQT), progress has perhaps not been as anticipated and there remains a lack of capacity to mainstream activities. This is a challenge that will need to be resolved.

Closing Remarks

80. The Welsh Ambulance Service welcomes the work of the Parliamentary Review and is committed to supporting a refreshed vision for health and social care in Wales.

81. While the outcome of the Review will be much anticipated, of primary importance will be continued political boldness to support changed models of delivery and performance measurement where there is sound clinical evidence to do so, and the will to engage with the public to develop confidence in a new model of health and social care delivery in the future.

Ends/EVH/April17



Cyllideb Ddrafft Llywodraeth Cymru 2018-19: tystiolaeth gychwynnol i'r Pwyllgor Cyllid

Mis Medi 2017

UCAC | yr undeb sy'n diogelu athrawon a darlithwyr Cymru

Cyllideb Ddrafft Llywodraeth Cymru 2018-19: tystiolaeth gychwynnol i'r Pwyllgor Cyllid

Dyma ddogfen gryno iawn, er mwyn peidio colli'r cyfle i ymateb i gais y Pwyllgor Cyllid am dystiolaeth ymlaen llaw ynghylch disgwyliadau ynghylch Cyllideb Ddrafft Llywodraeth Cymru 2018-19.

Bydd UCAC yn paratoi tystiolaeth llawer mwy manwl erbyn i'r broses ddechrau'n ffurfiol ym mis Hydref.

Mae UCAC yn eithriadol o bryderus ynghylch sefyllfa ariannol ysgolion. Er bod y gyllideb addysg wedi'i diogelu i ryw raddau, o'i chymharu â meysydd eraill, nid yw hynny'n amlwg ar lawr y dosbarth.

Gweithlu'n lleihau

Fel undeb llafur, gwelwn fod ysgolion ledled Cymru yn mynd trwy brosesau diswyddo staff – yn athrawon ac yn gynorthwywyr dosbarth, hynny yw, yr addysgwyr rheng flaen.

Yn gyffredinol, nid yw hyn mewn ymateb i leihad yn nifer y disgyblion, ond yn hytrach oherwydd prinder arian. A'r effaith, yn fyr, yw bod y gweithlu addysg wedi lleihau'n sylweddol ac yn gyflym dros y saith mlynedd diwethaf.

Mae ystadegau Cyngor y Gweithlu Addysg¹ yn dangos y lleihad yn glir, gyda'r lleihad yn dwysau bob blwyddyn dros y pedair blynedd diwethaf.

1.1 Nifer yr athrawon ysgol sydd wedi'u cofrestru â CGA					
	Mawrth 2013	Mawrth 2014	Mawrth 2015	Mawrth 2016	Mawrth 2017
	Nifer yr athrawon	Nifer yr athrawon	Nifer yr athrawon	Nifer yr athrawon	Nifer yr athrawon
CYFANSWM	37,862	37,673	37,355	36,951	36,182

Rhwng 2010 a 2017 mae 2,714 yn llai o athrawon wedi'u cofrestru gyda Chyngor y Gweithlu Addysg (CGA), sef gostyngiad o 7%. Ar hyn o bryd nid oes modd gwneud yr un gymhariaeth ar gyfer staff cymorth dysgu am mai dim ond yn ddiweddar y maent wedi'u cofrestru gyda CGA.

Caiff hyn nifer o sgil-ffeithiau negyddol iawn:

- Dosbarthiadau mwy o faint – yn aml dros 30
- Anallu i barchu cyfraddau oedolion: plant yn y Cyfnod Sylfaen
- Athrawon uwchradd yn dysgu nifer cynyddol o bynciau; golyga hyn treulio amser yn dysgu pynciau sydd y tu hwnt i'w harbenigedd, ac o ganlyniad llai o amser yn eu pynciau arbenigol eu hunain; mae'r sgil-ffaith o ran llwyth gwaith paratoi ac asesu yn ddirifol; mae gennym enghraifft o athro'n dysgu 5 pwnc gwahanol
- Mae ysgolion uwchradd dwy-ffrwd yn aml erbyn hyn yn gorfod cyfuno'r ffrwd Gymraeg a Saesneg mewn un dosbarth, a dysgu drwy gyfrwng y ddwy iaith ochr yn ochr; mae hyn yn cael effaith negyddol iawn ar lwyth gwaith

¹ <http://www.ewc.wales/site/index.php/cy/ymchwil-ac-ystadegau/ystadegau-r-gweithlu-addysg>

Ail-strwythuro

Yn ogystal â diswyddo, gwelwn ysgolion yn ail-strwythuro gyda'r bwriad o leihau costau. Mae'r ail-strwythuro'n aml yn gweld athrawon yn colli eu lwfansau am gyfrifoldebau ychwanegol, er nad yw lefel y cyfrifoldeb yn lleihau.

Tuedd cynyddol, yn ogystal, yw ceisio osgoi penodi dirprwy-bennaeth, ac yn hytrach i benodi pennaeth cynorthwyol. Mae hyn yn arwain at arbedion o ran costau, ond cynnydd sylweddol o ran pwysau a chyfrifoldeb ar y pennaeth.

Cyflogau

Wrth reswm, mae UCAC wedi bod yn dadlau dros godiad cyflog i athrawon ers sawl blwyddyn, gan fod unrhyw godiad cyflog sydd wedi dod ymhell o dan y lefel chwyddiant.

Fodd bynnag, rydym yn gresynu at y ffaith fod unrhyw godiad cyflog sydd wedi'i roi (1%) dros y blynyddoedd diwethaf, yn gorfod dod o gyllidebau presennol. Hynny yw, nid yw Llywodraeth San Steffan yn ariannu'r codiad cyflog, ac nid yw Llywodraeth Cymru'n derbyn unrhyw ychwanegol i'w ddyrannu i Awdurdodau Lleol. Effaith hyn, yn naturiol, yw lleihau'r gyllideb addysg.

