

Dogfennau Ategol – Y Pwyllgor Cyllid

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 2 – y Senedd	Bethan Davies
Dyddiad: Dydd Iau, 14 Ionawr 2016	Committee Clerk
Amser: 09.00	0300 200 6565

SeneddCyllid@Cynulliad.Cymru

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

Drafft – Cynigion Cyllideb Ddrafft Llywodraeth Cymru – Ymatebion i'r Ymgynghoriad

11 Cynigion Cyllideb Ddrafft Llywodraeth Cymru – Ymatebion i'r Ymgynghoriad

(Tudalennau 1 – 173)

Dogfennau atodol:

Cynigion Cyllideb Ddrafft Llywodraeth Cymru – Ymatebion i'r Ymgynghoriad

WGDB_16–17 01 Y Brifysgol Agored yng Nghymru (Saesneg yn unig)

WGDB_16–17 02 Sefydliad Bevan (Saesneg yn unig)

WGDB_16–17 03 Suzy Davies AC (Saesneg yn unig)

WGDB_16–17 04 Cyngor Llyfrau Cymru (Saesneg yn unig)

WGDB_16–17 05 Dyfodol i'r Iaith (Only available in Welsh)

WGDB_16–17 05a Dyfodol i'r Iaith (Cyfieithiad i'r Saesneg gan Gomisiwn y Cynulliad)

WGDB_16–17 06 Cwlwm Cyhoeddwyr Cymru (Only available in Welsh)

WGDB_16–17 06a Cwlwm Cyhoeddwyr Cymru (Cyfieithiad i'r Saesneg gan Gomisiwn y Cynulliad)

WGDB_16–17 07 Is-grŵp Menywod a'r Economi Rhwydwaith Cydraddoldeb Menywod (RhCM) Cymru (Saesneg yn unig)

WGDB_16–17 08 Cymdeithas Myfyrwyr y Brifysgol Agored (Saesneg yn unig)

WGDB_16–17 09 Conffederasiwn GIG Cymru (Saesneg yn unig)



WGDB_16-17 10 Chwarae Teg (Saesneg yn unig)

WGDB_16-17 11 Prifysgol Caerdydd (Saesneg yn unig)

WGDB_16-17 12 Ffederasiwn Busnesau Bach Cymru (Saesneg yn unig)

WGDB_16-17 13 Cyngor Gweithredu Gwirfoddol Cymru (Saesneg yn unig)

WGDB_16-17 14 Sefydliad Dysgu a Gwaith (Saesneg yn unig)

WGDB_16-17 15 Cymdeithas Dysgu Gydol Oes y Prifysgolion (UALL) Cymru (Saesneg yn unig)

WGDB_16-17 16 Sefydliad Joseph Rowntree (Saesneg yn unig)

WGDB_16-17 17 Cymorth Cymru (Saesneg yn unig)

WGDB_16-17 18 Dathlu'r Gymraeg (Only available in Welsh)

WGDB_16-17 18a Dathlu'r Gymraeg (Cyfieithiad i'r Saesneg gan Gomisiwn y Cynulliad)

WGDB_16-17 19 Mentrau Iaith Cymru (Only available in Welsh)

WGDB_16-17 19a Mentrau Iaith Cymru (Cyfieithiad i'r Saesneg gan Gomisiwn y Cynulliad)

WGDB_16-17 20 Comisiynydd y Gymraeg (Only available in Welsh)

WGDB_16-17 20a Comisiynydd y Gymraeg (Cyfieithiad i'r Saesneg gan Gomisiwn y Cynulliad)

WGDB_16-17 21 Cyngor Cyllido Addysg Uwch Cymru (Saesneg yn unig)

WGDB_16-17 22 Ymddiriedolaeth Gofalwyr Cymru (Saesneg yn unig)

WGDB_16-17 23 Cymdeithas yr Iaith Gymraeg

WGDB_16-17 24 Undeb Cenedlaethol Athrawon Cymru (UCAC)

WGDB_16-17 25 Shelter Cymru (Saesneg yn unig)

WGDB_16-17 26 Prifysgolion Cymru (Saesneg yn unig)

WGDB_16-17 27 Cymdeithas Llywodraeth Leol Cymru (Saesneg yn unig)

WGDB_16-17 28 Cymorth i Ferched Cymru (Saesneg yn unig)

Y Pwyllgor Cyllid

Cynigion Cyllideb Ddrafft Llywodraeth Cymru
ar gyfer 2016-17

**Ymatebion i'r Ymgynghoriad
Ionawr 2016**

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Finance Committee

Welsh Government Draft Budget Proposals 2016-17

**Consultation Responses
January 2016**

*Ar gael yn Gymraeg /Available in Welsh

Ref	Sefydliad	Organisations
WGDB_16-17 01	Y Brifysgol Agored yng Nghymru	Open University in Wales
WGDB_16-17 02	Sefydliad Bevan	Bevan Foundation
WGDB_16-17 03	Suzy Davies AC	Suzy Davies AM
WGDB_16-17 04	Cyngor Llyfrau Cymru	Welsh Books Council
* WGDB_16-17 05	Dyfodol i'r Iaith	Dyfodol i'r Iaith (Welsh Only)
* WGDB_16-17 06	Cwlwm Cyhoeddwyr Cymru	Cwlwm Cyhoeddwyr Cymru (Welsh Only)
WGDB_16-17 07	Is-grŵp Menywod a'r Economi Rhwydwaith Cydraddoldeb Menywod (RhCM) Cymru	Women's Equality Network (WEN) Wales Women and the Economy Subgroup
WGDB_16-17 08	Cymdeithas Myfyrwyr y Brifysgol Agored	Open University Students Association
WGDB_16-17 09	Conffederasiwn GIG Cymru	The Welsh NHS Confederation
WGDB_16-17 10	Chwarae Teg	Chwarae Teg
WGDB_16-17 11	Prifysgol Caerdydd	Cardiff University
WGDB_16-17 12	Ffederasiwn Busnesau Bach Cymru	Federation of Small Businesses Wales
WGDB_16-17 13	Cyngor Gweithredu Gwirfoddol Cymru	Wales Council for Voluntary Action
WGDB_16-17 14	Sefydliad Dysgu a Gwaith	Learning and Work Institute
WGDB_16-17 15	Cymdeithas Dysgu Gydol Oes y Prifysgolion (UALL) Cymru	Universities Association of Lifelong Learning (UALL) Cymru
WGDB_16-17 16	Sefydliad Joseph Rowntree	Joseph Rowntree Foundation
WGDB_16-17 17	Cymorth Cymru	Cymorth Cymru

* WGDB_16-17 18	Dathlu'r Gymraeg	Dathlu'r Gymraeg (Welsh Only)
* WGDB_16-17 19	Mentrau Iaith Cymru	Mentrau Iaith Cymru (Welsh Only)
* WGDB_16-17 20	Comisiynydd y Gymraeg	Welsh Language Commissioner (Welsh Only)
WGDB_16-17 21	Cyngor Cyllido Addysg Uwch Cymru	Higher Education Funding Council for Wales
WGDB_16-17 22	Ymddiriedolaeth Gofalwyr Cymru	Carers Trust Wales
* WGDB_16-17 23	Cymdeithas yr Iaith Gymraeg	Welsh Language Society (Welsh Only)
* WGDB_16-17 24	Undeb Cenedlaethol Athrawon Cymru (UCAC)	Undeb Cenedlaethol Athrawon Cymru (UCAC) (Welsh Only)
WGDB_16-17 25	Shelter Cymru	Shelter Cymru
WGDB_16-17 26	Prifysgolion Cymru	Universities Wales
WGDB_16-17 27	Cymdeithas Llywodraeth Leol Cymru	Welsh Local Government Association
WGDB_16-17 28	Cymorth i Ferched Cymru	Welsh Women's Aid

**The Open University in Wales
Response to the Finance Committee's call for information:
Welsh Government draft Budget proposals for 2016-17**

About The Open University in Wales

1. The Open University (OU) was established in 1969, with its first students enrolling in 1971. It is a world-leader in providing innovative and flexible distance learning opportunities at higher education (HE) level. It is open to people, places, methods and ideas. It promotes educational opportunity and social justice by providing high-quality university education to all who wish to realise their ambitions and fulfil their potential.
2. Over 7,000 students across Wales are currently studying with The Open University, enrolled on around 10,000 modules. There are OU students in every National Assembly for Wales constituency and we are the nation's leading provider of undergraduate part-time higher education. Almost three out of four Open University students are in employment while they study and with an open admissions policy, no qualifications are necessary to study at degree level. Over a third of our undergraduate students in Wales join us without standard university entry level qualifications.
3. In 2015, for the eleventh successive year, The Open University was at the top of the National Student Survey in Wales for 'overall student satisfaction'. As a world leader in educational technology, our vast 'open content' portfolio includes free study units on the free online learning platform [OpenLearn](#) (including many Wales-related materials and our Welsh Language platform [OpenLearn Cymru](#)) and substantial content on YouTube and on iTunes U where we have recorded over 70 million downloads.
4. There are currently over 30,000 part-time students in Wales and The Open University is the largest provider of part-time undergraduate higher education provision. Our learners in Wales, and the Welsh economy, benefit from the significant added value that accrues from the UK-wide and global reach of the University¹. The OU is unique in offering part-time flexible learning that benefits both learners and employers. The average age of our students is around 30 years of age and the vast majority are in employment or seeking to return to the labour market. All students with the OU in Wales are resident in Wales, and the OU is one of the few institutions that exceeds HEFCW targets for widening access to higher education. The OU is particularly successful in attracting disabled students, who make up around 17 per cent of our undergraduate student body in Wales, and carers. OU study is often the only or best option for individuals from both of these groups.

The Welsh Government draft budget proposals for 2016-17

5. We have restricted our comments in this submission to question 2 on the committee's call for information paper – "*Looking at the draft budget allocations for*

¹ A study by London Economics estimated that the total economic impact associated with the activities of the OU within Wales was approximately £137million in 2012/13 after the cost to the exchequer is taken into account. The HEFCW grant to the OU in that year was £11million.

2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas.

6. The Open University in Wales is deeply concerned about the implications of the proposed cut in the *Higher Education* budget line within the Education and Skills Main Expenditure Group. This budget line represents the monies allocated to the Higher Education Funding Council for Wales (HEFCW) which are used to fund part-time higher education and other priority areas. The draft budget for 2016-17 indicates a cut of £41 million in this budget line, this is a decrease of 32 per cent on the 2015-16 allocation of £129 million.
7. It is important to note that this is not the money that is used to fund the Welsh Government's generous full-time tuition fee grant which is paid to all full-time undergraduates domiciled in Wales regardless of their household income or where they study within the UK. The funding for this commitment is protected in the draft budget and an extra £10 million has been allocated to support this policy. The provisional cost of the Welsh Government tuition fee grant in 2015/16 is £264 million². In the academic year 2015/16 the HEFCW allocation for part-time HE is c. £34 million³.
8. As there are no proposals to reduce the full-time fee grant, the income from full-time undergraduate student fees to higher education institutions will remain unchanged if present recruitment levels are maintained. This income will also include fees from students elsewhere in the UK who choose to study at HEIs in Wales.
9. The proposals in the draft budget will therefore inevitably place considerable pressure upon the institutional learning and teaching grant distributed by HEFCW in respect of part-time undergraduate students. This means that part-time undergraduate provision and the students that study part-time (which as things stand receive less public financial support than full-time) will be *disproportionately affected*. The OU in Wales provides part-time provision only, so the consequences for the OU will be especially severe as it does not have income from full-time provision with which to cross-subsidise.
10. When the full-time fee grant was introduced in 2012, elements of HEFCW funding for part-time provision were removed in order to underwrite the full-time settlement. This means that the proposals in the draft budget would represent the second occasion on which funding for part-time provision is being removed in order to underwrite the costs of the full-time fee grant policy, thus exacerbating the differential levels of public support for the two modes of provision.
11. The full-time undergraduate fee grant policy has therefore led to a net transfer of resource from undergraduate part-time to undergraduate full-time study, facilitated in part by the removal of HEFCW strategy funding streams. This was noted by the Wales Audit Office in its report in 2013 into higher education finances⁴. This funding underpinned targeted work in widening access and in skills development via links with employers. In respect of institutions that also provide full-time undergraduate provision the increased fee income from the higher fee levels and fee grants compensated for

² Response by the Minister for Education and Skills to written question on 9 December 2015

<http://www.assembly.wales/en/bus-home/pages/plenaryitem.aspx?category=written%20question&itemid=3165&assembly=4&c=Written%20Question>

³ This figure includes the undergraduate and postgraduate part-time teaching grant, part-time premiums and the OU in Wales mitigation funding which has been provided on a year by year basis.

