



Response from Powys Association of Voluntary Organisations to call for information on Welsh Government draft budget proposals for 2019-20

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About PAVO

Powys Association of Voluntary Organisations (PAVO) is the County Voluntary Council (CVC) for Powys. PAVO has over 700 voluntary organisations and community groups as members and works with many more through its thematic networks and fora. PAVO works to agreed standards with Welsh Government as part of Third Sector Support Wales.

PAVO works in partnership with Welsh Government through Third Sector Support Wales and also Powys County Council, Powys Teaching Health Board and other public sector agencies through Powys' Public Service Board and its associated partnership mechanisms. For more information about PAVO please see: www.pavo.org.uk

- **Name:** Peter Lathbury - PAVO Head of Third Sector Support
- **Organisation:** Powys Association of Voluntary Organisations (PAVO)
- **e-mail:** peter.lathbury@pavo.org.uk
- **Address:** Powys Association of Voluntary Organisations, Unit 30 Ddole Road Industrial Estate, Llandrindod Wells, Powys. LD1 6DF.

The following comments are made from the perspective of how Welsh Government budgeting and spend impacts upon issues that are of direct concern to the third sector within Powys.

1. What, in your opinion, has been the impact of the Welsh Government's 2018-19 budget?

PAVO notes that it is in some respects difficult to assess the final impact of 2018/19 budget decisions because we are only half way through that financial year.

Similarly, other UK wide factors such as 'austerity' create a knock on impact upon matters such as the financial settlement between UK Government and Welsh Government and the funding available to Wales. This is a dynamic which is then further complicated by decisions taken by Local Authorities and Health Boards regarding their spend of monies allocated to them

Nonetheless, from a Powys perspective we are seeing an ongoing reduction in non-statutory services provided by local government. This has resulted in a significant decline in provision of important non-statutory activity such as youth services, and in many case increased consequential demand on third sector services.

The culture created within local government of needing to cut costs in order to meet real term reductions in funding received via Welsh Government also has a disproportionate effect to third sector funding and the commissioning of services.

In our experience is driving behaviours such as withdrawal of grant funding, freezing or reducing funding allocations, and seeking to drive down expenditure through competitive tendering. In a county such as Powys where many third sector services are delivered by organisations of small size and financial turnover, the loss of even just a few thousand pounds of previously secure unrestricted income can place the future of organisations and their work in jeopardy, particularly if it is working in a field that is 'unpopular' with grant making trusts or public donors.

This situation is further complicated by the dynamic of increased competition it creates between organisations seeking funding from Local Government, but also in seeking independent grant funding at a time when the resources available from sources as the Big Lottery are declining.

The combined impact upon Third Sector services is that:

- Many are facing a combination of sustained increases in demand and diminishing resources. This is unsustainable and if it continues unabated will cause a progressive reduction in service provision at a time when Welsh Government strategy is based upon there being an increased role for voluntary organisations and community groups in providing services.
- It drives increased competition within the Third Sector. Something which is unhelpful when the drive in public service development is predicated upon increased co-operation between agencies and sectors. It can in some instances create a resentment towards public sector funders as a consequence of their funding decisions; something which is clearly counterproductive to the Welsh Government agenda of seeing greater cooperation in delivering a more unified 'public service' for Wales' citizens.
- Organisations are needing to spend increased resource and time in chasing income; time and resource which could be more gainfully used on delivering their front line services.
- Small reductions in public sector funding often disproportionately affect the viability of smaller and community based services which typically already operate on low turnovers and costs with only small financial reserves.

On a different note PAVO welcomes the continued resourcing of the Integrated Care Fund (ICF) in the 2018/19. Although relatively small in terms of overall Welsh Government spend our experience has been that it is a useful tool, not only in being able to support the testing of transformational service changes, but also in compelling Local Authorities and Health Board to work more closely with each other (as well as other Regional Partnership Board members) in planning and delivering joint initiatives around a shared strategic agenda.

Similarly, PAVO welcomes the continuation of arrangements for the Bus Services Support Grant (BSSG) this year and it's funding to the level of £25m nationally. From the perspective of rural Wales it is essential in helping maintain an infrastructure of commercial and community transport services that are necessary for vulnerable, isolated and marginalised people to access key services. Without it daily community life would simply become untenable for a significant number of citizens in areas such as Powys.

The BSSG arrangement has a requirement for the recipient local authorities to allocate between 5% to 10% of the monies to support community transport services. Looking to 2019/20 and beyond we suggest that the minimum 5% level would merit increase as a response to the current UK-wide threat to the viability of community transport services arising from the Department of Transport's redefinition of section 19 and 22 licensing requirements.