I gloi

Rydym o'r farn fod sefyllfa ariannol ein hysgolion yn beryglus o fregus, a'n bod yn cyrraedd pwynt ble mae perygl i safonau addysgol.

Yn sicr, mae bwlch mawr rhwng uchelgais Llywodraeth Cymru o ran ei chynlluniau diwygio (cadarnhaol a chymeradwy) a'r lefelau ariannu sy'n cyrraedd ysgolion.

Bydd UCAC mewn sefyllfa i roi dadansoddiad manylach erbyn i'r broses ffurfiol o graffu ar y gyllideb ddrafft gychwyn ym mis Hydref.



UCAC
Undeb
Cenedlaethol
Athrawon
Cymru



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Mae cyfyngiadau ar y ddogfen hon

Cyflwyniad y Comisiwn Cydraddoldeb a Hawliau Dynol i ymgynghoriad y Pwyllgor Ariannu i gynorthwyo craffu ar Gynigion Cyllideb Drafft 2018-19 Llywodraeth Cymru

Medi 2017

Rydym yn croesawu'r cyfle i ddarparu cyngor i gynorthwyo craffu'r Pwyllgor o gynigion cyllideb drafft 2018-19 Llywodraeth Cymru.

Mae'r Comisiwn Cydraddoldeb a Hawliau Dynol yn rheoleiddio Dyletswydd Cydraddoldeb y Sector Cyhoeddus a Dyletswyddau Penodol yng Nghymru. Mae'r dyletswyddau yn gofyn i Lywodraeth Cymru asesu effeithiau tebygol ar gydraddoldeb y polisiau ac arferion arfaethedig, megis gosod ei chyllideb.

Wrth ystyried cyllideb Llywodraeth Cymru, byddem yn croesawu'r Pwyllgor i graffu'r modd y cafodd yr effeithiau ar gydraddoldeb ei asesu, a pha fesurau a gymerwyd o ganlyniad iddo. Yn benodol, dylai'r Pwyllgor ystyried a yw Asesiad Effaith ar Gydraddoldeb:

- yn asesu effeithiau cronol penderfyniadau cyllidebol
- yn nodi sut mae ei phenderfyniadau yn effeithio ar grwpiau sydd yn wynebu anfantais gymdeithasol economaidd
- yn archwilio effaith pob penderfyniad, sydd â phwysigrwydd strategol, ar bobl â nodweddion gwarchoddedig. Mae angen i'r weithred hon ddigwydd cyn y penderfyniadau terfynol.

At hynny, mae adroddiad y Comisiwn, [A yw Cymru'n Decach?](#) wedi llywio [Amcanion Cydraddoldeb 2016 – 2020 Llywodraeth Cymru](#). Fe nododd A yw Cymru'n Decach? saith her cydraddoldeb a hawliau dynol allweddol ([gweler tud. 5 yr adroddiad](#)) sydd angen mynd i'r afael â nhw yng Nghymru. Dylai'r Pwyllgor ystyried pa mor dda mae dyraniadau'r gyllideb yn mynd i'r afael â'r heriau a'r amcanion a amlinellwyd.

Ynglŷn â'r Comisiwn Cydraddoldeb a Hawliau Dynol

Mae'r Comisiwn Cydraddoldeb a Hawliau Dynol yn gorff statudol a sefydlwyd o dan Ddeddf Cydraddoldeb 2006. Mae'n gweithredu'n annibynnol i annog cydraddoldeb ac amrywiaeth, cael gwared ar wahaniaethu anghyfreithlon, a diogelu a hyrwyddo hawliau dynol.

Mae'n cyfrannu at wneud a chadw Prydain yn gymdeithas deg lle mae gan bawb, ta waeth am eu cefndir, gyfle cyfartal i gyflawni eu potensial. Mae'r Comisiwn yn gorfodi deddfwriaeth cydraddoldeb ar oedran, anabledd, ailbennu rhywedd, priodas a phartneriaeth sifil, beichiogrwydd a mamolaeth, hil, crefydd neu gred, rhyw a chyfeiriadedd rhywiol. Mae'n annog cydymffurfiaeth â Deddf Hawliau Dynol 1998 ac fe'i hachredir gan y Cenhedloedd Unedig fel Sefydliad Hawliau Dynol Cenedlaethol 'statws A'. Gallwch ddysgu rhagor am waith y Comisiwn yn: www.equalityhumanrights.com



Trwy ebost

19/09/2017

Galwad am wybodaeth – Cynigion cyllideb drafft Llywodraeth Cymru am 2018-19: ymateb oddi wrth Comisiynydd Cenedlaethau'r Dyfodol

Annwyl Simon,

Diolch i chi am roi cyfle i mi gyflwyno fy marn, mewn telerau cyffredinol, ar gyllideb ddrafft Llywodraeth Cymru. Rwy'n achub ar y cyfle hwn i roi gwybod i chi am waith fy swyddfa, yng nghyd-destun sawl maes diddordeb a nodwyd yn eich llythyr ymgynghori ac yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru).

1. Rwy'n falch o weld ymwybyddiaeth gynyddol, ymysg cyrff cyhoeddus, o'r potensial sydd i'r Ddeddf fod yn sbardun i achosi newid sefydliadol trawsnewidiol. Cydnabyddir yn eang fod newid ar draws y system mewn diwylliant ac ymddygiad sefydliadau'n hanfodol, er mwyn galluogi'r gwasanaeth cyhoeddus i wynebu heriau ac achub ar gyfleoedd yr 21ain ganrif. Mae nifer cynyddol o gyrff cyhoeddus sy'n dymuno gweithio gyda ni i herio 'busnes fel arfer' drwy ddefnyddio'r pum dull o weithio i wneud yn fawr o'u cyfraniad i bob un o'r saith nod llesiant. Serch hynny, rwy'n dal i ofidio nad yw'r pum ffordd o weithio yn cael eu gweithredu'n gyson i herio'r ffordd a wneir penderfyniadau a pholisi neu drefniadau llywodraethu yn Llywodraeth Cymru, cyrff cyhoeddus neu ar lefel lleol. Felly mae risg yn parhau, mewn rhai meysydd o'r gwasanaeth cyhoeddus, o gael ymateb arwynebol, ticio'r blychau, a fydd yn ychwanegu at gostau heb ychwanegu gwerth.
2. Byddai herio a chryfhau'r broses cyllideb yn golygu defnyddio'r pum ffordd o weithio i facsimeiddio'r cyfraniad y byddai gosod cyllideb yn gallu ei wneud, drwy nodau Llywodraeth Cymru, i'r saith amacan llesiant cenedlaethol. Er mwyn gwneud hyn yn dda, bydd angen i bawb sy'n cymryd rhan, cydnabod bod gweithredu'r pum ffordd o weithio yn golygu her sylfaenol i'r ffordd presenol o weithredu.