⁴ Wales Audit Office, *Higher Education Finances* (2013), p.12. Available at http://www.wao.gov.uk/system/files/publications/HE_Finances_English_2013.pdf

the removal of their strategy funding. However, this funding was also removed for part-time undergraduate provision where no equivalent to higher fees or fee grants exist to provide replacement or additional income. These policy decisions contributed to a decrease in the number of undergraduate part-time students across the sector as there is less financial incentive for institutions to offer provide part-time provision at undergraduate level. The Wales Audit Office report also concluded that “a longer-term solution needs to be reached to provide greater certainty across the part-time market⁵.”

12. Committee members will recall that The Open University in Wales and others raised concerns about the sustainability of part-time higher education funding in submissions to the committee inquiry on higher education funding⁶. We were pleased to see these concerns recognised by the committee and subsequent recommendations that the Welsh Government and HEFCW should monitor the number of part-time students; that they should set a clear strategic direction for part-time higher education and that they should implement a holistic, strategic funding package for The Open University as an interim strategy until the work of the Diamond Review is complete⁷. We were disappointed that the Welsh Government did not fully accept these recommendations⁸.
13. In order to sustain part-time higher education in Wales the HEFCW allocation for part-time must be protected. This means that HEFCW must be provided with sufficient funding to be able to support part-time alongside consideration of their other funding priorities. In the 15/16 remit letter from the Minister to HEFCW, part-time higher education is set out as a Welsh Government priority including specific mention of the unique position of the OU⁹. The HEFCW allocation to The Open University in Wales in 2015-16 is c. £10m – this includes widening access premium funding and mitigation funding that is designed to meet, in part, the loss of funding from the former strategy funding streams (as referred to in paragraphs 10 & 11 above).
14. If funding to support part-time is not protected institutions will have little choice but to withdraw from the part-time market or increase their fees by a significant amount. Given the contribution that part-time higher education makes to the economy and social mobility in Wales this would be a deeply unsatisfactory outcome.
15. The considerable increase in part-time fees in England has seen the number of people studying part-time at undergraduate level drop by 41 per cent over five years. The Education Minister has explicitly stated that he does not want to see part-time numbers in Wales decline in the same way but the evidence suggests that this will happen if support for part-time provision is significantly reduced or removed altogether.

⁵ Ibid, p.11

⁶The Open University in Wales evidence to the Finance Committee inquiry into Higher Education Funding 2014, available at <http://www.senedd.assembly.wales/mglIssueHistoryHome.aspx?lId=5931>

⁷ National Assembly for Wales Finance Committee, Higher Education Funding (2014), p.32. Available at <http://www.assembly.wales/laid%20documents/cr-ld9755-r%20-%20report%20of%20the%20finance%20committee%20-%20higher%20education%20funding-03062014-256437/cr-ld9755-r-e-english.pdf>

⁸ Written response by the Welsh Government to the report of the National Assembly for Wales Finance Committee on Higher Education Funding (2014). Available at <http://www.assembly.wales/laid%20documents/gen-ld9809%20-%20written%20response%20by%20the%20welsh%20government%20to%20the%20report%20of%20the%20national%20assembly%20for%20wales%20finance%20committee%20on/gen-ld9809-e.pdf>

⁹ Minister for Higher Education and Skills, [Higher Education Funding Remit Letter 2015-16](#). The letter states “I was pleased that HEFCW recognised the unique position of the Open University in Wales in its financial settlement for 2014-15. Given that the OU is unable to access additional tuition income, I would hope that the Council is able to continue to recognise this when it delivers its plans to the sector.”

16. We understand that the Government is under considerable pressure to make savings and increase efficiencies and we accept that higher education must play its part in this. However, that burden should be shared equally across institutions, and part-time learners should not bear the main brunt of high level funding decisions in manner that is disproportionate. A consequence of reducing the HEFCW budget alone would be that certain institutions, and part-time adult students in particular, will have to bear the pressures more than others, with the OU and its students being most exposed.
17. This would have the effect of full-time students from well-off households continuing to receive a high level of public subsidy in the form of the generous fee grant. By contrast, for example, a part-time learner in her or his 30s on a low income wishing to upskill or return to study after having children or a disabled learner or carer, will have far less public financial support and will face fees at a considerably higher level than currently exists for part-time courses. She or he will probably have fewer opportunities as institutions pull back from part-time provision. This is not in the interests of social mobility or the Government's wider economic and anti-poverty objectives.
18. Nor would it support the principle of equality of opportunity, with the clear likelihood of younger learners benefitting at the expense of adult learners, disabled students and those who are carers.
19. We have serious concerns about the equality impact of this draft budget proposal. Women are more likely than men to study part-time (56.7% of part-time students in Wales are women compared with 51.5% of full-time students) and considerably more older people study part-time than full-time (21.8% of part-time students in Wales are over 40 compared with 1.5% of full-time students). **On grounds of age, and in respect of disability, it is difficult to see how a major reduction in public investment in part-time passes any test in the area of equality of opportunity, given that no reduction is being proposed to the public investment in the full-time undergraduate fee grant.**
20. If HEFCW is required to reduce the funding available to support part-time (and it would be difficult to see how this would not happen given a 32 per cent cut to their budget) the OU and other part-time providers would no longer be in a position to offer accessible, affordable part-time courses in the current format. A fee increase and/or reduction in provision would be inevitable. A reduction in the number of part-time courses and/or an increase in the cost will impact the most on those more likely to study part-time – older learners, those in work, those with disabilities or caring responsibilities.
21. Many part-time learners are sponsored or supported in their studies by their employer. Significant increases in fees is likely to see fewer employers able to support their staff to up-skill.
22. There is a specific logistical challenge for the OU if fees have to be raised significantly. The University recruits early in the calendar year so it will be very difficult, perhaps impossible, to market courses for recruitment in the autumn of 2016 when prospectuses have already been prepared.
23. The Open University in Wales asks the Finance Committee to consider the very serious implications that this draft budget could have for the future of part-time higher education in Wales. The committee's own report in 2014 stated "The Committee was concerned that funding for part-time study may be squeezed as a result of pressures

on other budgets¹⁰.” It would appear that this is exactly what has happened and unless mitigating steps are taken it is inevitable that the number of part-time students in Wales will decline, thus closing off opportunities for adult learners, disabled people, and carers.

24. As stated above, the University is fully cognisant of the pressures on public finance, and that higher education is not immune from those pressures. However public policy should be designed and implemented in such a way as to ensure that the effects are borne equally across full and part-time modes of provision and their respective learners.

25. We would be pleased to provide any further information to the committee as required as part of this important scrutiny exercise.

06/01/05

Contact: Michelle Matheron Tel: [REDACTED] Email: [REDACTED]

¹⁰ National Assembly for Wales Finance Committee, Higher Education Funding (2014), p.32. Available at <http://www.assembly.wales/laid%20documents/cr-ld9755-r%20-%20report%20of%20the%20finance%20committee%20-%20higher%20education%20funding-03062014-256437/cr-ld9755-r-e-english.pdf>

National Assembly for Wales Finance Committee

Call for Evidence on the Welsh Government Draft Budget Proposals 2016-17

Response by the Bevan Foundation

The Bevan Foundation is an independent think-tank and registered charity that develops ideas to make Wales fair, prosperous and sustainable. We are grateful for the opportunity to submit evidence to the Finance Committee's inquiry.

1. What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?

The Bevan Foundation has not undertaken any assessments of the impact of the 2015-16 budget and so is unable to comment.

2. Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

We recognise the severe pressure faced by the Welsh Government in 2016-17. We also recognise the constraints arising from both the lateness of the draft budget and its delivery by a different administration from May 2016 onwards.

Our main concerns about the draft budget 2016-17 are that:

- a. the budget does not set a direction of travel for managing the greater fall in expenditure forecast for 2017-18 and 2018-19 – most the changes on the previous year are relatively marginal;
- b. the reduction in local authority expenditure is substantial and is likely to result in cuts to public services that will affect the least well off in Wales;
- c. the underlying problem of a weak economy has not been addressed.

Looking ahead, unless there is a change in priorities, demand or costs it is clear that expenditure on health will account for an ever-larger share of the Welsh Government budget. Important though the health service is, cuts to other services (including those that help to maintain healthy living such as leisure services, cultural activities and social care) could be counter-productive.

The Bevan Foundation has previously argued¹ that sustained reductions in public expenditure and the forecast increase in social, economic and environmental pressures require a radical rethink of spending priorities and how public services are delivered. We appreciate the timing of this draft budget make it more difficult to make significant changes.

3. What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?

The Bevan Foundation is not funded by the Welsh Government and so this question is not relevant to us.

4. 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?

We would like to comment on poverty and the mitigation of the impact of welfare reform.

We have long-standing concerns, as set out in our evidence to the Communities, Equality and Local Government Committee inquiries and in responses to Welsh Government consultations on its draft child poverty strategy and draft financial exclusion strategy as well as in numerous reports and online articles, that the Welsh Government's approach to reducing poverty and mitigating the impact of welfare reform are insufficiently focused on the problems, should make better use of evidence on 'what works', and are of insufficient scale to make an impact. Others including the Social Mobility and Child Poverty Commission and the Assembly's Communities, Equality and Local Government Committee have similar concerns.

While we are naturally concerned at the proposed reduction in budget for Communities and Tackling Poverty, we suggest that it is more important that good use is made of its proposed £333 million budget, which remains a substantial sum not least in comparison with expenditure on natural resources and the economy itself. In our view actions to reduce poverty and those to develop the economy and skills should be much more closely aligned.

We remain concerned at the absence of a comprehensive, long-term response to the changes brought by welfare reform, the effects of which could be devastating on low-income families and deprived communities, and which are likely to increase demand for public services.

Bevan Foundation

¹ V. Winckler (2015) *The Shape of Wales to Come: Wales' economy, society and environment in 2020*. Bevan Foundation <http://www.bevanfoundation.org/publications/shape-wales-2020/>

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Registered Charity no. 1104191

Dear Chair

Please find below my email to the First Minister expressing my concerns regarding the proposed cuts revealed in the Welsh language budget line. While the government has indicated some of that money will be found elsewhere, I hope you agree that this assertion merits some scrutiny. If you are able to raise questions of this, I would be most grateful. I would also be grateful if you might ask how the impact on progress against the Welsh Language Standards will be measured.

Thank you

Suzy

-----Original Message-----

From: Davies, Suzy (Assembly Member)

To: carwyn.jones@wales.gsi.gov.uk

Subject: Budget line - Welsh language

Dear Carwyn

I was disappointed to see from the relevant budget line that expenditure on the Welsh language will be cut by just under £1.7m in this coming year. As your government was eager to criticise a similar cut by the UK Government to S4C's budget - over a longer period of time - you will understand my confusion.

I understand that you intend to restore £1.2m in year from other sources but it is entirely unclear how you intend to do this. There is no evidence of newly-focused, particular support for the language in other budget lines. Once again, it has become impossible for me to answer the question put to me by constituents who both champion and resist the Welsh language: How much do we spend on it?

I am also uncertain why the budget for the Welsh Language Commissioner has become so difficult to identify. The Assembly requested a clear budget line for this office some time ago. The Commissioner has said, however, that she imagines her budget has been cut.

With the steep reduction in local authority budgets, it is hard to see what financial help the Welsh Government is giving to support the introduction of Standards, the improvements required by WESPs and the duty to promote the Welsh language. With the second tranche of Standards due shortly, the Assembly must be confident that Standards, along with the Commissioner's regulatory powers, are adequately financed.

There is also considerable concern expressed by the Mentrau Iaith who are tasked with complementing education and the Standards by encouraging growth in the use of the language in communities. A 19% cut to available finance is bound to affect the scope of their work and they are not reassured by the vague indication of £1.2m being found elsewhere.

While I can understand that no budget line is immune from for consideration for cuts, it is not clear how the figure of just under £1.7m was reached and what impact that cut would have on agreed strategic and operational required to promote the Welsh language. Without conformation as to (a) where the £1.2m will be found and (b) who exactly will be facing the 19% cut, it will be difficult me to recommend that my Group support the budget.

Yours sincerely

Suzy



CYNGOR LLYFRAU CYMRU WELSH BOOKS COUNCIL

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MWT/MLW

23 December 2015

For the Attention of the Finance Committee Members

WELSH BOOKS COUNCIL

Committee members will be aware of the reduction by 10.6% of the Welsh Books Council grant announced by the Welsh Government. This means a loss of over £374K from its existing budget of £3,526,000.

Government support over the past decade has enabled the Council to develop into a thoroughly bilingual and bicultural body that has succeeded, in collaboration with its many partners, in reaching out to reading communities across both the social and the geographical spectrum. It has successfully supplemented traditional printed texts with e-book production, has stimulated strong market growth of books of Welsh interest, has nurtured the talents of writers, and has enabled the publication of a colourful range of children's books both in Welsh and in English. In short, it has enabled the creation for the first time in Wales of a small but vibrant publishing economy.