These will, if implemented, necessitate increased levels of public sector funding if services are not to be forced into closing as a result of the increased costs and loss of earned income that many community transport services will experience if the new arrangements are imposed. Within Powys this situation affects 9 organisations whose closure would mean over 3,150 citizens (including 900 disabled people) would no longer have access to the transport they need, with 75,000 essential passenger journeys per year being lost.¹

2. What expectations do you have of the 2019-20 draft budget proposals? How financially prepared is your organisation for the 2019- 20 financial year, and how robust is your ability to plan for future years?

We note that ‘the devil is in the detail’ as regards budget plans of these kind as they do not show the intended spend in individual regions; and it is this which is a significant determinant for any individual agency in considering whether they consider a projected budget is ‘good’ or not.

However, this caveat aside, there are a number of principles which we would wish to see reflected in the headline find allocations and more detailed funding priorities which will sit beneath them.

We would wish to see a stronger emphasis with Welsh Government budget planning moving away from simply funding the public sector to funding Wales’ public services as a whole. Without this change in approach many of the requirements within legislation such as the Social Services and Wellbeing Act around joined-up, person centred and responsive services will be very difficult to deliver.

PAVO receives ongoing feedback from Powys’ third sector of services picking up demand displaced from public sector to third sector services and also as a result of short to medium term spikes in service demands generated by issues within individual public sector services. (One recent local example being temporary staff shortages of social workers driving up client demand on third sector support services as a temporary ‘fix’ whilst clients were awaiting assessments and Social Service interventions.)

As matters stand, the feedback we receive indicates that third sector is dealing with growing numbers of clients who have lost support and services from the public sector. The longer term capability of the third sector to meet those demands is highly vulnerable without receiving greater investment from Government.

Consequently, we would also wish to see a greater redistribution of funds within the Welsh Government budget for 2019/20 and beyond to support third sector agencies and services whose work prevents escalation of need and also mitigates the impact of Welfare reform and ongoing cuts to public sector services.

Thirdly, we would wish to see some realignment of education and economic regeneration funding towards activity intended to strengthen the future Welsh workforce in the fields of health and care. The delivery of priorities set out in the Social Care and Wellbeing Act and the Wellbeing of Future Generation Act are dependent upon this and we see little evidence to date of Welsh Government targeting this issue through intervention at a national level.

¹ 12,000 of these would be day centre journeys

10,000 of these would be hospital/health trips

25,000 of these would be social/shopping journeys

28,000 of these would be education/employment journeys

We would make the point that workforce development in these fields is not just an issue for Health Boards and Local Authorities but is equally important for third sector services too. Within Powys we receive growing feedback of recruitment problems in specialised roles which mirrors current difficulties in public sector recruitment.

Without a realignment of resource by Welsh Government to help make the transformational changes needed to develop the public service workforce (and individual career paths within, and between, different agencies and sectors) then the above issues are only likely to become more problematic and undermine Welsh Government's future ability to deliver stronger and better services for Wales' citizens.

As regards preparation for the financial year 2019/20, PAVO is as prepared as we can be given the inherent uncertainty in funding streams derived from public sector sources in the current budgetary climate.

Whilst our organisation's capability to plan for future years is robust, the perennial uncertainty in income due to the ongoing knock-on effect of 'austerity' on public sector funding, combined with the profound uncertainty of impact of Brexit upon community needs as well as future public service resources and priorities, is significant complication when trying to make accurate planning assumptions.

As with all public service organisations (whether third sector or public sector) we would find longer term commitment to current and future funding commitments of great assistance in the planning and delivery of 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 any of 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), particularly in relation to the financing of local health boards and health and social care services

Planning for the 'shift left' from remedial to preventative interventions is well developed through the work of Powys' Regional Partnership and, if implemented effectively, will provide a solid foundation for the transformation in services.

However, to date, there have only been small shifts in spending to support the preventative agenda in social care and health. There are some exceptions (such as the funding of PAVO's very successful Community Connector service² from ICF) but in the main the amount of funding that has been utilised to capitalise upon the potential of enhanced Third Sector preventative services has been small overall.

We would also make the observation that local authority funding pressures in particular have caused a sustained freeze or reduction of funding for commissioned and grant funded Third Sector services for several years. Thereby progressively depleting capacity of this important component of existing prevention and early help provision at a time when the strategic and legislative agenda requires capacity to be grown.

² <https://www.pavo.org.uk/policy-and-partnerships/partnerships/health-social-care-and-wellbeing/community-connectors.html>

- Sustainability of public services, innovation and service transformation

From a purely Powys perspective, there are some deep concerns regarding the long-term sustainability of key services provided by the Local Authority due to diminishing revenue income from Welsh Government that is projected for coming years.

Within our local authority PAVO has to date seen the sustainability of social care services and statutory duties protected due to the cutting or withdrawal of budgets for non-statutory services. It is questionable whether this approach is sustainable in the medium to long term.