Meysydd Blaenoriaeth

3. Gan ddymuno achosi newid go iawn, hirdymor, ag adnoddau cyfyng, rydw i wedi gweld angen i adnabod rhai meysydd blaenoriaeth ar gyfer gweithredu ynddynt yn ystod fy nhymor yn y swydd. Dros y 9 mis diwethaf mae fy Swyddfa wedi ymgymryd â phroses bellgyrhaeddol a thrylwyr i osod y blaenoriaethau hyn yn eu lle, gan ymwneud â thros 1,300 o bobl o bob cwr o Gymru, gan gynnwys



- cynrychiolwyr o gyrff cyhoeddus ac arbenigwyr polisi, yn ogystal â dinasyddion amrywiol iawn, gan gynnwys grwpiau o bobl ifanc ddigartref, menywod mudol a goroeswyr cam-drin domestig.
4. Gan adlewyrchu fy ymrwymiad i 'gerdded yn ôl troed' y Ddeddf, bu'r broses nid yn unig yn gynhwysol, ond mae hefyd wedi canolbwyntio ar ateb achosion y problemau, yn hytrach na thrin y symptomau'n unig, ac adnabod y meysydd gweithredu hynny ble ceir y cyfle mwyaf i gynhyrchu effaith gadarnhaol ar draws pedair colofn llesiant – amgylcheddol, economaidd, cymdeithasol a diwylliannol.
 5. Gan weithio ar y cyd â Sefydliad Economeg Newydd, fe weithredodd fy Swyddfa offer Dadansoddi Meini Prawf Lluosog i allbwn yr ymarfer hwn, gan adnabod y canlynol fel meysydd blaenoriaeth ar gyfer fy ngwaith:
 - Creu'r isadeiledd cywir ar gyfer cenedlaethau'r dyfodol, gan ganolbwyntio ar:
 - Gynhyrchu a defnyddio ynni
 - Cynllunio trafndiaeth
 - Stoc tai
 - Arfogi pobl ar gyfer y dyfodol, gan ganolbwyntio ar:
 - Sgiliau ar gyfer y dyfodol
 - Modelau amgen ar gyfer gwella iechyd a lles
 - Atal ac ymateb i Brofiadau Niweidiol yn ystod Plentyndod (ACEs)

Byddaf yn ceisio cyfleoedd drwy fy rhaglen waith i dynnu sylw at y meysydd hyn yn arbennig.

Byrddau Gwasanaeth Cyhoeddus

6. Dros y deuddeg mis diwethaf, rwyf wedi ymgymryd â darn mawr o waith sy'n canolbwyntio ar Fyrddau Gwasanaeth Cyhoeddus (PSBau). Roedd hyn yn golygu adolygu pob un o'r 19 asesiad llesiant a darparu adborth unigol i bob PSB. Cynlluniwyd y gwaith hwn a'i gyflenwi er mwyn gallu addysgu proses gynllunio llesiant y PSB a'r cyngor, y gorchymynnir fi i'w ddarparu iddynt gan y Ddeddf, ar y camau y maen nhw'n eu cymryd yn eu cynlluniau.
7. Rwyf wedi gweld hyn fel dangosydd cyntaf parodrwydd y PSBau i herio busnes fel arfer a chofleidio'r dulliau newydd o weithio sy'n ofynnol gan y Ddeddf. Dylid llongyfarch PSBau am y dull cadarnhaol a gymerwyd ganddynt wrth gwblhau'r asesiadau; maen nhw'n gam yn y cyfeiriad cywir, ond maen nhw hefyd yn dangos yn glir ble mae'r gwir heriau i gyrff cyhoeddus, wrth ystyried anghenion cenedlaethau'r dyfodol. Rwyf wedi cynhyrchu adroddiadⁱ sy'n crynhoi'r gwersi allweddol y gellir eu tynnu o'r ymarfer hwn, hyd yn hyn, er mwyn gallu'i rannu a'i ddefnyddio i addysgu ymarfer pob un ohono. Rwy'n crynhoi'r canfyddiadau allweddol isod.
8. Mae'r dystiolaeth a gynhwysir yn yr asesiadau llesiant a'r modd y mae'n cael ei ddehongli yn rhan greiddiol o wella llesiant ein pobl a'n cymunedau, nawr ac i'r dyfodol. Rwyf wedi adnabod rhai



meysydd allweddol ble mae angen i aelodau PSB a'r rheiny sy'n darparu cefnogaeth yn lleol ac yn genedlaethol, gan gynnwys fy swyddfa i, ganolbwyntio arnynt er mwyn helpu cyrff cyhoeddus a PSBau i wneud yn fawr o'r Ddeddf, nid dim ond ymarfer ticio blychau, cydymffurfio, ond fel fframwaith er mwyn gwella gwasanaethau cyhoeddus er mwyn eu gwneud yn addas i gwrdd ag anghenion cenedlaethau presennol a rhai'r dyfodol. Ymysg y meysydd allweddol hyn ar gyfer newid mae:

