

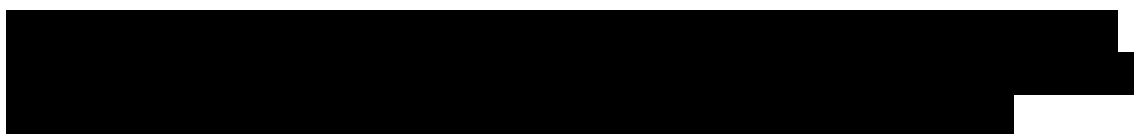


# Welsh Government Draft Budget Proposals 2020-21

## A RESPONSE FROM WCVA

1. [Wales Council for Voluntary Action](#) (WCVA) is the national membership organisation for the third sector in Wales. Our vision is for a future where the third sector and volunteering thrive across Wales, improving wellbeing for all. Our mission is to be a catalyst for positive change by connecting, enabling and influencing. WCVA exists to enable voluntary organisations to make a bigger difference together.
2. Within the [Third Sector Scheme](#), WCVA works with the [Third Sector Partnership Council](#) (TSPC) networks, representing 26 categories of third sector interest; the 19 county voluntary councils (CVCs) and other development agencies, to provide a support structure for the third sector in Wales. The Third Sector Scheme is a vital mechanism for voluntary organisations to get their voices heard by Welsh Government.
3. The [Code of Practice for Funding the Third Sector](#) is a hugely important document in providing principles and structure for how the voluntary sector is funded. Funders and those seeking funding should remember the importance of [Full Cost Recovery](#), including project costs and overheads.
4. We appreciate the appropriate time period given for organisations to respond to this consultation and would like to see this apply to all consultations.
5. We have consulted widely across the voluntary sector in drafting this response and are pleased to have the opportunity to feed a wide range of sectoral voices into planning for the draft Budget 2020-21.

We thank the following organisations for their input: Walk Newport, the Gift of Grace Education Project, the False Allegations Support Organisation, Chepstow Society, Oakdale Community Centre, SNAP Cymru, Rockfield Park Community Centre, Groundwork North Wales, Dynamic Wrexham, Welsh Sports Association.



## KEY POINTS

6. Although this response details a number of recommendations for the 2020-21 draft Budget, here are some we consider the most crucial:

- We would like Welsh Government to focus on growing an inclusive economy in Wales. The voluntary sector has an important role in shaping and delivery this. It makes an important contribution to our economy:
- The charity sector accounts for almost 10% of the employment in Wales.
- Voluntary sector organisations registered in Wales have an annual income of £1,196 million. If the average hourly pay for people in Wales (£12.50) is applied to the 61 million hours people spent volunteering in Wales each year, then the country's volunteering time is worth around £757 million per annum.
- The voluntary sector continues to require greater resource to respond to increasing demand on its services and in line with the ambitious roles described for the sector in the delivering the visions of 'A Healthier Wales', the Social Services and Well-being Act (Wales) and the Well-being of Future Generations Act (Wales). In 'Prosperity for All' Welsh Government makes some clear statements about the commitment to working with the third sector to deliver the National Strategy: Welsh Government recognises that *'public services and voluntary sector partners want to work together towards common objectives, to focus on the needs of people, at all stages of their lives and in all parts of Wales'* (p.4) and articulates the aspiration to *'build a sustainable relationship with the Voluntary Sector, based on the outcomes we all want to achieve for communities and the right funding model to deliver them'* (p. 20). However, the experience of organisations working on the ground affirms that resources for the sector do not match with the tone of the strategy.
- The voluntary sector needs the certainty that could be provided by longer-term funding cycles; one-year funding cycles do not enable organisations to effectively and efficiently plan services and workforce development, and ultimately mean that organisations are not able to build resilience.
- Co-production of preventative services must be resourced effectively to be successful.
- Welsh Government must continue to exert pressure on UK Government for more details of the UK Shared Prosperity Fund and to what extent Wales, and the voluntary sector within it, will be able to have a voice in how it is utilised.
- More improvement is needed in how Welsh Government evidence and communicate their thinking when making budgeting decisions.

- The third sector should be enabled to further contribute to shaping an inclusive economy that benefits the people of Wales.
- More work needs to be done in ensuring the Future Generations Act is embedded across all Welsh Government departments and working practices.