Whilst the desire to keep some non-statutory services (or elements thereof) has added impetus to implementing different approaches such as community asset transfer, it has in our experience largely been a 'transformation' only in terms of who provides the service or facility; not often being a fundamental transformation of the services themselves.

The provision of Integrated Care Fund (ICF), is from a Third Sector perspective in Powys, the most significant Welsh Government measure for supporting innovation. Though PAVO would also reflect that its spend has been dominated by local authority or health board projects with only a limited proportion of these being truly collaborative ventures.

Whilst not wishing to imply any criticism of the value of such projects, we cannot help but reflect that within our experience the truly innovative initiatives which aim to provide new solutions to unmet needs (or new approaches to meeting existing needs better are those which stem from the Third Sector (Community Connectors, Dementia Friendly Powys, Befriending etc.)

Finally, aside from ICF and the Transformation Fund, we see little evidence ourselves of Welsh Government budgetary initiatives that compel local authorities and health boards to work and deliver services in close alignment or partnership. We recognise that uniting these two entities and engendering a sense of their role in providing (alongside others) a single 'public service' is a profound cultural change that cannot be achieved hastily. However, our experience to date suggests that making decisions upon strategic priorities and budgetary spend as shared, multi-agency, responsibility, is an important tool to help drive wider cultural change in the public sector and public services as a whole.

- Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform

PAVO notes the absence to date of a clear successor initiative to the Communities First programme and feels this has dissipated a previously coherent approach by central government (albeit one of little material impact for the majority of Powys' communities).

Funding streams such as 'families First' and 'Supporting People' are, from a Powys perspective, the major Welsh Government funding streams which are utilised to support interventions to address poverty and inequality. These funding sources are valued and in our view used positively and creatively within Powys to help support evidence based services and initiatives that are delivering effective outcomes.

Operating in rural Wales we feel that there has been sustained culture of under-investment in Mid Wales' economic development. Within Powys we have an economic profile of high levels of employment but the lowest level of household income in Wales. This is indicative of an economy with high levels of in-work poverty; people having multiple part-time jobs; and high levels of low income self-employment.

At present public sector job losses driven by the need to make budget savings are progressively removing opportunities for secure (and in Powys terms well paid) employment with little tangible interventions being delivered by government or private sector to offset this.

Finally, we would make the observation that historical under-investment upon infrastructure in Mid Wales is in itself the cause of at least some service demands that public and Third Sectors have to face in Powys. One obvious example is the county's dependence upon local Community Transport services to offset problems with access to services and amenities resulting from poor public transport links. Investing in infrastructure has the longer-term potential to generate either savings or better use of monies for all sections of the economy in areas such as Powys.

- The Welsh Government's planning and preparedness for Brexit

The analysis and policy statements published to date by Welsh Government have been useful in giving a sense of Welsh Government's preferred approaches post-Brexit.

However, it is difficult to comment with certainty whether the draft 2019/20 budget does or does not make satisfactory provision for Brexit; in part because the available budget information does not itself explain which changes have been made in order to address this matter.

More significantly, we appreciate that Welsh Government itself is faced with the same multitude of uncertainties regarding the eventual financial outcome for Brexit as every other business or public service agency in Wales; and that it would be a near impossible task to prepare budget profiles for each of the various outcomes that could eventually arise.

That said, it would be informative and useful for wider planning purposes if separate budget profiles were produced clearly illustrating Welsh Government's (i) preferred allocations to 2019/20 budgeting and spend, and (ii) the allocations and arrangements to the 2019/20 budget it would adopt in the event of a no-deal 'hard' Brexit; together with supporting commentary explaining any variations between the two.

This would:

- Provide other agencies and businesses with broad parameters of budget and spend on which to base their planning assumptions
- Contribute significantly to wider public understanding and debate of Brexit and its implications for Wales

- How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax

We suggest that the use of these powers to raise income would need to be clearly linked to funding services or initiatives that matter to people; not for funding more general or unspecified purposes. To do otherwise would clearly be politically damaging for any Government.

At a time when public service demands are increasing in both nature and volume, the ability to generate additional income to meet these clearly has appeal to any agency working in that field (particularly social care and health).

Reflecting upon our awareness of national debate on this issue, but also 'what matters' to communities and organisations as gathered through our various third sector citizen engagement activities, we would suggest that if this power is used it would be most likely to have public agreement if it were linked to improved social care and health services.

However, this raises the issue of whether the funding is (i) to maintain the service status quo at a time of increased demand, expectation and concerns, or (ii) provide the income to fund service transformation, or (iii) a mixture of both. We would suggest the latter option would be best in balanced public acceptability with service need.