And it is precisely because virtually the whole of the book industry in Wales is currently reliant on the WBC grant that a reduction in funding of the magnitude announced has understandably aroused the very greatest concern in communities across the country. The scale of the cut is all the more perplexing to all since it is twice that suffered by several major cognate bodies serving the Arts and Culture sector here in Wales.

Faced by such a challenge, the WBC will have no choice but to undertake a radical review of all its funding programmes. And while the Council will of course make strenuous efforts to avoid job losses in the wake of the prospective reorganization of its activities, it may prove possible only to minimise rather than totally prevent such a deeply unfortunate outcome. At present, it is estimated that the work-force within the publishing sector totals around 1,000 including publishers and booksellers as well as editors and designers and a number of these posts will be under threat if the cuts are confirmed.

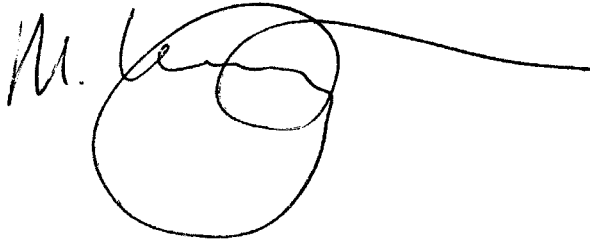
It is primarily in connection with this latter unwelcome prospect that I am writing to you. A very large number of the small businesses dependent on WBC financial support are located in communities (many of them rural) where it would be extremely difficult to find suitable alternative employment. And given the fragility of the local economy in such communities, any job losses would be sure to have significant knock-on effects throughout the entire neighbourhood.

I would also like to underline the impact that the proposed cuts will have on the Welsh Language with a reduction in the number of books published and especially so in the provision for children.



I would therefore respectfully request that the Finance Committee members consider the above points as you scrutinise the recommendations made in the draft budget.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Wynn Thomas'. The signature is stylized, with a large, circular flourish at the end that extends to the right.

M. WYNN THOMAS
Chairman

Y Pwyllgor Cyllid

Cynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17

WGDB_16-17 05 Dyfodol i'r Iaith

1. **Cynnydd cyllid Llywodraeth Cymru.** Mae Llywodraeth Cymru (ac eraill) yn sôn yn aml am y toriadau mewn cyllid a gaiff y Llywodraeth o Lundain.

Yn ôl dogfen *Cyllideb Ddrafft Llywodraeth Cymru 2016-17, Cymru Decach, Cymru Well – Buddsoddi at y Dyfodol*, dyw hyn ddim yn wir. Bydd cynnydd o 4% yn y gyllideb rhwng 2015-6 a 2019-20.

- 2.4 Pennwyd Cyllideb Llywodraeth Cymru ar gyfer y cyfnod o 2016-17 i 2019-20 gan Lywodraeth y DU yn ei Hadolygiad Gwariant, a ddaeth i ben ar 25 Tachwedd 2015. Nodir setliad Llywodraeth Cymru isod yn Nhabl 1. At ei gilydd, mae Cyllideb Cymru'n cynyddu mewn termau arian parod ym mhob blwyddyn o'r setliad. Erbyn 2019-20, bydd tua 4 y cant yn uwch nag yn ystod y flwyddyn hon, gyda chynnydd o ychydig yn llai na £400m mewn referniw a £200m mewn cyfalaf.

Tabl 1 Setliad Arian Parod Llywodraeth Cymru, £Biliynau

	2015-16	2016-17	2017-18	2018-19	2019-20
Referniw	12.92	13.03	13.15	13.21	13.29
Cyfalaf	1.46	1.53	1.52	1.57	1.65
Cyfanswm	14.38	14.56	14.67	14.77	14.93

- 2.5 Fodd bynnag, fel y dangosir yn Nhabl 2, yn sgil chwyddiant, bydd cyllideb Llywodraeth Cymru yn lleihau tua 3.6 y cant mewn termau real dros y cyfnod hwn.

14

Pe bai cyllid i sefydliadau'n cael ei gadw i'r un swm ag eleni, byddai colled bosibl o ran chwyddiant. Mae'r Llywodraeth yn honni bod chwyddiant yn 3.6%. Yn ôl yr *Office for National Statistics*, mae chwyddiant yn ystod 2015 wedi amrywio o bwynt uchaf o 0.5% ym mis Ionawr, i -0.1% yn ystod tri mis, ac erbyn diwedd y flwyddyn mae'n 0.1%. Mae *Trading Economics* yn rhagweld bod chwyddiant yn codi i 2.1% erbyn 2020.

Mae'r ffigurau hyn yn rhoi gwedd wahanol i doriadau'r Llywodraeth. **Wrth dorri arian i feysydd sy'n ymwneud â'r Gymraeg, yr hyn sydd wedi digwydd yw bod y Llywodraeth yn rhoi blaenoriaethau i feysydd eraill, ar draul y Gymraeg. Dyw torri arian y Gymraeg ddim yn rheidrwydd gan fod cyllid y Llywodraeth yn cynyddu. Mae'n dilyn felly fod y Gymraeg yn llai o flaenoriaeth i'r Llywodraeth nag y bu.**

2. **Toriadau a chwyddiant.** Mae'n wir, fodd bynnag, y bydd unrhyw doriadau mewn cyllid i'r Gymraeg yn cael eu cynyddu yn sgil chwyddiant. Os oes cwtogi o 6.9% yn 2016-17, bydd hyn yn cynyddu i ryw 10% erbyn 2019-2010, neu i ragor na hynny os bydd chwyddiant o 3.6% fel y rhagwelder gan y Llywodraeth.
3. **Polisi iaith y Llywodraeth a'r toriadau.** Mae gan Lywodraeth Cymru sawl dogfen bolisi sy'n nodi bod y Llywodraeth am weld y Gymraeg yn ffynnu. Mae'r Llywodraeth wedi derbyn nod cyffredinol o weld gwlad ddwyieithog. Mae *Iaith Fyw: iaith byw, Strategaeth y Gymraeg 2012-2017* yn nodi mai nod 'Llywodraeth Cymru yw manteisio ar y consensws sy'n bodoli a'i datblygu, gan dderbyn mwy o gyfrifoldeb am hybu a hwyluso'r defnydd o'r Gymraeg.

Mae'r toriadau presennol yn torri ar draws y polisi hwn.

4. **Toriadau i'r Gymraeg.** Cafwyd toriadau sylweddol i sefydliadau sy'n gwasanaethu'r Gymraeg yn ystod 2015 ac mae rhagor ar y gweill yn awr. Mae'r meysydd yma wedi eu torri neu ar fin cael eu torri:

- **S4C**
- **Cymraeg i Oedolion**
- **Llyfrau Cymraeg**
- **Cwmnïau perfformio**

Mae'r toriadau hyn, o'u cymryd gyda'i gilydd, yn datod llawer ar y we sy'n cadw'r Gymraeg yn iaith lewyrchus a byw.

Mae'r toriadau i gyhoeddi yn llawer mwy na'r toriadau i'r celfyddydau'n gyffredinol. Mae'r cwtogi o 10% yn mynd i gael effaith ar y gadwyn economaidd sy'n cynnwys siopau, llyfrgelloedd, dylunwyr, awduron a gweisg, gan effeithio ar swyddi parhaol a swyddi llawrydd. Mae hyn oll yn niweidiol i rwydwaith economaidd y byd Cymraeg.

Mae'r un peth yn wir am y toriadau i S4C. Bydd cwmnïau yn y fro Gymraeg yn debygol o orfod diswyddo gweithwyr yn sgil lleihad yr arian i S4C.

5. **Diflaniad neu gwtogi darpariaethau i'r Gymraeg.** Yr un pryd, gwelwyd sawl darpariaeth Gymraeg yn cael eu torri, neu gwelwyd nad yw'r Gymraeg wedi cael lle teilwng mewn darpariaethau a ddylai fod o leiaf yn ddwyieithog. Mae'r rhain yn cynnwys:

- **Cychwyn Cadarn**
- **Rhaglenni hyrwyddo'r Gymraeg ymysg rhieni**
- **Rhaglen hyrwyddo addysg Gymraeg**
- **Arafwch twf addysg Gymraeg, y mae ei darpariaeth yn dal ymhell y tu ôl i'r galw**

O gymryd y diffygion hyn a'r toriadau ynghyd, mae gwendidau mawr yn y modd y mae'r Llywodraeth yn trin y Gymraeg.

6. **Yr angen am raglen gynhwysfawr.** Ar adeg a welir gan genedlaethau'r dyfodol fel un a fydd wedi sicrhau neu esgeuluso dyfodol y Gymraeg a'i chymunedau, mae'n anodd deall sut mae'r Llywodraeth yn fodlon torri'r cyllid sydd ar gael i ddatblygu gweithgareddau a diwylliant Cymraeg, i hybu siaradwyr newydd, ac i'w datblygu'n iaith gymunedol. Yn awr y mae angen rhoi polisi cadarnhaol y Llywodraeth ar waith, a fydd dim modd gwneud hyn heb gefnogaeth ariannol deilwng.

Mae profiad gwahanol wledydd, sydd â sefyllfa ieithyddol debyg i'r Gymraeg, wedi nodi bod angen buddsoddi sylweddol yn y meysydd canlynol:

- **Addysg yn yr iaith**
- **Dysgu'r iaith i oedolion**
- **Cefnogi'r Gymraeg yn y cartref**
- **Hyrwyddo'r Gymraeg yn y gymuned**
- **Hyrwyddo diwylliant poblogaidd ymysg ieuenctid**
- **Cefnogi cyhoeddi, llenyddiaeth a'r celfyddydau yn yr iaith**
- **Cefnogi darlledu yn yr iaith**

- **Hyrwyddo'r iaith ym myd gweinyddiaeth a busnes**

7. **Sicrhau cyllid digonol.** Mae gan y Llywodraeth bolisiâu cyffredinol sy'n gefnogol i'r Gymraeg. Y cam angenrheidiol yn awr yw bod y Llywodraeth yn nodi pwyntiau gweithredu ar draws y meysydd a nodwyd uchod a fydd arwain at wireddu'r polisiâu hyn. Dylai'r cyllid a roddir i'r Gymraeg fod yn unol â'r hyn sy'n angenrheidiol i gyrraedd y nodau.

Mae hyn yn fater o gynllunio tymor canolig a hir. Yn sgil hyn mae angen i'r cyllid gael ei bennu mewn modd a fydd yn caniatáu cyrraedd y nodau.

Rydym yn galw felly ar y Llywodraeth i ddileu'r toriadau i'r Gymraeg fel cam cyntaf i gyflawni amcanion ei gwahanol strategaethau a'i dyletswyddau cyfreithiol. Yn ail gam mae angen adolygiad cyffredinol o'r gwariant ar y Gymraeg gyda gweledigaeth ar sut mae sicrhau bod y Gymraeg yn cael cyfle i gryfhau ac ehangu.

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Gwybodaeth gan Gwlwm Cyhoeddwy Cymru

Fel corff sy'n cynrychioli cynhyrchwyr llyfrau Cymraeg hoffai Cwlwm Cyhoeddwy Cymru fanteisio ar y cyfle i ymateb i'r alwad am wybodaeth i gynorthwyo gyda'r gwaith o graffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016-17. Mae Cwlwm Cyhoeddwy Cymru yn cynrychioli 14 o gyhoeddwy Cymraeg amlycaf Cymru – busnesau, cymdeithasau a sefydliadau yr effeithir yn uniongyrchol arnynt gan y toriad llym sydd wedi ei glustnodi ar gyfer Cyngor Llyfrau Cymru.

1) Gyda'r diwydiant eisoes yn gweithredu o fewn cyllideb dynn ers sawl blwyddyn, mae'r toriad a weithredwyd yn 2015-2016 yn golygu nad oes cymorth ariannol bellach ar gyfer cynhyrchu e-lyfrau, hyrwyddo rhaglen gyhoeddi cyson drwy'r flwyddyn, hyrwyddo gwerthiant uchel na'r rhan fwyaf o gostau lansio llyfrau. Dylid nodi hefyd na fu cynnydd yn ôl graddfa chwyddiant i'r grantiau llyfrau Cymraeg ers chwe mlynedd.

2) Gall y toriad o £374,000 yng nghyllideb y Cyngor Llyfrau ar gyfer 2016-2017 – sy'n ymddangos yn swm bychan i gyllideb Llywodraeth Cymru – achosi niwed sylweddol a pharhaol llawer mwy pellgyrhaeddol na'r arian a gollir yn uniongyrchol. Mae yna bryder gwirioneddol o fewn y diwydiant cyhoeddi llyfrau Cymraeg ar hyn o bryd ynghylch sut yn union fydd modd ymdopi gyda thoriad o 10.6%.