- Tuedd i gwmpo'n ôl i ddisgrifio llesiant mewn dulliau traddodiadol yn hytrach na chysylltu data lleol â'r nodau llesiant fel y diffinnir hwy yn y ddeddfwriaeth
 - Ateb y diffyg clir o ran galluedd a hyder o ran edrych ar y tymor hir
 - Diffyg rhoi ystyriaeth ystyrion i'r cysylltiadau rhwng materion ac ystyr data mewn cyd-destunau a chymunedau gwahanol
9. Mae'r myfyrwr yr wyf i wedi'i wneud ar yr asesiadau, a'r sgysiau yr wyf i a'm tîm wedi'u cael gyda phob PSB yn awgrymu fod rhai o'r heriau'n adlewyrch angen am well cyllido, mwy o amser a mwy o gefnogaeth ymarferol ac o ran polisi er mwyn darparu maint y newid sydd ei angen. Serch hynny, maen nhw hefyd yn adlewyrchu'r angen i ddangos yn gliriach barodrydd i newid, i gamu allan o gilfachau ac i symud i ffwrdd oddi wrth wneud pethau mewn dull byrdymor, fel y gwnaed pethau hyd yn hyn. Mae cyflawni'r Ddeddf yn er a fydd yn galw am yr arweiniad cryfaf posib er mwyn gwneud yn fawr o'r cyfleoedd i newid a gynigir ganddo. Bwriad yr adroddiad yw tynnu sylw at yr hyn y mae'r asesiadau'n eu dweud am lesiant (a'r hyn nad ydyn nhw'n ei ddweud), a beth yw ystyr dysgu o'r dulliau yr ymgwymerwyd â'r asesiadau o ran cynllunio llesiant.
10. Mae'r adroddiad yn cyflwyno 17 argymhelliad, rhai'n herio PSBau ar y modd y gallent fod wedi syrthio'n ôl i rigol gwneud pethau yn yr hen ddull, rhai argymhellion ynghylch sut y mae angen i asesiadau esblygu a'r rhan fwyaf yn canolbwyntio ar yr hyn sydd angen newid er mwyn galluogi cynllunio llesiant i ddigwydd a fydd yn creu'r newid mawr sydd ei angen arnom ar gyfer cenedlaethau'r dyfodol. Byddaf yn cadw llygad barcud ar y modd y bydd PSBau a chyrff cyhoeddus yn ymateb i'r argymhellion hyn, gan eu cysylltu â'r meysydd blaenoriaeth, a fydd yn ffocws i'm swyddfa i.

Cefnogi a herio cyrff cyhoeddus

11. Ar ôl cael cyfnod o ymwneud eang, rydw i ar fin ymgymryd â darn mawr o waith a fydd yn archwilio ac yn esbonio'r oblygiadau ymarferol i bob corff cyhoeddus o ddefnyddio'r pum dull o weithio i wneud yn fawr o'u cyfraniad i bob un o'r saith nod llesiant. Fy mwriad yw gweithio mewn partneriaeth ag ystod o sefydliadau o bob cwr o'r gwasanaeth cyhoeddus, y trydydd sector a'r byd academiaidd. Byddaf hefyd yn archwilio sut y gallwn ni wneud yn siŵr fod y gwaith hwn wedi'i



wreiddi ym mhrofiad bywyd dinasyddion. Mae'r rhaglen waith hon, a elwir yn Gelfyddyd yr Hyn sy'n Bosib, yn nodwedd allweddol o'n dull Addas i'r Dyfodol o gefnogi a herio cyrff cyhoeddus, a bydd yn:

- Darparu sylfaen ar gyfer newid parhaus, gan ganolbwyntio ar yr hirdymor;
- Ymgrymuso gweision cyhoeddus i fod yn weithredwyr newidiadau;
- Adeiladu maint a gallu mewn cyrff cyhoeddus drwy gyfrwng dysgu parhaus, ymwybodol ar y cyd;
- Darparu cyfleoedd rhwydweithio a chydweithio er mwyn cael mynediad i a gweithredu arbenigedd, a gwybodaeth leol a rhanbarthol;
- Integreiddio a deall y rhyng-ddibyniaeth rhwng nodau;
- Canolbwyntio ar feysydd newid allweddol, gan gynnwys: cynllunio corfforaethol, cynllunio ariannol, cynllunio'r gweithlu, caffael, asedau, rheoli risg a rheoli perfformiad.

12. Mae'r canllawiau craidd, 'Rhannu Pwrpas: Rhannu Dyfodol', a gynhyrchwyd gan Lywodraeth Cymru i gefnogi gweithredu'r Ddeddf, yn adnabod saith maes mewn gweithgareddau corfforaethol 'ble mae angen i'r newid ddigwydd'. Y rhain yw cynllunio corfforaethol, cynllunio ariannol, cynllunio'r gweithlu, caffael, asedau, rheoli risg a rheoli perfformiad. Bydd hyn hefyd yn darparu ffocws allweddol i'm gwaith i gyda chyrff cyhoeddus hefyd, o ran oblygiadau ymarferol diogelu gallu cenedlaethau'r dyfodol i gwrdd â'u hanghenion.

13. O ganlyniad i gyfarfodydd â'r Ysgrifennydd Cabinet dros Gyllid a Llywodraeth Leol, a rhwng fy Swyddfa i a'i swyddogion ef. Rydym ni wedi cytuno ar nifer fechan o feysydd sy'n gysylltiedig â chyllid ble gellid gweithredu mewn dull cryno er mwyn ymgorffori'r pum dull o weithio. Y meysydd yw:

- Caffael;
- Cyllidebu Cyfranogol; a
- Datgarboneiddio (asesiad carbon).