From a Powys Third Sector perspective we feel it would be most useful if a significant element of such funds were used to strengthen and develop services which contribute to prevention of need and those providing early intervention to prevent escalation of need. The third sector's work is inherently focused on prevention and early intervention activity, but needs investment if it is to be able to fully meet the growing expectations and demands being upon it by public sector, citizens and Government.

We suggest this because funding the 'shift left' from remedial to preventative services and the ability to make a significant change in a relatively short period of time requires a boost in short to medium term funding. At present such 'invest to save' money can only come from depleting budgets for higher end services (albeit augmented to some degree by ICF and transformation fund monies).

We feel that current pressures (financial, political and public expectation) faced by Wales' public sector significantly impede its ability to do this in practice and therefore additional funding needs to come from outside of existing social care and health budgets if it is to happen on the scale required and in a timely fashion.

Finally, the ability to raise additional funds in this manner is potentially a powerful opportunity to engage citizens in a discussion of what purposes such funds should be raised for and through this increase public understanding of the initiative. Such an approach could enhance engagement in existing democratic processes but also stimulate greater public 'buy in' to the concept of raising revenue from Wales to spend for Wales.

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

PAVO believes that Welsh Government priority setting and budget allocation does correlate with evidenced need. However, we consider that some data used to evidence such levels of need is flawed, resulting in skewed conclusions being drawn from it.

A prominent example of this is the Welsh Index of Multiple Deprivation (WIMD), which is significantly flawed regarding the current suite of indicators used and their failure to accurately capture and reflect rural deprivation.

One example of this is the using the number of vehicles per household as a measure of affluence. However, within a rural setting it generally a reflection of the need for each working adult to have a vehicle in order to access their place(s) of employment. Something which in the majority of situations creates a disproportionately high level of household expenditure upon transport; in effect 'Transport Poverty'.

Whilst it is to be hoped that Welsh Government's current activity to revise the suite of WIMD indicators will mitigate this; until better indicators are developed and implemented then there will remain a significant inaccuracy within the data produced and conclusions drawn from it.

Finally, we would suggest that the current evidence used by Welsh Government is primarily statistical, not experiential, data. It thus generally fails to incorporate qualitative information about 'what matters' to citizens in terms of Welsh Government funded services and their experiences of them.

Given the statutory obligations placed upon public sector agencies and others to solicit and utilize citizens' voice to inform planning through legislation such as the Wellbeing of Future Generations

(Wales) Act and the Health and Social Care (Wales) Act it would also appear to us that it is incumbent upon Welsh Government itself to strengthen its practice in this field to enhance its evidence base for budgetary decisions and priority setting.

- The Welsh Government policies to strengthen the economy and promote innovation

These policies primarily support the development of private sector growth and innovation and as such PAVO is not in a position to make detailed comment upon their utility.

- How the Future Generations Act is influencing policy making

From our experiences in Powys PAVO believes that the Act is exerting some influence upon the shaping of strategic priorities at PSB level; however it is too early in the life of the Act to objectively assess the extent to which this be just prove to be rhetoric as opposed to practical delivery activity.

The requirement to undertake a Wellbeing Assessment to inform the planning of strategic priorities has undoubtedly been beneficial in producing more comprehensive data on which to make planning decisions. However, this process was somewhat flawed insofar that it was largely informed by statistical data rather than experiential or qualitative data gathered from citizens and service users. This was in part because the skills and capability to compare and analyse such disparate forms of evidence effectively still need to be developed.

The preparation of Powys' Wellbeing plan has proved a useful tool in helping forge some collective aspirations within the PSB. But it is evident that other factors such as a 5 year political cycle and manifesto and even the RPB Area Plan do to some extent shift focus onto medium term priorities rather than 20 year+ strategic planning which the process requires.

At present it remains to be seen whether the Plan will positively impact upon long term strategic planning or whether its tangible deliverable activity will in reality be the delivery of shorter term actions already embodied with existing PSB members' organisational plans.

Notwithstanding the above, PAVO believes that the Wellbeing of Future Generations (Wales) Act is as much about generating culture change within public service agencies and partners as it is about long term strategic planning, and this will of necessity be a longer term process in itself. Consequently, we feel the impact of the Act upon policy planning to date is what could reasonably be expected in the relatively short time the process has been in operation.

Finally, we would make the observation that role of PSBs in driving forward delivery against Wellbeing priorities is founded largely upon their being a genuine will by all partners (statutory and members and invitees) to make this happen over and above the narrower interests and priorities of individual member agencies.

To convert such good intentions into transformational action, and to give PSBs the 'clout' to truly act as a vehicle for driving change, we would suggest Welsh Government considers routing some element of current budgetary resource via PSBs rather than direct to individual public sector bodies. We would contend that it will only be by having committed resource to enable transformational change to happen, together with a need for PSB members to cooperate and reach consensus regarding its spend, that PSBs will be able fulfil their full potential in planning and delivering for future generations.