## **WHAT, IN YOUR OPINION, HAS BEEN THE IMPACT OF WELSH GOVERNMENT'S 2019-20 BUDGET?**

7. Many organisations we engaged with on this response have continued to find sourcing funding a struggle. Budget cuts continue to impact heavily on sector organisations. The sector has also expressed concern about the trend for Local Authorities to increasingly taking services 'in house' rather than contracting them out.
8. Yet, as we have noted in previous responses, the sector is still being expected to fulfil greater demand with reduced resources; a situation which remains unsustainable. Last year we requested an analysis of whether the sector has been disproportionately affected by cuts compared to local authorities or other public bodies. We would still like to see this analysis undertaken and for government to require local authorities to monitor and report on how funding allocated from Welsh Government has been spent, including a breakdown by sector.
9. Other respondents noted that welfare reform has caused problems for vulnerable people and communities and that poverty has increased.
10. One respondent commented that they felt last year's Budget was simply 'treading water' until the full impact of Brexit is known.
11. We await data on how the 19-20 Budget affected the sector's financial position overall, but our [Third Sector Data Hub](#) shows that grant funding fell from £350 million in 10-11 to £257 million in 16-17, while contract funding fell from £71.5 million in 14-15 to £42.5 million in 16-17. In 2015-16, Welsh Government funding represented 46% of sector income, down from 55% in 2010-11. These decreases are not sustainable in the long-term.
12. Our report, [Sustainable Funding for the Third Sector](#), has much more on the current precarious situation regarding sector funding. Supporting third sector organisations to develop a mixed income base remains an important priority for the work delivered jointly by WCVA and the 19 county voluntary councils (CVCs) across Wales.

## **WHAT EXPECTATIONS DO YOU HAVE OF THE 2020-21 DRAFT BUDGET PROPOSALS? HOW FINANCIALLY PREPARED IS YOUR ORGANISATION FOR THE 2020-21**

## FINANCIAL YEAR AND HOW ROBUST IS YOUR ABILITY TO PLAN FOR FUTURE YEARS?

13. As ever, a number of different priorities arose during our engagement. Common threads included health, social care and wellbeing, along with poverty, but there were also concerns around mitigating welfare reform, funding to support disabled people, climate change, and access to justice, housing and education, as well as general concern around the need for more resource for voluntary sector organisations to meet the needs of people and communities.
14. Last year we asked for Welsh Government to further encourage collaborative working between sector organisations, and between sector organisations and Local Authorities. This does occur; however, to genuinely collaborate requires time and resource for all partners to plan before launching a project. There have been grant schemes where timetables have simply not made allowances for proper collaboration to take place.
15. Given the recent consultation on the subject, we expect Welsh Government to budget according to the needs of the Foundational Economy. To do this efficiently will require resourcing organisations effectively and further investment in the local procurement function, plus support for this change of economic focus. See [the response](#) to the consultation on Public Procurement and the Foundational Economy submitted by the Social Enterprise Task and Finish Group, of which WCVA is a member, for more information.
16. We repeat our call from previous consultation responses for longer-term funding cycles of three to five years, although we appreciate the difficulties Welsh Government face in fulfilling this, given that UK Government did not perform its promised Comprehensive Spending Review, preventing the Welsh Treasury from being able to make its own long-term plans. Given this, we ask Welsh Government to continue to pressure UK Government for a longer-term financial outlook. Instability caused by short cycles of funding makes it difficult for many voluntary sector organisations to survive. One, or at best, two-year funding cycles make it difficult to plan for future years. Assumptions have to be made and the further out you plan, the less reliable these become. Regardless, once the 2020-21 budget is drafted, WCVA will use it as a base on which to build its five-year plan and will recommend this to our members and partners.
17. There are challenges with respect to both funding streams and public funding whereby many funding streams will not contribute to overheads and public funding often stays the same year on year, with no increase for inflation. Additionally, the pressure on public funding to reduce also has an impact on resource planning.
18. Walk Newport suggested Welsh Government holds engagement meetings allow the sector to input further into planning and greater understand Welsh Government budgeting plans.