14. Mae fy Swyddfa'n ymwneud â swyddogion Llywodraeth Cymru yn y meysydd hyn er mwyn darganfod sut y gellir defnyddio'r pum dull o weithio a'r gofyniad statudol i gymryd pob cam rhesymol (wrth ymarfer ei swydogaeithau) i gwrdd a'r nodau hynny yn gallu cael eu defnyddio i yrru dulliau a deilliannau gwahanol yn y meysydd hynny. Her allweddol, yn achos caffael, yw sicrhau fod pob tamaid o'r £6 biliwn sy'n cael ei wario ar nwyddau a gwasanaethau gan y gwasanaeth cyhoeddus yng Nghymru yn cael ei wario'n gynaliadwy. Mae adborth yn awgrymu mai un rhwystr allweddol i gynnydd yw ffocws rhy gul ar arbedion arian parod, yn hytrach na gwneud yn fawr o bob cyfraniad i bob un o'r nodau llesiant. Her allweddol o ran asesu carbon fydd sicrhau fod yr wybodaeth a ddarperir gan yr asesiadau carbon yn dod yn greiddiol i wneud penderfyniadau, mewn cyrff cyhoeddus. Ymysg rhwystrau i wneud gwell penderfyniadau mae dulliau cul, byrdymor o weithredu cysyniad 'gwerth', dulliau traddodiadol i gyllidebu, cyfrifo ac adrodd, ac asesu risg.

15. Mae Bargen Ddinas Caerdydd yn darparu enghraifft o'r modd y mae angen gwneud cryn dipyn o waith eto i sicrhau fod y cynlluniau sy'n cael eu gweithredu gan gyrrff cyhoeddus, a'r modd y maen nhw'n bwriadu gwario arian cyhoeddus, yn ymdrin yn gywir â phrofiad bywyd dinasyddion ac yn enwedig yn diogelu anghenion cenedlaethau'r dyfodol, Rwyf wedi amlinellu wrth lythyru â nhw rai o'r heriau a'r cwestiynau y mae'n rhaid i'r Fargen Ddinesig eu hwynebu, gan gynnwys:
- Sicrhau fod y cyfleoedd busnes a fydd yn cael eu ceisio drwy gyfrwng y fargen Ddinesig yn addas i economi carbon isel
 - Sicrhau fod buddsoddiadau a gynigir mewn isadeiledd trafndiaeth yn lleihau'n realistig y gost amgylcheddol o deithio ym Mhrifddinas-Ranbarth Caerdydd. Rhaid iddo ystyried anghenion teithio'r dyfodol, megis newidiadau mewn patrymau gweithio, dulliau o deithio a'r oblygiadau sy'n dod yn sgil poblogaeth sy'n heneiddio.
 - Gweithredu ar anghyfartaleddau mewn iechyd a llesiant a thorri'r cylchoedd tloedi sy'n bodoli rhwng cenedlaethau.
 - Gosod mecanweithiau ar waith i sicrhau fod llais y gymuned yn yrrwr allweddol i'r datblygiadau a fydd yn digwydd o ganlyniad i'r rhaglen hon.

Gwario Cyhoeddus ar Atal

16. Mae gwneud cynnydd o ran gwario cyhoeddus ar atal yn hanfodol o ran diogelu gallu cenedloedd y dyfodol i gwrdd â'u hanghenion. Mae'r mater hwn wedi bod yn nodwedd bwysig wrth i mi drafod gyda'r Llywodraeth, yn arbenning mewn perthynas a gwariant iechyd.
17. Fe nodais yn yr argymhellion oedd yn berthnasol i wariant atal a wnaed gan eich Pwyllgor yn y broses o graffu ar gyllideb 2017-18, ac fe dynnais sylw at yr argymhellion gerbron Ysgrifennydd y Cabinet dros lechyd, Llesiant a Chwaraeon, pan fu i ni'n dau gwrdd ym mis Ebrill, am fy mod yn teimlo y dylai ei gyllideb ef fod yn arwain y ffordd wrth gefnogi buddsoddi mewn atal. Roedd eich argymhellion chi'n glir iawn a gobeithio y gwelwn dystiolaeth fod Llywodraeth Cymru wedi gweithredu arnynt dros y flwyddyn ddiwethaf.
18. Mewn tystiolaeth ysgrifenedig i'r Adolygiad Seneddol ar lechyd a Gofal Cymdeithasol, nodais yr angen i sicrhau bod lechyd a gwasanaethau cymdeithasol yn blaenoriaethu atal, h.y. atal yr angen i bobl ddefnyddio gwasanaethau yn y lle cyntaf a lleihau'r angen am wasanaethau dros amser. Mae hyn yn arbennig o bwysig mewn perthynas ag atal sylfaenol sy'n anelu at atal problemau yn amlygu eu hunain (yn hytrach nag atal eilradd sy'n canolbwyntio mwy ar atal problemau rhag gwaethygu). Mewn llawer o achosion, mae atal sylfaenol yn gofyn am well cydweithio ac integreiddio ar draws ystod o wasanaethau yn hytrach na chanolbwyntio ar weithredoedd in maes, fel yr GIG.
19. Yn y tystiolaeth ysgrifenedig cyfeirwyd at Brifysgol Stirlingⁱⁱ a gyhoeddwyd papur defnyddiol am 'pam mae cymaint o fwelch rhwng ein disgwyliadau am bolisi ataliol a'r hyn sy'n digwydd?' Fe'i rhestrir