Fel cyhoeddwy, rydym yn ystyried y toriad hwn yn ymosodiad peryglus ar y diwydiant llyfrau, ac ar yr iaith Gymraeg. O'r hyn a ddeallwn, ni fydd Cylchgronau Cymraeg (na Saesneg) yn cael eu heffeithio gan y toriad (am eleni beth bynnag) gan fod tendrau eisoes wedi eu cadarnhau, ac o'r herwydd bydd effaith y toriad yng nghyllideb y Cyngor Llyfrau i'w deimlo gymaint a hynny yn fwy o fewn y diwydiant llyfrau.

Does dim dwywaith y bydd y toriad hwn yn arwain at docio sylweddol yn nifer y llyfrau Cymraeg fydd yn cael eu cynhyrchu. Bydd hefyd yn gwanhau'r sector greadigol yn gyffredinol oherwydd y gorgyffwrdd sydd yna rhwng cynhyrchu llyfrau a meysydd eraill.

Bydd cwtogi ar nifer y llyfrau dan nawdd yn gwneud y gweisg yn llai abl i fuddsoddi mewn llyfrau masnachol a bydd y diwydiant cyfan yn crebachu a swyddi yn cael eu colli. Mae'r diwydiant cyhoeddi yn faes ag iddo gadwyn gyflenwi eang: siopau llyfrau, llyfrgelloedd, awduron, argraffwyr, dylunwyr, ffotograffwyr, artistiaid a golygyddion, ac mae'n cyfrannu'n economaidd at ddiwydiannau eraill megis twristiaeth a gwasanaethau megis y byd addysg.

Amcangyfrifir bod y diwydiant cyhoeddi yn cynnal gweithlu o tua 1,000 ar hyd a lled Cymru (yn cynnwys cyhoeddwy a llyfrwerthwyr, ond nid awduron), ond mae nifer sylweddol o'r swyddi sy'n uniongyrchol ddibynnol ar y diwydiant wedi eu lleoli yng ngorllewin Cymru, a

bydd y toriadau yn benodol yn gwanhau economi fregus cefn gwlad Cymru. Mae'r rhain yn ardaloedd difreintiedig sydd yn dioddef effeithiau toriadau mewn nifer o wahanol ffyrdd, ymhell o ganolfannau dinesig ble mae'r twf yn digwydd.

3) Pe gweithredir argymhellion y gweinidog yn 2016-2017 byddai'r effaith ar y diwydiant llyfrau Cymraeg yn andwyol ac anadferadwy. Roedd y newydd ynghylch toriad o 10.6% yn gwbl annisgwyl i'r Cyngor Llyfrau ac felly mae'n gadael y cyhoeddwr Cymraeg mewn sefyllfa eithriadol o fregus. Mae cynllunio ar gyfer llyncu toriad eithafol o'r math yma ar fyr rybudd yn mynd i fod yn tu hwnt o heriol. Ymhellach, mae unrhyw gynllunio ar gyfer y blynnyddoedd sydd i ddod hefyd yn mynd i fod yn eithriadol o anodd a bydd gofyn am gynllunio manwl er mwyn sicrhau bod dyfodol i'r byd cyhoeddi Cymraeg.

Buddsoddiad mewn diwydiant yw arian Llywodraeth Cymru i'r diwydiant. Mae'r diwydiant ei hun yn buddsoddi'n helaeth ar ben hynny. Bydd cwtogiad ym muddsoddiad y Llywodraeth yn cael ei chwyddo ymhellach gan leihad ym muddsoddiad y gweisg eu hunain a bydd niwed i'r diwydiant gymaint â hynny yn fwy.

[Sylwer: nid oes modd inni ryddhau gwybodaeth fanwl ynghylch effeithiau'r toriadau ar gyhoeddwr unigol ar adeg cyflwyno'r ddogfen hon.]

4) Wrth i'r pwyllgor ystyried effeithiau'r gyllideb ddrafft ar y Gymraeg, hoffem nodi y bydd toriad ar y raddfa yma yn tanseilio holl ymdrechion eraill y Llywodraeth ym maes llythrennedd, darllen y Gymraeg a datblygu'r iaith Gymraeg. Bydd lleihau'r dewis o lyfrau Cymraeg i blant ac oedolion yn uniongyrchol yn lleihau apêl yr iaith yn y gymdeithas - yn y tymor byr yn ogystal â'r tymor hir. Mae cynnal safonau cynhyrchu ystod eang o lyfrau wedi bod yn her a gyflawnwyd yn llwyddiannus gan y cyhoeddwr Cymraeg fel y cadarnhaodd Adroddiad Beaufort ychydig flynyddoedd yn ôl. Rydym yn rhagweld na fydd modd cynnal y llwyddiant hwn yn y dyfodol.

Rydym ni fel Cwlwm Cyhoeddwr Cymraeg yn galw ar y pwyllgor i holi'r gweinidog am ei resymeg y tu ôl i'w benderfyniad i gyflwyno toriad o 10.6%, a hefyd pa flaenoriaethau gwleidyddol a pha bolisiau mae'n eu dilyn trwy gwtogi ar gyllid y diwydiant llyfrau. Mae'n gwbl amlwg i bawb yn y byd cyhoeddi na wnaed y penderfyniad ar sail gwybodaeth drylwyr o'r diwydiant, ac nad yw wedi rhoi ystyriaeth i'r materion sy'n cael eu cyflwyno yn y ddogfen hon.

Mae cyfyngiadau ar y ddogfen hon



Finance Committee

Welsh Government Draft Budget Proposals 2016–17

WGDB_16–17 07 Women's Equality Network (WEN) Wales
Women and the Economy Subgroup

5th January 2016

To the National Assembly Finance Committee

From the WEN Wales Women and the Economy Subgroup

Response to the Welsh Government Draft Budget 2016/17

The Women's Equality Network (WEN) Wales is a membership organisation that aims to support the women's sector and advance equality for women in Wales. The Women and the Economy Subgroup of WEN Wales (WESG) is made up of members who have a particular interest in the economy. The group aims to encourage and support the economic empowerment of women in Wales. The members of the Women and the Economy Subgroup would like to submit the following comments in response to the National Assembly Finance Committee's Call for Evidence on the Welsh Government Draft Budget 2016/17.

The Women and the Economy Subgroup welcomes the Welsh Government announcement in respect of the Draft Budget 2016/17 and the associated documents outlining its policy and spending intent.

In particular, the group welcomes the Welsh Government's Strategic Integrated Impact Assessment and the attempts to mitigate the most negative outcomes from the Westminster Government's Comprehensive Spending Review. We are also pleased to see that the BAGE group has been consulted during the impact assessment process and the group's priorities and concerns taken into account. We would be interested to know how Welsh Government proposes to ensure that the impact assessment process is implemented in relation to policy development/design, policy implementation and policy evaluation. It is important that impact assessments are an integral part of the process.

The Women and the Economy Subgroup thinks that the Welsh Government could further strengthen their work in this area by considering taking a gender budget approach to budget decisions. In particular we would like to see:

- An overall gender budget analysis explaining what the budget lines and overall impact is for women and men. This would include demonstrating how Welsh Government has taken differences between women and men into account

Key to gender budgeting is understanding the nature of the unpaid care economy and how it interacts with the paid economy and the experience of women and men of each. It is well understood that women and men do not respond in the same way to economic incentives and sanctions and it is particularly important therefore that this understanding is integrated into the approach to 'Growth and Jobs'. Gender budgeting also assists in understanding how sex

stereotyping impacts on outcomes for women and men, girls and boys and to close gaps between them. This is particularly important in respect of addressing economic independence for women, closing the pay gap and in increasing the prosperity of Wales. We believe that tackling poverty and in particular child poverty can be greatly enhanced by taking a gender budget approach.

At a time of reducing budgets it is more important than ever that resources are targeted to maximum effect and we believe that understanding gender, gender inequalities and taking a gender budgeted approach can greatly assist the Welsh Government in achieving this.

Specific examples of the current draft budget where gender budgeting could assist Welsh Government in prioritising its spending to address inequality whilst achieving economic ambitions include:

- Understanding the growth in GVA by sex
- Infrastructure - investing in capital expenditure
- Supporting Business – Extend Small Business Rates Relief Scheme for 12 months
- Apprenticeships spending
- Young Persons' Discounted Bus Travel Scheme

Our members at Welsh Women's Aid have also raised concerns about the potential impact of local authority cuts on refuge services. Welsh Women's Aid have informed us that over half of refuge services in Wales say they are facing proposed cuts to their services next year. 284 women were turned away from refuge services in Wales last year because of a lack of space. Again, we would argue that this highlights the need to raise awareness about the importance of gender responsive budgeting in relation to the commissioning of services by local authorities to ensure that women are not being unfairly disadvantaged by spending decisions.

Finally the Welsh Government's acknowledgement of the impacts of the Westminster Government's decisions in respect of Social Security Spending and the roll out of Universal Credit is welcomed, particularly the acknowledgement of the disproportionate impact on single parents the majority of whom will be women. It is recognised that the Welsh Government's ability to mitigate negative impacts is limited by the budget allocation. We would encourage the Welsh Government to conduct further work on their understanding of these cuts through adopting gender budgeting techniques.

For example:

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Tudalen y pecyn 27



Llywodraeth Cymru
Welsh Government

- The tax-credit reversal will have positive impacts on women, particularly those on low incomes and single parents who would have been hardest-hit by those changes but universal credit changes are to go ahead so effectively families and women in poverty will still lose out when those changes are implemented.
- Child tax credits will be restricted to the first two children, with a negative impact on larger families and those in poverty. We know that a larger proportion of women's income whether from benefits or paid employment goes towards lifting children and families out of poverty
- Understanding the extra conditionality for job-centre where there is a risk that women with caring responsibilities will be disproportionately negatively impacted on

Gender budgeting will present opportunities to set appropriate, evidence based targets such as 50/50 apprenticeship targets particularly in STEM subjects. It will also highlight appropriate opportunities for the early engagement and representation of women in decision making in respect of budget allocation and design. For example in housing where there is evidence that women's decisions in design and allocation of resources differs greatly from those of men.

These are only a few examples of where gender budgeting can enhance and strengthen budgeting at a government level and only illustrates some issues in respect of some budget lines in your 2016/7 budget documents.

WEN Wales is currently producing a training package and briefing paper on the topic of Gender Responsive Budgeting. We would be delighted to assist in any further evidence gathering exercises conducted by the Finance Committee and provide expertise in this area.

Katie Cole and Bethan Webber

Co-Chairs
WEN Wales, Women and the Economy Subgroup

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Tudalen y pecyn 28



Llywodraeth Cymru
Welsh Government

Open University Students Association (Wales)
Response to the Finance Committee’s call for information:
Welsh Government draft Budget proposals for 2016-17



About the Open University Students Association

1. The Open University Students Association is a registered charity wholly funded by the Open University. It is a students’ union within the meaning of the Education Act 1994 and is devoted to the educational interests and welfare of its Members.
2. Within Wales there are currently more than 7,000 students studying with the Open University. Each individual student is automatically a member of the association which is run by students for students. The Open University Students Association differs from the unions of other Universities in that there are no paid sabbatical officers. Elected representatives will be studying and many also work as well as undertaking various duties as part of their representative role.
3. The Open University is the largest provider of part-time higher education within Wales. Approximately 17 per cent of the undergraduate Open University student body in Wales is disabled. Many students studying with the Open University in Wales are doing so because other forms of higher education study are not a viable option for them.
4. The Open University Students Association represents the views of Open University students and should be regarded as a significant voice for part-time students and distance learning students more generally. The student voice is represented throughout the Open University to the highest level, this offers students a considerable amount of added value to their studies and experience that benefits their future employability thus impacting upon the economy in the longer term.

The Welsh Government draft budget proposals for 2016-17

5. Our comments on the committee’s call for information paper are restricted to question 2: *“Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?”*
6. The proposed cut to the *Higher Education* budget line within the Welsh Government’s draft budget and the possible impact of a £41 million cut is of great concern to the Open University Students Association. A decrease of 32 per cent when compared to the 2015-16 allocation to this budget line, which represents the money allocated to the Higher Education Funding Council for Wales (HEFCW), is likely to significantly impact part-time education funding in Wales.
7. We are very concerned that the impact upon part-time students will be disproportionate as a result of this draft budget. The Welsh Government’s full-time tuition fee grant, paid to all

full-time undergraduate students domiciled in Wales and non-means tested, has been protected and the cut in the HE budget line may therefore fall disproportionately on part-time students.