## COMMENTS ON AREAS HIGHLIGHTED BY THE CONSULTATION DOCUMENT: APPROACH TO PREVENTATIVE SPENDING AND ITS REPRESENTATION IN RESOURCE ALLOCATION

19. A thriving third sector has a vital role to play in the prevention agenda. The sector has many groups and organisations which have developed to redress specific problems or prevent them worsening. But it is also able to bring wider benefits to society through community engagement and make communities feel more empowered and connected. A Healthier Wales sets out the scope and scale of the sector's role in delivering health and social care services, but it can only do this if sufficiently resourced, through the Transformation Fund and elsewhere.
20. The continued prioritisation of early intervention and prevention is important, and coproduction of services must play a key part in this. There remain issues with establishing true coproduction between service designers, deliverers and users, with the sector often reporting on, for example, being viewed very much as a 'junior partner' during project development or not being brought into planning until an idea has already begun development.
21. Resource should be put into further developing social capital. As our [Empowering Communities](#) report notes, those areas where social capital is in abundance are those that have good relationships with decision-makers. This in turn can create genuine co-production of services, leading to improved local environments and thereby causing better physical and mental wellbeing and, ultimately, less demand on primary and secondary health and social care services.
22. Social prescribing can play a key role in the preventative agenda ([evidence suggests](#) that social prescribing, on average, reduces the reliance on GP services by 28% following referral to a social prescribing scheme/services), but community groups, sports clubs and so on must be effectively resourced to manage the extra demand as more and more people are referred to them.
23. Welsh Government should seek to put in place a framework to decommission health and social care models that are not working and replace them with commissioned care and support services in the community.
24. Social prescribing should be upscaled as a non-medical preventative model to help relieve the pressure on primary and secondary care services.
25. More work needs to be done on identifying where integration across health and social care services is working well and scaling it up.

26. A drive to help individuals be more aware of which health and social care services are appropriate for them, and awareness of newer models such as social prescribing, could also help alleviate pressure on primary services.
27. WCVA and the 19 CVCs across Wales are working together to promote Infoengine, a database of third sector services, as a vital search tool for citizens, public and third sector services. We would welcome the opportunity to work more closely with government to promote this portal to local authorities and health boards to assist with the preventative agenda.

## **SUSTAINABILITY OF PUBLIC SERVICES, INNOVATION AND SERVICE TRANSFORMATION**

28. As noted above, coproduction is now hugely important in the design and delivery of sustainable public services. Done correctly, it can produce extremely innovative and transformational results. WCVA is a partner in the Co-Production Network for Wales. The Network's [Knowledge Base](#) is a hugely useful resource for service deliverers.
29. Our [Empowering Communities](#) report set out a number of recommendations in the area of public services that should be borne in mind during the budgeting process. These include:
- Ensuring funds for providing social care activities are available to Community Anchor Organisations
  - Developing a multi-agency approach to ensuring good practice in commissioning
  - Exploring models to promote investment in local communities
  - Retaining an emphasis on place-based approaches during policy-making
  - Introducing guidelines to allow community enterprises access to the public estate to manage sustainable social enterprises which generate resources for local benefit
30. Regarding Community Assets: Local Authorities still appear not to be utilising the good practice guidance available around asset transfer. We would like Welsh Government to call on Local Authorities to ensure this guidance is followed.
31. To ensure services remain sustainable, organisations need to have their core costs (such as staffing, rent and IT), funded and not be expected to continually try and access or rely on short term project funding. Without core funding, it is virtually impossible for most sector organisations to continue their vital community services as well as innovative project development.
32. The [National Principles for Public Engagement](#), endorsed by Welsh Government, are designed to help service providers engage effectively with the public. We recommend all public service providers use them to help with their work.

## **POLICIES TO PROMOTE ECONOMIC GROWTH, REDUCE POVERTY, GENDER INEQUALITY AND MITIGATION OF WELFARE REFORM**

33. The sector has suggested a range of ideas in these areas. These include the improvement of social housing and a campaign to reduce the stigma attached to social housing; supporting women into work with more affordable, better childcare options; more encouragement for men to take paternity leave; focusing on building skills to enhance employment prospects; and using Wales' strong heritage of energy production and manufacturing to make the country a trailblazer in the field of green energy and transportation.
34. The expertise from the sector relating to the foundation economy, diversity and sustainable development should be used to contribute to the debate on future economic development.

## **WELSH GOVERNMENT PLANNING AND PREPAREDNESS FOR BREXIT**

35. The voluntary sector remains anxious about the UK Government's delay in publishing the consultation on the UK Shared Prosperity Fund (UKSPF). We ask Welsh Government to exert all the pressure it can to encourage UK Government to publish information about this. It was noteworthy that the Chancellor did not even mention the UKSPF in his recent Spending Review.
36. Our comments on the UKSPF from last year remain valid. We would like Welsh Government to:
  - Support the sector to have a voice in shaping the future of the UKSPF in Wales
  - Ensure the UKSPF invests in the sector to coproduce activities that build resilience and prosperity in deprived communities
  - Speak about how it feels the UKSPF can address incidents of hate crime, [which rose 28% following the Referendum](#).
37. We welcome Welsh Government's use of the EU Transition Fund to help the sector prepare for Brexit. However, more information on resources to mitigate the impact of a no-deal Brexit on vulnerable communities – such as hardship funds in the event of inflation and increased food prices, for example – would be welcome.
38. We also welcome the Discretionary Assistance Fund for emergency support for those effected by a potential no deal Brexit.
39. There is still concern about economic migrants, who often hold lower-paid jobs, leaving the country, with a lack of 'local' people to replace them.
40. The draft Budget needs to prepare the voluntary sector and communities for a negative impact on grants for infrastructure and community development.