- ystod o rwystrau i atal sy'n ymateb yn dda i'r cydestun polisi Cymreig. Maent yn cynnwys dealltwriaeth a diffiniadau gwahanol o atal, yr anhawster o fesuro buddiannau a llwyddiant a'r ffaith nad yw ffyrdd presennol o reoli perfformiad yn galluogi neu yn cymell atal.
20. Mae fy swyddfa'n gweithio mewn partneriaeth â hÿb Iechyd a Chynaliadwyedd Iechyd Cyhoeddus Cymru i ddangos ein cefnogaeth i gyrff GIG ran gweithredu Deddf Llesiant Cenedlaethau'r Dyfodol. Mae'r agenda atal yn rhan allweddol o'r cydweithio hwn, gan gynnwys archwilio rôl Cynlluniau Integredig Tymor Canolig mewn galluogi symud i fuddsoddi mewn atal, a hefyd drwy ddarparu cefnogaeth a her i'r tîm sy'n gweithio ar yr Adolygiad Seneddol ar Iechyd a Gofal Cymdeithasol a'u camau nesaf.
21. Yn fwy diweddar rwyf wedi cael cyfarfodydd a chyfnawid gohebiaeth gyda Ysgrifennydd y Cabinet ar gyfer Cyllid a Llywodraeth Leol lle nododd bod y Ddeddf yn darparu diffiniad o atal, erbyn hyn wedi'i sefydlu mewn cyfraith ac yn cyfarwyddo Llywodraeth Cymru i fewn i ddarganfyddiad o sut mae atal yn cael ei ystyried mewn creu polisiau a thrin cyllidebau. Mae Ysgrifennydd y Cabinet yn nodi y byddant yn tynnu ar waith a wnaethpwyd gan y Tasglu Gweithredu Cynnar. Rhoddodd wybod i mi fod swyddogion yn gwerthuso'r ffordd mae atal yn cael ei gategoreiddio ar hyn o bryd er mwyn cytuno ar ddiffiniadau ar gyfer y dadansyddiad cyllideb. Yn fy marn i mae'n hanfodol bod y Llywodraeth yn darganfod a chytuno ar ddiffiniad er mwyn tracio cynydd mewn gweithredu fel hyn o fewn y ddeddf.
22. Yn fy ymateb i'r Adolygiad Seneddol pwysleisodd y pwynt bod 'atal sylfaenol o afiechyd angen bod yn nodwedd llawer mwy amlwg yn y raison d'être cyrff iechyd a gofal cymdeithasol yng Nghymru. Byddai atal afiechyd, drwy ymyriadau effeithiol, yn hytrach nag ymateb i afiechyd gydag ymyriadau clinigol drudfawr, yn sicrhau ymagwedd cynaliadwy i ddeilliannau gwell a gwerth gorau mean iechyd a gofal cymdeithasol yng Nghymru. Fe'i ddyliai fod yn rhan o fusnes craidd pob un o'r Byrddau Iechyd ac dylid herio unrhwy duedd tuag at gategoreiddio polisi ac ymarfer atal fel cyfrifoldeb corf neu gasgliad o gyrff tu allan Byrddau Iechyd'
23. Ar y llaw arall, mewn gwasanaeth cyhoeddus sy'n cydweithio yn effeithiol i ddarparu ymagwedd integredig, ni all buddsoddi mewn atal ymwneud â'r GIG yn unig, ac mae gan Fyrdau Gwasanaeth Cyhoeddus botensial enfawr i helpu i alluogi newid i atal ar draws y gwasanaeth cyhoeddus, drwy gyfrwng y dulliau y maen nhw'n eu cymryd i gyllido'u nodau llesiant nhw ar y cyd. Ni allwn fforddio colli'r cyfle hwn i ddefnyddio'r ddeddfwriaeth i ddymchwel cilfachau sefydliadol, a chydweithio'n ystyrllon ar lefel ymarferol yn ogystal â strategol.
24. Mae hi'n hanfodol ein bod ni'n gwneud cynnydd o ran gwario cyhoeddus ar atal yn nhermau diogelu gallu cenedlaethau'r dyfodol i gwrdd â'u hanghenion, ac am y rheswm hyn bu'r mater hwn yn nodwedd bwysig o'm trafodaeth â'r llywodraeth.



Trin yr hirdymor

25. Rwyf wedi adnabod nifer o fentrau rhyngwladol a allai gefnogi gweithredu'r Ddeddf, gan gynnwys Adrodd Integredig, Fframwaith Rhyngwladol: llywodraethiant da yn y sector gyhoeddusiii ac Ymchwiliad y Cenhedloedd Unedig, 'Y System Gyllid sydd ei Hangen Arnom'iv. Bydd pob un o'r mentrau hyn yn addysgu fy null Addas i'r Dyfodol o ddarparu her a chefnogaeth i gyrff cyhoeddus.
26. Yn 2018 bydd Cymru'n derbyn y ddogn gyntaf o drethi sydd newydd gael eu datganoli. Bydd Llywodraeth Cymru hefyd yn cael grymoedd benthyg sylweddol yn y cyfnod hanesyddol hwn. Bydd grymoedd o'r fath yn rhoi mwy o atebolrwydd ariannol i Lywodraeth Cymru, a fydd yn galw am graffu manwl yn y Pumed Cynulliad.
27. Mewn cyfnod cymharol fyr o amser, bydd faint o wariant Llywodraeth Cymru a ariennir drwy drethiant yn codi i ryw 25%, gyda lleihad cyfatebol yn y grant bloc. O ystyried y gofid dealladwy am godi cyllid i gefnogi gwariant cyhoeddus presennol, rwy'n disgwyl y bydd Llywodraeth Cymru'n sicrhau fod ei gynlluniau ar gyfer defnyddio grymoedd ariannol yn diogelu gallu cenedlaethau'r dyfodol i gwrdd â'u hanghenion. Mae'n hanfodol, felly, fod Llywodraeth Cymru'n gweithredu'r pum dull o weithio er mwyn gwneud yn fawr o'i gyfraniad, drwy gyfrwng y cyfle hanesyddol hwn, i gyflawni anghenion pob un o'r nodau llesiant. Mae Ymholiad y Cenhedloedd Unedig, 'Y System Ariannol sydd ei Hangen Arnom' wedi cynhyrchu cyfoeth o dystiolaeth i addysgu a chefnogi system ariannol gynaliadwy. Fy nisgwyliaid yw y bydd Llywodraeth Cymru'n ymwneud â'r ymarferiad hwn ac yn ei ddefnyddio i addysgu datblygu'i rymoedd ariannol newydd. bydd hefyd yn bwysig i'r Cynulliad Cenedlaethol dynnu ar yr Ymchwiliad i addysgu'r modd y mae'n craffu ar y grymoedd newydd hyn.
28. Mae'r adroddiad 'Now for the Long Term'^{iv} gan 'The Oxford Martin Commission' hefyd yn tynnu sylw at broblemau gyda dulliau cyfredol llywodraethu a phenderfyniadau ariannol, ac yn gwneud argymhellion ar gyfer eu datrys. Mae'r Comisiwn yn tynnu sylw yn arbennig at y confensiwn cyfrif o ddisgowntio fel problem arbennig, ac yn dod i'r casgliad na ddylid gwahaniaethu yn erbyn cenedlaethau'r dyfodol oherwydd y byddant yn cael eu geni yfory ac nid heddiw.
29. Tra bo Ymchwiliad y CU yn canolbwyntio ar farchnadoedd arian rhyngwladol a rheoleiddio, mae'n tynnu sylw at rôl polisi cyhoeddus a chyllid cyhoeddus. Mae hyn yn arbennig o arwyddocaol i waith Trysorlys Cymru, Awdurdod Refeniw Cymru a Banc Datblygu Cymru. Ymysg rhai o ganfyddiadau allweddol yr adroddiad, 'Y System Ariannol sydd ei Hangen Arnom: o fomentwm i drawsnewidiad', mae:
 - **Mae polisi, marchnad a gyrwyr rhyngwladol ehangach yn gwreiddio'r momentwm hwn.**
 - Mabwysiadu Nodau Datblygu cynaliadwy a Chytundeb Paris ar newid hinsawdd.
 - Blaenoriaethau datblygu cenedlaethol, yn enwedig yn achos gwledydd sy'n datblygu.