8. Any funds taken from the part-time sector will result in a negative impact upon students who may already have fewer life advantages and almost certainly fewer options to study than their contemporaries in full-time higher education. The system is becoming further skewed to supporting full-time higher education and increasingly part-time students are becoming a marginalised group despite the transformative impact that learning and achievement of qualifications can have on the individual. Students' reasons for studying part-time are complex and embedded in their unique personal circumstances that often include overcoming ill health and caring responsibilities among other barriers. The combination of circumstances faced by this group of students makes part-time study the best mode of study for them. Recent research published by the Higher Education Academy highlights the sometimes unheard voice of part-time students and their reasons for studying in the way that they do¹.
9. The Welsh Audit Office's 2013 report into higher education finances has already drawn attention to a reduction in the funding allocated via HEFCW for part-time HE² in order for the funding body to keep within its allocated budget. This represents a transfer of funds from part-time to full-time provision that has already happened as a result of past funding changes. The Open University Students Association remains concerned that further cuts will impact part-time undergraduate provision to such an extent that the only option for the Open University in Wales (and other providers) will be to increase the fees paid by students.
10. The Open University Students Association is also concerned that any fee increase will result in a reduction in the number of students who are able to study part-time. This could include students who have left school without qualifications, disabled students, students studying to change careers while still at work or studying to support a return to employment. For many of these students' study with the Open University is the only realistic option for them and we would not want to see this opportunity cut off.
11. It remains unclear how, with an expected 32 per cent budget cut, HEFCW would not have to reduce the funding it allocates to its institutional learning and teaching grant funding for part-time undergraduate provision. The Open University in Wales will no longer be able to offer the accessible and affordable modes of study in its current format without this support. Students will have to bear the impact through increased fees and the reduction of provision and it is very likely that some adults who would have pursued part-time study will no longer have the opportunity to do so because of the additional pressure.
12. Higher fees for this group of students is particularly detrimental as they are less likely to consider taking on ever growing debts, as well as the rising hidden costs of study and we would be seriously concerned that their route into higher education is blocked. Higher fees

¹ The Higher Education Academy, Shoe-horned and side-lined? Challenges for part-time learners in the new HE landscape (2015), pp.21-23. Available at

<https://www.heacademy.ac.uk/sites/default/files/resources/Challenges%20for%20part-time%20learners.pdf>

² Wales Audit Office, Higher Education Finances (2013), p.12. Available at

http://www.wao.gov.uk/system/files/publications/HE_Finances_English_2013.pdf



for part-time students in England has seriously reduced numbers and we do not want to see this happen in Wales.

13. This draft budget proposal also raises questions about equality of opportunity. Younger full-time learners are set to benefit while part-time (generally older) learners will be disadvantaged. The Open University Students Association cannot see how, given that funding for full-time undergraduate provision is being maintained, a reduction in funding for part-time provision represents equality of opportunity on the grounds of age and in also possibly in respect of disability.
14. The Open University has widening access and social inclusion at the very core of its mission and is responsible for considerable social mobility. To put this in jeopardy in Wales does not seem to make economic sense. Surely it is economically important to encourage people on low incomes to study in order for them to reskill and upskill with the goal of improving their own futures and that of their families.
15. The Open University Students Association asks that the Finance Committee pays critical and due attention to likely serious impact of this draft budget on the opportunity for adults to study part-time at a higher education level in Wales.
16. As a part of this important scrutiny process of the draft budget proposals we would be happy to provide any further information to the committee as required.

05/01/2016

Contact: Claire Smith, OUSA Student Association Representative Wales

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	Finance Committee of the National Assembly for Wales.
Purpose:	The Welsh NHS Confederation's response to the consultation on Welsh Government Draft Budget Proposals for 2016-17.
Contact:	Nesta Lloyd – Jones, Policy and Public Affairs Officer, Welsh NHS Confederation.  Tel: 
Date created:	5 January 2016.

Introduction

1. The Welsh NHS Confederation, on behalf of its members, welcomes the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget proposals for 2016-17.
2. By representing the seven Health Boards and three NHS Trusts in Wales, the Welsh NHS Confederation brings together the full range of organisations that make up the modern NHS in Wales. Our aim is to reflect the different perspectives as well as the common views of the organisations we represent.
3. 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. Members' involvement underpins all our various activities and we are pleased to have all Local Health Boards and NHS Trusts in Wales as our members.
4. The Welsh NHS Confederation and its members are committed to working with the Welsh Government and its partners to ensure there is a strong NHS which delivers high quality services to the people of Wales.
5. The seven Health Boards and three NHS Trusts in Wales are already working hard to make sure that high quality, safe and cost-effective healthcare services are available to everyone, based on their clinical need.
6. 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. 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.
7. The Welsh NHS Confederation feels very strongly that this change needs to be planned, resourced and supported, rather than allowed to happen on an ad-hoc basis. The NHS in Wales has a clear objective to offer high quality and safe healthcare services to the people of Wales within the resources available. It also acknowledges that there are areas where it could, and should, do better.

Summary

8.
 - a. The Welsh NHS Confederation welcomes the investment the Welsh Government has made in the NHS and this settlement for NHS Wales.
 - b. In a period of austerity, combined with increases in demand, rising costs of providing services and an understandable expectation to continuously improve quality and safety, NHS Wales faces a significant financial challenge. The Welsh NHS Confederation recognises that the additional funding outlined in the Draft Budget comes with a responsibility to ensure that it is used effectively. We welcome the ring-fencing of funding for social care in Wales. We recognise social care as part of a patient's pathway and a crucial component of keeping people away from frontline NHS services.
 - c. While the increase in directly available health resources is welcomed, further detail is required to establish if the funding provided and made available is sufficient to support the increasing demand on services in 2016-17. While the Draft Budget does outline an anticipated 3.6% real terms reduction to the overall Welsh Government budgets from 2015-16 to 2019-20, and acknowledges a continued projected population growth and growth within the over 65 population, it is unclear at this stage whether funding allocated to health will be sufficient in the longer-term.
 - d. We welcome the prioritisation of mental health and older people services, funding for joint working and capital. We agree these are priorities areas for NHS Wales. Currently, the majority of spending in the NHS goes towards the costs of providing hospital and community-based services. Due to a range of factors, the NHS will not be able to continue to do all that it does now, and certainly not in the same way. While much of the debate has been over the amount of money the NHS has at its disposal, we have been trying to shift the focus to how that money is spent if we are to sustain the NHS in the future, including implementing the principles of 'prudent healthcare'.ⁱ
 - e. The NHS must be allowed to prioritise, and change must take place right across Wales 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 different ways of delivering services, while taking more responsibility for how they use those services. As our recent briefing, 'The 2016 Challenge: A vision for NHS Wales',ⁱⁱ produced for the National Assembly for Wales Election, highlights National Assembly Candidates should '*Recognise the change in the way we organise care is necessary, and play a leadership role in ensuring debates about change focus constructively on people's outcomes, experiences and well-being*'.ⁱ
 - f. Consideration will be required by the NHS of the impact of the Budget settlement and funding reductions to Local Authorities, and also wider partners who support healthcare service delivery such as the third Sector and housing. There will need to be clarity on the delivery plans of our partners to manage services within resources available to ensure there is no wider impact on NHS services. We recognise that any extra money given to NHS Wales means it cannot be spent elsewhere. With the proposed additional NHS funding it must be recognised that the funding provided to the Health and Social Services Department now accounts for 48% of the funding allocated to the Welsh Government, a 2% increase at a time when other departments' budgets

are being cut. Therefore we want to 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 will help support integration and collaboration across the public sector in Wales.

- g. Finally it is important to acknowledge the enormous achievements made by Health Boards and Trusts to make significant efficiency savings within the Welsh NHS. The Wales Audit Office's recent report into public services, A Picture of Public Services 2015,ⁱⁱⁱ found that, since 2011, the NHS has reported making around £800m in savings while the Draft Budget states that between 2010 –11 and 2014–15 the NHS has made more than £1.1 bn in efficiency savings. The health service is committed to continuing to find more efficient ways of working which improve patient experience and reduce costs.

The Committee's terms of reference

9. We note the specific questions the Committee has raised in respect of this consultation. While we are not responding to the specific questions posed we considered it would be helpful to give an overview, from the NHS perspective, of the budget challenges and opportunities.

Health funding

10. These are difficult and testing times and the seven Health Boards and three NHS Trusts in Wales will continue to drive down costs to meet the reality of an austerity budget. While health and social services have seen the smallest real-terms reduction of any department, a significant financial challenge remains.
11. In each year since 2010-11, the Welsh Government has provided more revenue to the NHS than initially planned, with health revenue funding increased by more than 9% since 2013-14 on a recurrent basis. However, according to the Wales Audit Office's recent report^{iv} into public services, health spending in 2011-12, 2012-13 and 2013-14 was lower than in 2010-11 in real terms. Therefore the Welsh NHS Confederation welcomes the recently announced extra capital and revenue funding in the Draft Budget.
12. While the increase in funding is positive news for 2016-17 we are concerned about the proposed settlements within the UK Government Spending Review for the following two years. These will place significant pressures in future years and therefore it is important that the NHS in Wales quickly moves to transforming our health services to contend with this looming pressure. 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.

Efficiencies made within the NHS

13. As highlighted the increase in funding is recognised, but we are frustrated that the success in delivering efficiency savings within the NHS is not more widely recognised. As the Draft Budget highlights, between 2010-11 and 2014-15 the NHS has made more than £1.1bn in 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. This is equivalent to an average annual saving of more than 4% of health board revenue allocations. 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 to deliver what is needed in the future.

14. With the Welsh Government's block grant in 2019-20 predicted to be £1.8bn (11%) less than in 2010-11, we know that financial pressures across public services will continue for years to come.
15. While the NHS continues to work in an extremely challenging financial climate, the National Health Service Finance (Wales) Act 2014 does enable Health Boards and Trusts to have a greater focus on medium-term planning. The increased flexibility afforded in the Act allows plans to be developed at Health Board and Trust level so investment can be made in one year to support service change and a reduction in costs in future years. As the Nuffield Trust report^v highlighted, the NHS must transform the way it provides care to meet demand and financial pressures and ensure its resources are used effectively and efficiently. Improving Health Board and NHS Trust planning arrangements is part of this process.
16. While increases in funding are welcome, it is important to note that money is not the overall solution to the issues faced by the Welsh NHS. In a recent survey conducted by the Welsh NHS Confederation,^{vi} more than half of our members (56%) said that an increase in funding would not solve the challenges. This demonstrates that, while finances are extremely important, more money is not a single solution.
17. Radical change is what 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.

Growing pressures on the health service

18. Against the backdrop of significant financial pressures, there have been relentless advances in medical technology, increased patient and clinical expectations, long-term demographic trends, lifestyle-related conditions and the challenges of providing services across all parts of Wales. 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.
19. 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.^{vii} 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. Between 2001-02 and 2010-11 the number of people with a chronic or long-term conditions in Wales increased from 105,000 to 142,000.^{viii} This figure is expected to rise for a number of conditions, including cancer, dementia and diabetes.

20. In practical terms this has meant that the NHS in Wales has had to contend with increasing costs arising from, but 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, around 129,000^{ix} people are employed in the health sector in Wales – the equivalent of 8% of the country's employment – while NHS Wales itself employs around 85,000 staff.^x 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.
21. The challenge for the NHS is that, in successive years of dealing with financial challenges, 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.
22. 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. 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' approach.

Patient outcomes

23. There are numerous examples within Europe, and the rest of the world, which demonstrate that focusing on improving outcomes for patients rather than focusing on purely inputs will improve the quality of care delivered. This approach will also reduce the cost of delivering care. There are several examples of good practice happening across NHS Wales. We would welcome the opportunity to do further work with the Welsh Government to reconsider the performance framework for NHS Wales. This would enable performance to be measured and monitored in a way that will promote improvements in clinical quality and outcomes.
24. The senior leaders in NHS Wales are engaging with clinical leaders to reconsider longstanding delivery models and to adopt a more prudent approach, without compromising the delivery of outcomes. This will require a combined and shared leadership across professions, particularly for finance and clinical leaders, and aligned Welsh Government policies to support its implementation.

25. Targets also have a role to play when it comes to prioritising spending. Waiting times are a key priority for those in the NHS and there is much work going on to address this. While targets have a role to play, policy makers must look at the bigger picture, which is about instigating a whole system change in the way treatment is delivered to patients and providing the best service we can within the resources that we have. Patient-centred care, which is measured in outcomes, should be driven further through the provision of more services in communities and closer to people's homes. Treatment should be provided in hospitals only when it is absolutely necessary to do so.
26. 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.

Service redesign

27. 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 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.
28. 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.
29. 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 for us to see the benefits.
30. 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.