## **HOW WELSH GOVERNMENT SHOULD USE TAXATION AND BORROWING POWERS**

41. As last year, we would like to see money raised go directly to frontline services.
42. The sector has direct experience relating to charitable rate relief, the use of devolved taxes (such as the Landfill Disposal Tax Communities Scheme) and is keen to input to further discussion in this area.
43. The [recent report of the Charity Tax Commission](#) supported by our sister organisation NCVO should be reviewed to see if there are opportunities for greater civil society involvement.
44. The EU funds that Wales currently has access to, should be maximised and lessons from the loan schemes such as those delivered by Social Investment Cymru, reflected on. Using EU funds to lend in a more innovative fashion to social enterprises and micro businesses could fit into wider borrowing activity.
45. Welsh Sports Association have commented that families suffering high poverty and low opportunity to earn may suffer from extra taxation – depending on the nature of any new taxes introduced - unless this is offset in other areas.

## **HOW EVIDENCE DRIVES WELSH GOVERNMENT PRIORITY SETTING AND BUDGET ALLOCATIONS**

46. We received some negative comments in this area, suggesting that Welsh Government is poor at communicating how it uses evidence and that there is a lack of transparency in how it reaches its decisions. Its website was criticised as 'hard to navigate'.
47. Transparency in budgeting decisions is critical in enhancing openness and public trust. The use of case studies in last year's draft Budget document was a welcome tool to aid understanding of Welsh Government thinking.
48. We would like Welsh Government to gather data on local government funding of the third sector. Despite the [Wales Audit Office report](#) on this more than two years ago, there is still a huge lack of information in this area. With increased focus on how the sector is funded, it is important for this to be addressed.
49. Our [Third Sector Data Hub](#) tracks data relating to the voluntary sector in a number of areas. We invite Welsh Government, the sector, funders and researchers to make use of this resource.



## **WELSH GOVERNMENT POLICIES TO STRENGTHEN THE ECONOMY AND PROMOTE INNOVATION**

50. As stated last year, we would like Welsh Government to focus on growing an inclusive economy in Wales. The voluntary sector has an important role in shaping and delivery this. It makes an important contribution to our economy:

- The charity sector accounts for almost 10% of the employment in Wales.
- Voluntary sector organisations registered in Wales have an annual income of £1,196 million. If the average hourly pay for people in Wales (£12.50) is applied to the 61 million hours people spent volunteering in Wales each year, then the country's volunteering time is worth around £757 million per annum.

51. The voluntary sector should be enabled to further contribute to shaping an economy that benefits the people of Wales. Contributions can range from developing innovative approaches to finance, promoting social value and pushing for policy and regulatory decisions that can nurture different types of capital that support wellbeing in Wales.

## **HOW THE FUTURE GENERATIONS ACT IS INFLUENCING POLICY-MAKING**

52. Many organisations felt that the Act is still not embedded across all Welsh Government departments, thereby failing to maximise some of the intended impact. Respondents have noted that Government structures tend to work against the Act's cross-cutting themes.

53. Another respondent commented that the Act focuses heavily on social and economic benefits while overlooking work around the environment.

54. As Dynamic Wrexham noted, voluntary sector organisations require secure, sustainable funding for them to truly play their role in realising the Seven Wellbeing Goals.

## **HOW WELSH GOVERNMENT INTENDS TO RESPOND AND RESOURCE THE CHALLENGE OF A CLIMATE EMERGENCY**

55. The voluntary sector is keen to help however it can in response to the climate emergency. However, organisations will need to be properly resourced to do this effectively.

56. Younger people in particular are keen to be actively engaged in this area of work and communications should be appropriately targeted to be as inclusive and accessible to everyone.

57. Welsh Government should also produce evidence to explain how it plans to target funding in this area.

## **DISCUSSION**

58. WCVA will be pleased to discuss these or any other points relating to this consultation response with officials, committees or Ministers if requested.

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