- Ymdrechion i gywiro methiannau yn y farchnad a pholisi ar draws y system ariannol.
- Cynnydd mewn tarfu technolegol ar y system ariannol. » Cynnydd mewn disgwyliadau cymdeithasol o berfformiad y system ariannol.
- Cyllid gwyrdd yn dod yn ffactor gystadleuol i fusnesau a chanolfannau ariannol.
- **Mae momentwm heddiw'n dal i fod yn annigonol i ddarparu'r trawsnewidiad sy'n angenrheidiol i ariannu datblygiad cynaliadwy.**
 - Mae cyfalaf naturiol yn parhau i ddirywio'n beryglus, ynghyd ag anghyfartaledd cymdeithasol cynyddol ac anfodlonrwydd
 - Mae llif arian a stoc gynaliadwy yn parhau i fod yn ymylol i wasgariad cyfalaf yn fyd-eang
 - Mae'r system ariannol yn dal i fod yn ddigyswllt oddi wrth anghenion hirdymor yr economi go iawn.
 - Bygythir sefydlogrwydd ariannol fwyfwy gan effeithiau economi anghynnaladwy heddiw
- **Gall camau allweddol ailgyfeirio pwrpas ac effaith y system ariannol i wasanaethu'r economi go iawn wrth iddi newid i ddatblygu cynaliadwy.**
 - Angori cynaliadwyedd mewn strategaethau cenedlaethol ar gyfer diwygio a datblygu ariannol.
 - Cyfeirio blaengarwch technolegol i gyfeiriad datblygu ariannol cynaliadwy.
 - Gwireddu potensial pwysau triphlyg cyllid cyhoeddus. Codi ymwybyddiaeth ac adeiladu galluedd ar draws y system.
 - Gwreiddio cynaliadwyedd i mewn i ddulliau, offer a safonau cyffredin ar draws y system ariannol.

Asesu Effaith

30. Cynhwysodd Llywodraeth Cymru Asesiad Effaith Integredig Strategol yn naratif cyllideb ei Gyllideb Ddrafft 2017-2018. Darparodd yr Asesiad Effaith Integredig Strategol esboniad o'r broses a oedd wedi addysgu a ffurfio proses wneud penderfyniadau Llywodraeth Cymru ar gyfer cyllideb 2017-18. Darparodd hefyd ddisgrifiad o uchelgeisiau a bwriad polisi. Yr hyn na wnaeth oedd asesu effeithiau negyddol a chadarnhaol tebygol y penderfyniadau cyllidebol.
31. Ochr yn ochr â'r cyrff cyhoeddus eraill a restrir yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 (y Ddeddf), rhaid i Weinidogion Cymru gyflawni datblygu cynaliadwy. Mae'n rheidrwydd arnynt hefyd i 'Weithredu mewn dull sy'n ceisio sicrhau fod anghenion y presennol yn cael eu cwrdd heb gyfaddawdu ar allu cenedlaethau'r dyfodol i gwrdd â'u hanghenion'. Mae hi'n bwysig fod Gweinidogion Cymru'n arwain drwy esiampl, yn hyn o beth, a sicrhau fod asesiadau effaith i'r dyfodol yn rhoi darlun clir o ddisgwyliadau cadarnhaol a negyddol effeithiau cyllideb. Bydd hyn yn bwysig os bydd Gweinidogion Cymru, a Llywodraeth Cymru, yn debygol o ddwysau'u dealltwriaeth



dros amser o'r modd y mae penderfyniadau cyllido'n debygol o effeithio ar allu cenedlaethau'r dyfodol i gwrdd â'u hanghenion. Adrodd integredig