Capital Funding

31. We support the additional £33.5m allocated to 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 in buildings, equipment and information and communication technology in the secondary care sector but also in primary and intermediate care.
32. We welcome the recently launched digital strategy for Wales^{xi} and it is important that capital funding is made available for IT services. If we are going to move into modern ways of working we must fully embrace the opportunities that IT and digitisation can bring.

Engaging with the public

33. We believe that the people of Wales understand that the current economic climate affects not only the size of the budget for public services but also how it is used. We know that the NHS in Wales must do more to involve the public and patients, staff and partner services in explaining and working through the choices that need to be made. We must have honest conversations with the public about what the NHS can and cannot provide and what their role and responsibilities are in terms of using health services in the right way and maintaining their own health and well-being.
34. Health Boards and Trusts are committed to improving arrangements for involving all these groups, explaining priorities and continuing the development of a modern, safe, quality, value-for-money health service. There are positive examples from NHS Wales of engaging with the public for the re-design of local services and to make savings, including:
 - a. Through the local development of services that allow patient activity to be brought back to a local area;
 - b. By developing new service responses to growing demand;
 - c. By creating patient-focused alternatives;
 - d. By shifting services and resources more appropriately to the community; and
 - e. Simply by continuing to focus on more patient activity and efficiency.
35. In addition to the role of Health Boards and Trusts in engaging with the public, politicians must play a leadership role in ensuring that the debate around the NHS is constructive. As our briefing 'The 2016 Challenge: A vision for NHS Wales' highlights, all National Assembly candidates should recognise that change in the way we organise care is necessary, and help to ensure debates about change focus constructively on people's outcomes, experiences and well-being.

Integration

36. The NHS must consider the impact of the budget settlement and funding reductions to Local Authorities, and wider partners, who support healthcare service delivery.
37. Integration across the whole public sector is important. Unless we develop a truly coordinated approach to care, public funding will continue to grow to fund demand with a diminishing rate of return. Budget cuts can create tensions between those in the public sector but good relationships are vital if we are to transform services.
38. To provide patient-centred care, collaborative working is vital. Integration needs to happen, both within and outside the health service. We support the additional £21m to social services and allocating £30m additional funding to the Intermediate Care Fund, which strengthens the integration between health and social care. The NHS will not be able to rise to the challenges it faces without the help of our colleagues in other sectors, including housing, education and, in particular, those in social services. The health and well-being of the population is not the sole responsibility of the NHS - everyone must come together to play their part. At the same time, the NHS must build on its ability to work with others in order to provide services which are not only person-centred but also help to reduce health inequalities and improve patient outcomes.
39. We also recognise that any extra money given to NHS Wales from the Welsh Government's budget means it cannot be spent elsewhere. Therefore we want to 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.

40. 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 is working with ADSS Cymru on a project called Delivering Transformation to assist transformational change across social services and health.
41. Alongside this, there is a need for honest conversations with the public about how greater integration will impact on local services. An increasing proportion of resources will go to community-based interventions, prevention, social support and primary care. Services will need to be transferred out of hospital, but in a way that does not compromise access or outcomes.

Preventative spending

42. Measures to protect preventative programmes at 2015-16 funding levels (such as Flying Start) are welcomed in the context of a wider real terms Welsh Government funding reduction. In the context of wider population health gain and preventative spending programmes' impact on the longer term demographic trends and health service needs, this could result in the continued development of such programmes not fulfilling their potential.
43. Unless we get serious about prevention, health needs will continue to grow, putting 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 economic gains from shifting the emphasis of the NHS from a treatment to a preventative service. The challenge is that the Welsh Government and NHS bodies have limited flexibility to shift significant investment away from traditional treatment services when the current demands on the health service are so great.
44. As a result, investment in new preventative initiatives tends to be linked with specific policy initiatives funded (usually) by top sliced allocations taken from the NHS budget. There is a challenge both for the Welsh Government and NHS bodies to demonstrate that this approach is effective and to ensure that plans produced by the NHS are tested in terms of the investment in preventative services and the expected outcomes and timelines.

Conclusion

45. 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. 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.

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- ⁱ Bevan Commission, Mansel Aylward, Ceri Phillips, Helen Howson, December 2013, ‘Simply Prudent Healthcare – achieving better care and value for money in Wales – discussion paper’.
 - ⁱⁱ The Welsh NHS Confederation, October 2015, ‘The 2016 Challenge: A vision for NHS Wales’.
 - ⁱⁱⁱ Wales Audit Office, December 2015, A Picture of Public Services 2015.
 - ^{iv} Wales Audit Office, December 2015, A Picture of Public Services 2015.
 - ^v Nuffield Trust, June 2014. A Decade of Austerity in Wales?
 - ^{vi} The Welsh NHS Confederation, October 2015, ‘The 2016 Challenge: A vision for NHS Wales’.
 - ^{vii} Welsh Government, StatsWales, July 2013. Population projections by local authority and year.
 - ^{viii} Nuffield Trust, June 2014. A Decade of Austerity in Wales?
 - ^{ix} NHS Wales Shared Services Partnership, January 2015. NHS Wales Workforce: Key themes and trends.
 - ^x Welsh Government, StatsWales, March 2015. Health and Social Care, NHS staff by staff group and year.
 - ^{xi} Welsh Government, December 2015. Informed Health and Care: A Digital Health and Social Care Strategy for Wales.

Finance Committee
The National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Committee Members,

Inquiry: Welsh Government Draft Budget Proposals 2016-17

Chwarae Teg works to build a Wales where women achieve and prosper. We do this by working with women to broaden horizons and build confidence and skills; working with employers to create modern workplaces that are successful by harnessing everyone's contribution; and working with influencers, educators and decision makers to build a society that values, supports and benefits women and men equally.

In response to the above inquiry we wanted to highlight a few key areas for consideration during the scrutiny of the draft budget and future budget development.

1. Impact assessment

- 1.1. The Welsh Government's continued commitment to equality impact assessments is to be commended. We were pleased to see that an impact assessment was still carried out despite the tight timescales for the budget process as a result of a delayed CSR.
- 1.2. However, we believe that the Strategic Integrated Impact Assessment (SIIP) that accompanies the 2016-17 draft budget could be more comprehensive. The level of detail suggests that the timescales have had a negative impact on the assessment process and as a result there is less in-depth analysis of how the spending decisions in the draft budget will affect different groups, particularly decisions that may have a negative impact.
- 1.3. Impact assessments should be a crucial tool to help the scrutiny process. We have concerns that the SIIP in its current form is not comprehensive enough to effectively fulfil this role.

2. Local Government cuts

- 2.1. The budget sees further cuts to local government budgets. As we highlighted last year, this has the potential to impact on women more heavily than men if it translates into cuts in services and job losses from within local authorities

as women are more likely to use local services and make up a larger proportion of the local government workforce.

2.2. The impact of these cuts should be monitored, particularly as plans to reform local government move forward and potential council mergers are discussed. Mergers that will result in job losses will again affect more women and efforts should be made to ensure that women are not net losers from Welsh Government decisions.

3. Changes to third sector funding

3.1. The draft budget sets out changes to the way that the third sector will receive funding. A move away from grant funding to commissioning of specific pieces of work could see third sector organisations lose out on funds that have traditionally helped to cover core running costs.

3.2. If this change in funding arrangements results in third sector organisations either restructuring or ceasing to exist this will have a larger impact on women who again make up a larger proportion of the workforce in this sector.

4. Part-time study

4.1. We echo the concerns expressed by the Open University about the impact of cuts to the Higher Education budget on the provision of part-time study. Women make up the majority of part time students, often opting to study part time to accommodate other responsibilities in their lives such as child care or work.

4.2. There are concerns that the reduction proposed in the Draft Budget will lead to greater pressure on the institutional learning and teaching grant distributed by the Higher Education Funding Council for Wales (HEFCW). A reduction in this grant could lead to institutions reducing their part time offer or increasing their fees. This could have a disproportionate impact on women who are looking to up-skill or re-skill so that they can progress in the workplace.

4.3. The importance of part-time study to the economy and social mobility came through strongly in the responses to the Diamond Review of Higher Education Funding. It's therefore important that budget decisions do not result in a reduction in part-time study options.

We would be happy to discuss any of the above points in more detail if required as part of the ongoing scrutiny of the Draft Budget.

Yours sincerely

Christine O'Byrne
Policy and Research Lead

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6 January 2016

Dear Ms Davies

**WRITTEN EVIDENCE FROM CARDIFF UNIVERSITY ON THE WELSH GOVERNMENT
DRAFT BUDGET PROPOSALS FOR 2016-17**

We welcome the opportunity to provide written evidence to inform the scrutiny of the Welsh Government's Draft Budget for 2016/17 by the Committees of the National Assembly for Wales. The Welsh universities play a central role in Welsh life and culture, and contribute more than £4.6 billion a year in gross expenditure¹ to the economy. Cardiff University is building a very positive national and international profile which brings benefits back to Wales:

- Cardiff contributes £2.7 billion annually to the UK economy, generating more than £6 for every £1 it spends². In 2013/14, 1% of all Welsh employment and over 1% of Welsh GVA was generated by Cardiff University. The University generated:
 - GVA of £298 million directly
 - GVA of £300 million in other industries, of which £220 million (three-quarters) related to Welsh businesses
 - 11,410 full-time equivalent jobs³ (of which just over 5,000 were directly employed by Cardiff and 6,000 were generated outside of the university sector).

This substantial contribution to Wales is built on the foundations of public investment in higher education, and the Welsh Government can rightly point to Cardiff University and other Welsh universities as great success stories illustrating the return to the country on investment decisions to date. All areas of Wales benefit from the Welsh universities and their 'knock-on' effects to the local and national economy and society.

Universities are strategic assets of significant importance to a nation and their locations – they are drivers of economic growth and significant contributors to tackling the major challenges facing society through their development of the next generation of leaders and highly-skilled workforce for the knowledge economy, and through their research with application to real-life challenges. Other countries are recognising this role and are

¹ <http://www.uniswales.ac.uk/new-report-launched-the-economic-impact-of-higher-education-in-wales/>

² London Economics, The economic and social impact of Cardiff University, June 2015.

³ Viewforth Consulting Ltd, Economic Impact of Cardiff University 2013/14.



increasing investment in their universities as an investment in their future⁴. It is of grave concern to the future prosperity of Wales and its people that the proposed 2016-17 budget reductions for higher education signal a withdrawal from investment in the nation's future. The impact of the Draft Budget has far reaching consequences for the HE sector and for Wales. Within that context, we set out below our responses to the Finance Committee's consultation questions.

1. *What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?*

The budget for higher education in 2015-16 was challenging. The funding for the Tuition Fee Grant for Welsh-domiciled undergraduate students was transferred out of the Higher Education Funding Council for Wales (HEFCW) budget, and HEFCW had to make difficult decisions on where to apply the necessary cuts to the allocations made directly to the HE institutions. The Draft Budget for 2016-17 now shows that the Welsh Government under-estimated the amount of funds that would be required for the Tuition Fee Grant (including the amount of funding leaving Wales to fund English universities) as evidenced by the transfer from the Higher Education Funding Council for Wales budget line to the Post-16 learner support budget line of £20,299,000 in the Draft Budget for 2016-17. The loss of this funding from the HEFCW budget increased further the funding gap (calculated to be -23% in 2013/14) with universities elsewhere in the UK (see Appendix for details).

Since 2012, Welsh universities have seen a fall in direct HEFCW funding of £128 million (£269 million to £141 million)⁵. While this was accompanied by the introduction of the £9,000 maximum tuition fee for full-time undergraduate study, this fee income has been eroded steadily by inflation. Furthermore, universities are not able to use all of the fee income to compensate for reduced HEFCW funding as the Fee Plan requires them to spend at least 30% of the new fee income⁶ on new measures to increase equality of opportunity and to promote higher education, most notably on provision of bursaries for widening access – this has 'top-sliced' or removed £1,500 per student from direct spend on teaching provision:

- In academic year 2015/16, after erosion by inflation⁷, the maximum fee is now worth £8,210 and could be worth £7,730 in 2017.
- After the Fee Plan 'top-slice' of £1,500, the maximum fee is reduced further to approximately £6,710 per student in 2015/16, and this could be £6,230 in 2017 (this is referred to below as the 'Residual Fee Income').

⁴ Last year China committed £7.2BN of its education budget towards achieving world-class status for just 100 of its more than 3,000 universities. By 2017, more than £2BN will have been invested in Germany's Excellence Initiative, aiming to create 37 clusters of research excellence and nine excellent universities. A number of strategic funding programmes have been implemented by different countries and regions to promote excellence. Selected universities and research centres in these countries and regions have been provided with extra and concentrated funding to develop excellence of teaching and research. Despite different organisational and management approaches, these initiatives all propose clear aims for excellence, provide adequate funding to selected institutions and research centres, and ensure essential policy support from the governments ([Jewels in the Crown: The importance and characteristics of the UK's world-class universities, Russell Group Papers – Issue 4, 2012](#)).