32. Mae Asesiad Effaith Integredig Strategol 2017-18 y cyfeirio'n sydyn iawn at y Ddeddf. Dim ond at ddau o'r pum dull o weithio y mae'n cyfeirio atynt, ac mae'n esbonio sut y bydd 'gwario'n cydbwysio rhwng y tymor byr a'r tymor hir', ble mae gofyn i Weinidogion Cymru mewn gwirionedd 'weithredu mewn dull sy'n ceisio sicrhau fod anghenion y presennol yn cael eu cyflawni heb gyfaddawdi ar allu cenedlaethau'r dyfodol i gwrdd â'u hanghenion'.
33. Buaswn i'n disgwyl i Asesiadau Effaith Integredig Strategol y dyfodol ganolbwyntio ar weld a yw'r cynigion cyllideb drafft yn debygol o helpu Gweinidogion Cymru i gymryd yr holl gamau rhesymol i gwrdd â'u nodau llesiant, a thrwy hynny wneud yn fawr o'u cyfraniad i gyflawni pob un o'r nodau llesiant. Buaswn hefyd yn disgwyl i'r Asesiad Effaith adnabod effeithiau cadarnhaol a negyddol tebygol penderfyniadau cyllideb yng nghyd-destun yr egwyddor datblygi cynaliadwy, drwy ymdrin â' phob un o'r pum dull o weithio.
34. Bydd defnyddio'r pum dull o weithio fel fframwaith ar gyfer gwneud penderfyniadau ar gyllideb Llywodraeth Cymru'n helpu i sicrhau ei fod yn addas i'r dyfodol. Bydd defnyddio'r pum maes canlynol i fframio'r asesiad yn helpu i brofi a fydd yr effaith tebygol yn gadarnhaol ynteu'n negyddol, o ran cwrdd â nodau Llywodraeth Cymru. Buaswn i'n disgwyl Asesiadau Effaith Strategol y dyfodol i ystyried y canlynol:
- ystyried y cydbwysedd rhwng anghenion tymor byr 'â'r angen i ddiogelu'r gallu i gwrdd ag anghenion hirdymor, yn enwedig pan all pethau a wneir i gwrdd ag anghenion tymor byr arwain at effaith niweidiol hirdymor';
 - angen i ddilyn dull integredig o weithio, drwy ystyried:
 - sut y gall penderfyniadau cyllideb effeithio ar allu Llywodraeth Cymru i gwrdd â'i nodau llesiant, a gwneud yn fawr o'i gyfraniad i bob un o'i nodau llesiant;
 - sut y gall penderfyniadau cyllideb effeithio ar ei gilydd neu ar nodau cyrff cyhoeddus eraill, yn enwedig, ble gall penderfyniadau cyllideb gyfrannu at gwrdd ag un nod, ond gall fod yn niweidiol i'r gwaith o gwrdd ag un arall;
 - pwysigrwydd cynnwys pobl eraill sydd â diddordeb mewn cyflawni'r nodau llesiant a sicrhau fod y rheiny sy'n ymwneud â'r cyfan yn myfyrio ar amrywiaeth y boblogaeth;
 - sut y gallai gweithio ar y cyd helpu'r corff i gwrdd â'i nodau llesiant, neu helpu corff arall i gwrdd â'i nodai, drwy adnabod effeithiau cadarnhaol a negyddol tebygol y cynigion cyllideb; a
 - a fyddai effaith debygol y cynigion cyllidebol yn cyfrannu at gwrdd â nodau llesiant Llywodraeth Cymru, neu nodau corff cyhoeddus arall, drwy ddyrannu adnoddau i rwystri problemau rhag digwydd neu waethygu.

35. Mae'r Ddeddf yn gorchymyn i gyrrff cyhoeddus gynnal datblygu cynaliadwy, gan gynnwys gosod, cyhoeddus a chymryd camau i gwrdd â'r nodau hynny a gynlluniwyd i wneud yn fawr o'u cyfraniad i bob un o'r nodau llesiant. Byddai defnyddio'r ddyletswydd hon i weithredu yn unol â'r egwyddor datblygu cynaliadwy yn rhoi fframwaith dealladwy a chyson ar gyfer asesu effaith cynigion cyllidebu. Byddai denu ystod o randdeiliaid allweddol i ymwneud â'r asesiad effaith hefyd yn hyrwyddo dealltwriaeth ddyfnach, fwy cyson, o'r effeithiau cadarnhaol a negyddol tebygol, ar draws y gwasanaeth cyhoeddus yng Nghymru.
36. Buaswn i'n disgwyl i'r broses asesu effaith a denu i redeg ochr yn ochr â, ac i addysg, datblygu'r cynigion cyllideb. Byddai hyn yn galluogi'r Asesiad Effaith Integredig Strategol i gael ei gyhoeddi ochr yn ochr â'r gyllideb ddrafft a, thrwy hynny, i fod ar gael i gefnogi ac addysgu craffu.
37. Mae'r gwaith a wneir gan Archwilydd Cyffredinol Cymru, Swyddfa Archwilio Cymru a'm swyddfa i, hefyd yn gwneud cyfraniad pwysig i addysgu craffu, mae'r Ddeddf yn rhoi grym i mi ddarparu cyngor i Archwilydd Cyffredinol Cymru ar egwyddor datblygu cynaliadwy. Mae fy swyddfa i'n gweithio'n agos gyda Swyddfa Archwilio Cymru wrth iddi ddatblygu dull o gyflawni dyletswydd yr Archwilydd Cyffredinol yng nghyd-destun y Ddeddf, Mae'r gwaith hwn hefyd yn addysgu'r modd yr ydw i'n tacio fy nyletswydd i fonitro ac asesu. Sylfaen allweddol ar gyfer y gwaith hwn yw Memorandwm Dealltwriaeth rhwng yr Archwilydd Cyffredinol a Chomisiynydd Cenedlaethau'r Dyfodol, a gyhoeddir ym mis Rhagfyr. Bydd hwn yn cael ei wreiddio gan raglen o waith ar y cyd er mwyn osgoi dyblygu, ac i gefnogi dull mwy unedig o fonitro ac asesu.

Yr eiddoch yn gywir,



Sophie Howe

Cyfeiriadau

ⁱ Llesiant yng Nghymru: cynllunio heddiw ar gyfer gwell yfory - dysgu o Asesiadau Llesiant 2017

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ⁱⁱ Preventative Spend – policy briefing, University of Stirling

<http://www.stir.ac.uk/media/schools/socialsciences/sass-ed/images/documents/Preventative%20spend.pdf>

ⁱⁱⁱ International Framework: good governance in the public sector by IFAC and CIPFA

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^{iv} UNEP The Financial System We Need: from momentum to transformation

<http://unepinquiry.org/publication/the-financial-system-we-need-from-momentum-to-transformation/>

^v Now for the Long Term: the Report of the Oxford Martin Commission for Future Generations

http://www.oxfordmartin.ox.ac.uk/downloads/commission/Oxford_Martin_Now_for_the_Long_Term.pdf