⁵ Taken from figures on p.65 of the Diamond Interim Report.

⁶ New fee income is defined by the Welsh Government and HEFCW as income above the £4,000 baseline fee. Therefore at the maximum fee of £9,000, at least 30% of £5,000 (i.e. at least £1,500 per student) is lost from direct spending on teaching provision.

⁷ Reduction in buying power based on RPI-X of 3%.

Data collected on the costs of HE teaching provision⁸ show that all subject areas cost more to run than £6,230 per student. We are reaching the point where all teaching provision is running at a loss and will be unsustainable without sufficient public funding.

2. *Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?*

The Draft Budget allocation for 2016-17 shows that the funds available to HEFCW to allocate directly to Welsh HE institutions will be cut by £41 million from £129 million to £88 million. This amounts to a reduction of more than 30% (on top of a 27% reduction in 2015-16⁹). We understand that this cut could reach £53 million (over 40%) when in-year cuts are taken into account. Without doubt, a cut of this magnitude without new sources of income to compensate would impact negatively on the ability of Welsh universities to compete and thrive within the UK in both teaching and research. It would also impact negatively on their contribution to the economy and society for Wales. For example, the contribution of Welsh universities to Welsh GVA would reduce from the high level of 4.6% (2013) with a proportionate impact on the jobs generated either directly in the universities or in other parts of the Welsh economy.

Given the priorities set out in the Minister's Remit Letter to HEFCW, there are now no areas of direct allocation to the universities from which further savings can be made without undermining priorities for Wales.

- In 2015-16, HEFCW has prioritised direct funding to universities to help sustain undergraduate medicine and dentistry. 2015-16 already saw a 50% reduction in HEFCW funding to this provision; further erosion or loss of this funding will put at risk the education of doctors and dentists within Wales for Wales. These subjects cost more than £15,000 per student per year and clearly cannot be delivered from the Residual Fee of £6,230 alone. At a time when the Health budget is being increased, reducing investment in the next generation of doctors and dentists would be contradictory.
- In 2015-16, HEFCW prioritised direct funding to universities to sustain the research base within Wales following strong performance in the UK Research Excellence Framework. This research base is a vital engine for growth¹⁰ for Wales and for tackling social inequalities. 'Science for Wales' identified that "We need the outcomes of scientific research not only to bring new products, processes and services to the market but also to bring improvements to our health, natural environment and broader welfare". Erosion of the funding for Quality Research and for developing the next generation of researchers will put at risk the research base within Wales through reducing Welsh universities' ability to secure significant UK and EU research income and deliver the impact for the economy and society. Furthermore, this will undermine the Welsh Government's welcome investment in science (Sêr Cymru and the National Research Networks). Leading academics may not come to Wales, preferring instead to go to better funded universities. These cuts could lead to an irreversible spiral of decline for Welsh research.
- In 2015-16, HEFCW prioritised direct funding to universities for part-time study at both undergraduate and postgraduate levels. These are routes to higher education and higher-level skills for people less able to study full-time. In

⁸ TRAC T data collected for English universities for 2010 uplifted by inflation to 2012 when the £9,000 fee was introduced.

⁹ Calculated from the figure for 2014/15 budget (£177 million) on p.65 of the Diamond Review Interim Report.

¹⁰ Russell Group 2015 Report: 'Engines of Growth: The Impact of Research at Russell Group Universities.: <http://www.russellgroup.ac.uk/policy/publications/engines-of-growth-the-impact-of-research-at-russell-group-universities/>

2015/16, Cardiff received HEFCW direct funding to support ca. 6,000 students to study part-time for either an undergraduate or postgraduate taught qualification. Without direct funding, this provision can only be sustained through higher fees.

- In 2015-16, HEFCW had to remove direct funding for full-time postgraduate provision. England is now recognising the importance of supporting full-time postgraduate taught (PGT) provision through the introduction of loans for PGT study to English-domiciled students from 2016-17. PGT education not only benefits the individual but also benefits the economy through bringing higher-level skills into the workforce and increasing earnings potential, and benefits society through increased social mobility through providing entry routes to a wide range of professions. If some individuals cannot take up this opportunity due to lack of access to finance then this represents a barrier to social mobility. This concern has been raised by many groups and individuals, including Alan Milburn in his role as the UK government's independent reviewer on social mobility and child poverty, and the Higher Education Commission¹¹. It is disappointing that the Welsh Draft Budget for 2016-17 gives little, if no, scope to recognise the value of PGT provision to Wales. Welsh universities will be less able than their English competitors to deliver the necessary higher-level skills needed within the knowledge economy.

The recently published Interim Report¹² from the Diamond Review of Higher Education Funding and Student Finance Arrangements in Wales has identified a prevailing view that the current HE funding system in Wales is not sustainable. Adding in the implications of the proposed HE budget cuts, it is ever more important that the final recommendations of the Diamond Review provide a long-term financially sustainable future that supports a high-quality Welsh higher education sector. It is also vital that the Diamond review reports in time to inform the Welsh Government Emergency Budget review following the elections in May 2016 so that Welsh Higher Education is put on a stable footing for the Academic Year 2017-18 (funding for which is partly derived from the latter part of the Welsh Government 2016-17 Financial Year). Furthermore, Welsh universities will be asked to submit their Fee and Access Plans for Academic Year 2017-18 in May/June 2016 – this will not be possible without knowledge of the affordability of the actions that will be set out in these Plans.

3. *What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?*

If Cardiff University's funding from HEFCW were cut, then the University would, of course, manage its business within the financial constraints effectively, but we might have to make unwelcome strategic choices that may not be in the best interests of the Welsh economy and the communities we serve. To reduce losses in taught provision, we may need to shift the balance of our subjects away from high-cost to lower-cost subjects. Such a shift may not produce the same value to the Welsh economy as the present subject mix. If QR is cut, then we may have to look to other sources such as industry, philanthropy or international partnerships. This could have a longer-term effect on the ability of the Welsh research base to provide the innovation powerhouse the Welsh economy needs. As we have outlined above, there are now no areas in HEFCW's allocation to universities where cuts can be applied without undermining our ability to respond to one or more of the priorities that the Welsh Government has set out

¹¹ UUK Postgraduate Taught Education: The Funding Challenge:

http://www.universitiesuk.ac.uk/highereducation/Pages/PGTfundingChallenge.aspx#.VnmnY_mLRD8

¹² <http://gov.wales/topics/educationandskills/highereducation/review-of-he-funding-and-student-finance-arrangements/?lang=en>

for Wales. We value our contribution to Wales very highly and have made strategic investments in a number of flagship health and community projects that we would not wish to see imperilled.

The University will be investing in its physical and IT infrastructure in the coming years to ensure that it meets the high standards deserved by our students and our academic endeavours. Other Russell Group universities are investing in their estate and we need to remain internationally competitive to protect the long-term health and sustainability of the University. Our competitiveness depends on the ability to maintain our capital investment programme despite the loss of capital funding from HEFCW, and we would not wish to see the future success of Wales's leading university compromised, given our importance to the knowledge economy and economic development more generally.

4. *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?*

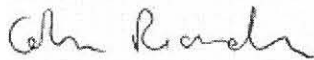
- Preparation for the Wales Bill*
- Local health board financial arrangements:*
 - The reduced budget for higher education may lead to cuts in funding to support medicine and dentistry delivery. This could lead to a reduction in the numbers of doctors and dentists being trained by the Welsh HE system, reducing income to the NHS from placement activities, and affecting the supply of skilled staff into the medicine and dentistry sectors, leading to greater recruitment costs and increased use of agency staff.
- 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):*
 - A key tenet of preventative spending is that it is evidence-based. Universities are the main provider of robust, independent peer-reviewed research. Wales needs a university sector with strong social science and healthcare research to ensure effective evaluation of interventions in the public realm, and inform the direction of future resources.
- Sustainability of public services, innovation and service transformation:*
 - Investment in higher education can generate savings in public service delivery through innovation and service transformation. Innovation in public services is a key research and practice theme for Wales's Universities. Again the University model allows the robust scrutiny and testing of the effectiveness of different approaches. In one example of partnership working in this area, Cardiff University and Nesta, working with the Welsh Government, have established a new lab for public services innovation. The University invests £300,000 per year in 'Y Lab' which is working to devise and test new solutions to major public services challenges in Wales, addressing a number of Welsh public service projects. The aim is to bring practical support, contributing to the Welsh Government's agenda of promoting innovation across public services in Wales. The Public Policy Institute for Wales is another example of how reform and improvement of public services in Wales is being supported by universities working collaboratively to build the evidence base. The proposed budget cuts could impact upon the sustainability of public services, innovation and service transformation if the Welsh universities are less able to contribute to these types of activities.
- Welsh Government policies to reduce poverty and mitigate welfare reform:*
 - The reduced budget for higher education may lead to cuts in funding to support widening access, retention, and part time study. Increased access to higher education supports social mobility through increasing life chances. Graduates are more likely to be employed, more likely to enjoy higher wages

and better job satisfaction, and more likely to find it easier to move from one job to the next. Higher education enables individuals from low-income backgrounds to enter higher status jobs and increase their earnings. Graduates also enjoy substantial health benefits, including a reduced likelihood of smoking, and lower incidence of obesity and depression. They are less likely to be involved in crime, more likely to be engaged with their children's education and more likely to be active in their communities. In short, graduates are wealthier, healthier and happier.¹³

- *Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced*
- *Scrutiny of Welsh language, equalities and sustainability:*
 - The reduced budget for higher education may lead to cuts in funding to support Welsh medium higher education delivery.

To conclude, we understand that the Government needs to make difficult decisions when allocating its budget. However, over the last few years the Higher Education budget has seen substantial reductions and there are now no areas from which further savings can be made without serious consequences. Past public investment in Welsh universities has built a strong and diverse higher education sector able to serve the needs of Wales. The proposed Draft Budget for 2016/17 puts at risk the return on that investment and the future sustainability of excellent higher education in Wales. It will be vital that the outcomes of the Diamond Review of higher education funding and student finance lead to a sustainable future but action will be needed ahead of those outcomes through provision in the 2016/17 budget.

Yours sincerely



Professor Colin Riordan
Vice-Chancellor

¹³ From the Government 2012 report, *University Challenge: How Higher Education Can Advance Social Mobility*, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80188/Higher-Education.pdf

Appendix: Total net income and FTE for England, and Wales 2011/12 to 2013/14

This Table shows that, on a real terms basis, taking inflation into account using the Gross Domestic Product (GDP) deflator, the income to universities in Wales has decreased between 2011/12 and 2013/14 overall, by 2.7% on a cumulative basis. It also shows that in 2013/14 Welsh universities' income per student FTE was 23% lower than that received by English universities.

Country of institution	Year	Total net income (£)	Total FTE	Income per FTE (£)	% Difference England vs Wales in income per FTE
England	2011/12	23,150,426	1,610,393	14.38	
	2012/13	24,234,875	1,554,737	15.59	
	2013/14	25,468,775	1,542,057	16.52	
Wales	2011/12	1,274,144	102,305	12.45	-15%
	2012/13	1,304,833	101,459	12.86	-21%
	2013/14	1,377,312	102,529	13.43	-23%

Notes: Income data are taken from the HESA FSR (which are consistent with but not exactly the same as the financial statements).

FTE data are taken from the HESA student record.

For the purposes of this table, the OU is counted as a wholly English institution.

Not all income shown here will be student-related, it is used here as a means of comparison.



Arbenigwyr mewn Busnes
Experts in Business

Finance Committee
Welsh Government Draft Budget Proposals 2016-17
WGDB_16-17 12 Federation of Small Businesses Wales

7 January 2016

Dear Jocelyn Davies AM

RE: Draft Welsh Government Budget

FSB Wales welcomes the opportunity to present its views to the Finance Committee on the Draft Welsh Government Budget. FSB Wales is the authoritative voice of businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with business at a grassroots level. It undertakes regular online surveys of its members as well as a biennial membership survey on a wide range of issues and concerns facing small business.

In examining the draft budget for 2016-17 we have some concerns over the large amount of resources moved from revenue to capital within the Department for Economy, Science and Transport portfolio. It is unclear to us why this move has occurred and we would welcome further clarity from Welsh Government on the matter.

In terms of the overall budget settlement, we feel this is largely in line with expectations. We welcome the better-than-expected settlement for Local Government, but are concerned about the challenges facing rural authorities and the impact lower budgets will have on the delivery of non-statutory services. In particular we are concerned that the tourism and economic development budgets within local authorities may be hit hard. If economic development is not seen as a priority for local authorities then we may find that this creates further issues in terms of sustainability of services, local employment and poor health outcomes.

I hope you find the comments of FSB Wales of interest.

Yours sincerely

Janet Jones
Wales Policy Chair
Federation of Small Businesses Wales



National Assembly for Wales Finance Committee

A call for information – Welsh Government draft budget proposals for 2016 – 17

A response from Wales Council for Voluntary Action (WCVA)

Introduction

1. Wales Council for Voluntary Action (WCVA) is a registered charity and umbrella body working to support, develop and represent Wales' third sector at UK and national level. 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 provide excellent support, leadership and an influential voice for the third sector and volunteering in Wales.
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 National Assembly for Wales Finance Committee's call for information on the Welsh Government's draft budget proposals for 2016-17. This response is structured in accordance with the consultation questions.

Question 1: What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?

4. As context, there were 33,496 people employed in the third sector in 2013, equivalent to 2.5% of all employees in Wales. WCVA estimates that over 4,300 organisations provide services in Wales. Large groups of organisations exist in housing, advice and advocacy, social services, preschool, child and youth services, health services, hospice care and community development. In addition, many groups provide a local infrastructure which improves the wellbeing of individuals.

5. When funding from government sources is compared with their total spend, [WCVA's Third Sector Statistical Resource \(2014\)](#) estimates that Welsh Government and Unitary Authorities spend between 2 and 3% of their funding on the third sector, whilst health boards spend 0.4%. For 2014, WCVA estimates that approx. 18% of third sector income was from Welsh Government and 13% was from local government, demonstrating the vulnerability of the sector to public sector funding cuts.
6. For 2014 third sector income from Welsh Government was estimated to be approx. £306m (2.2% of expenditure); and total funding by way of grants or payments for services to the third sector by local authorities in Wales in 2013-14 was estimated to be around £283 million. 84% (£209.4 million) of the funding was for services, while the remaining 16% (£39.5 million) was given as grants¹.
7. Since 2009, WCVA has conducted a series of 'State of the Sector' on-line surveys of third sector organisations in Wales. The overall outlook of the [February 2015 survey](#) indicated a pessimistic view with more organisations feeling the future will be difficult. There has been an increase of organisations reporting redundancies, whilst at the same time experiencing an increasing demand for services. During periods of uncertainty, many experienced staff are leaving in order to gain employment elsewhere. The February 2014 survey suggested that many third sector organisations were experiencing uncertainties, with increases in running costs and less income for core funds. This survey has confirmed that prediction: organisations are not able to maintain staff levels and they see a bleak future because of cuts from local authorities, Welsh Government and other funders. The levels of staff redundancies have returned to those experienced during the recession years.
8. Budget cuts, alongside the drive to generate efficiency savings, has led Welsh Government to encourage local government to make greater use of procured contracts and project funding, rather than grant or core funding. While we accept, firstly, that the EU and UK legal framework means that in many cases procurement is a requirement, and secondly that Welsh Government has sought to improve procurement policy and practice, we would strongly advocate for a mixed funding framework to be used to support not only value for money, but also enable innovation and encourage new ways to design and deliver effective services.
9. WCVA members routinely report problems with procurement – e.g. disproportionate and inappropriate procurement processes, timescales and paperwork wholly unrelated to the scale and nature of the contracts – but these cases, while extremely unsatisfactory, can be improved.
10. We believe that it is important to view procured services within a mixed economy which also includes grant funding and social investment; to scope the broadest range of assets, resources and services – existing, underused or emerging; and to establish how the State's funding can best be used to facilitate or enable the realisation of all community resources. With this comes a vibrant diversity of provision.

¹ [Third Sector Funding 2013-14 Executive Summary](#), WCVA (2014)

Question 2: Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

11. WCVA acknowledges and welcomes the Welsh Government's adherence to the spirit of the recommendations of the Finance Committee's Inquiry into best practice budget procedures; as well as the continued commitment to the overarching priorities of health and social services, educational attainment, supporting children, families and deprived communities and growth and jobs.
12. However, as an active member of the Climate Change Commission for Wales, WCVA recognises that climate change poses a significant and potentially irreversible threat to the communities of Wales and would therefore wish to see further reference to climate change as another overarching parameter within which budgetary decisions are made.
13. WCVA also notes the mention of European funding on page 10 of the document, but would wish to see the wider suite of EU policy funding initiatives acknowledged as a means of not only adding value to the existing investments through the EU Structural & Investment Funds, but also providing the opportunity to lever in additional funding to Wales and best practice and learning from the experiences of other regions and Member States through transnational partnerships. This point is emphasised in recognition of the recommendations of the [Enterprise & Business Committee's Inquiry into EU funding opportunities 2014-2020](#).
14. WCVA's specific concerns in respect of the budget allocations of 2016-2017 are:
 - Further cuts to local government budgets, ranging from 1.1% in Cardiff to 4.4% in Powys are expected to impact negatively on funding for local third sector organisations and disproportionately so in rural areas;
 - Further constraints to Welsh Government core funding to third sector organisations will impact significantly on the longer term financial viability of organisations that act as a vital point of contact for the public sector to engage with and mobilise the wider third sector. Third sector organisations that are considered to be core to the fabric of Welsh society require medium to long term financial stability to enable them to fulfil the expectations of statutory partners in respect of the implementation of the new legislative framework of the Well-being of Future Generations (Wales) Act and the Social Services and Wellbeing (Wales) Act.

Question 3: What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial years, and how robust is your ability to plan for future years?

15. A number of our members have experienced a shift from core funding to project funding. The erosion of core funding has profound consequences for third sector organisations, limiting their ability to operate flexibly and maximise the value of the investment by leveraging in additional resources.
16. Welsh Government's vision recognises the role of the third sector in delivering preventative services: "*A key principle for developing and encouraging innovation in public services is prevention. [...] Crucially, it relies on effective integration of services between public service partners, including the third sector and the public*

themselves, wrapping their support around a person or a family rather than each organisation focusing solely on specific issues.”

17. Whereas policy (e.g. *Improving public services for people in Wales*) and proposed legislation (e.g. the Well-being of Future Generations (Wales) Act) emphasise a long-term approach to decision-making, there needs to be a corresponding long-term approach to funding the third sector. It is important that funding supports change and transformation rather than be used just as a short term intervention.
18. In the current economic climate there will continue to be considerable strains and limitations on statutory funding, and the challenge of achieving success with fewer resources. It is a long-term process which requires continued investment and development and a wider understanding of the benefits of financial sustainability.
19. WCVA anticipates further funding cuts to third sector organisations across the board and if the third sector is to flourish, new ways must be found of encouraging and developing organisations to plan for the future and fundraise from diverse income sources. Helping the sector to identify and secure sustainable funding and finance is a key role for WCVA and the third sector infrastructure in Wales. Our aim is for a well resourced sector where access to funding and other resources is maximized and diversified, and decision making is fair, transparent and sustainable. A key priority for our work is to focus on equipping the sector with the information, knowledge and skills to continue to adapt to the changing financial landscape.

Question 4: Please make any specific comments on the areas identified below:

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

20. The third sector has developed significant expertise in providing a broad range of additional, non-statutory support that directly reduces the burden on public sector services. It is a powerful advocate for service users and communities and an expert in certain conditions and localities. It is therefore ideally placed to identify, test and deliver effective interventions that reduce or prevent the take up of more intensive services where problems are acute. A case in point is the research commissioned by Groundwork Wales that demonstrated that its work with young offenders delivered a 1:1 payback in terms of cost savings to the NHS and criminal justice system within 6 months with further benefits expected to accrue over a time period of as much as 20 years. The merit of the preventative approach has been recognised in the Well-Being of Future Generations (Wales) Act and we would wish to see further support in this area to all sectors to enable the Act's effective implementation.
21. At the bi-annual meeting between Jane Hutt AM, Minister for Finance and Government Business, and third sector networks in November 2015, there was a commitment made to developing a joint definition of prevention and early intervention to inform the budget and there is further interest from third sector organisations in piloting projects to test these definitions in areas such as substance misuse, sport and the environment. WCVA is keen to promote and support the implementation and mainstreaming of such pilots and to disseminate the learning to encourage positive practices more widely.

22. WCVA is also keen to help the public sector explore diversification in the use of budgets across departments to support projects delivering multiple outcomes. For example, with reference to the call in the Response for Nature Report for 1% of health budgets to be invested in the restorative value of the natural environment to provide cost-effective and preventative health care solutions.
23. It is worth noting that the third sector in Wales has access to considerable finance options that enable investment in services that deliver social outcomes and savings for the public purse. There are a number of initiatives already underway in Wales that seek to focus on preventative measures through accessing new forms of finance, which can add value to public investments.
24. Social impact bonds are a mechanism for providing up-front investment in preventative measures that can create future savings by reducing demand on pressurised publicly-funded services. From the savings made, original investments can be repaid and sustainable preventative actions can continue to be funded.
25. WCVA's Wales Wellbeing Bond provides up-front investment in partnerships between the public and third sectors that can create savings through preventative programmes. It provides an opportunity in Wales to innovate in how the third sector delivers with the public sector, and how that delivery is funded. It places co-production principles and third sector delivery at its core, and because it involves no private investment any savings generated will be recycled into further social investment.
26. Cwm Taf Local Health Board are currently exploring using the Wales Wellbeing Bond to deliver early intervention mental health initiatives that improve patients' wellbeing and make savings in prescription costs for anti-depressants. Since its launch, the Bond has attracted considerable interest from across the public sector and third sector and whilst challenges and barriers are recognised, we believe they are surmountable.

Sustainability of public services, innovation and service transformation

27. Change in how we provide public services for people in Wales is now needed because demand for acute services is rising, money is running out and preventative and community services are being cut. Quality of life cannot be delivered by the local authorities and the NHS alone; community action and volunteering need to be capitalised and communities need to be resilient at the local neighbourhood level. Putting people at the centre and sharing responsibility, power and resources results in better services and outcomes for everyone. Encouraging and supporting people as active citizens is critical to the future public service in Wales where increasingly many of the services may well be community-owned and run.
28. The Programme for Government recognised the third sector as a key partner in the delivery of the Welsh Government's agenda. More recently, the Welsh Government's document *Improving public services for people in Wales*, explicitly includes the third sector in its vision for public services: *"Our public services are delivered through public sector bodies working with partners - in particular the third sector, and in some circumstances the private sector - to provide the best possible services."* (p.11)

29. The document further states that Welsh Government “...will therefore continue to work with partners in the third sector and more broadly to this end, and make further announcements on supporting the development of co-production in Wales later this year.” [...] “We will also continue to encourage the third sector to realise its full potential in supporting public services, recognising that there is a wide range of organisations which are covered within a broad definition of the third sector.” (p.22)

30. This puts the third sector in a pivotal position in delivering this vision because it is the way communities organise, express collective concerns and give people the confidence and skills to challenge, and create change. The third sector works to enthuse, motivate and organise people and create community ownership and structures. This requires investment (grants and core funding), and volatility of funding severely weakens the sector’s potential contribution to this agenda.

31. WCVA is advocating for a different way of organising services:

- a focus on earlier interventions and **preventative** measures:
- a need to think differently about **resources**; drawing on all contributions
- a recognition that **service users can be contributors** to the design, development and delivery of services
- and an understanding that relationships should be two-way transactions built on **reciprocity** and **mutuality**

This approach resonates with the Sustainable Development Principle outlined in the Well-Being of Future Generations (Wales) Act that public bodies are now required to follow.

32. We believe that people and communities need to be involved at an early stage, in a collaborative manner, when it comes to discussions around the ways in which public services will be designed. Further reductions in funding to services means local authorities need to make the most of their other assets - such as people and communities, who know what they want from their services and can offer innovative, sustainable ideas of ways to do things. There are many successful examples of this type of co-productive working across Wales, including Welsh Government’s own Cynefin community development programme in Cefn Mawr. This approach must be encouraged in service development to ensure sustainability.

33. Small changes to the proportion of funding from the public sector - or even how the public sector funds - have a huge effect on the third sector. Before cuts are made, we are advocating discussions that explore options:

- Transferring to community ownership/management of assets and facilities, such as libraries, community buildings, day centres or leisure facilities
- Using volunteers in the organisation of services and facilities, if they are provided with initial support and guidance.
- Continuing the service or facility at a reduced level
- Reconfiguring the service using community assets and resources
- Utilise Invest to Save principles

34. The third sector in Wales has access to finance options that enable investment in services that deliver social outcomes and savings for the public purse. For example social finance offers considerable opportunities for the reorganisation of

public services through new partnerships between the third sector and public sector, and a shift towards a greater focus on preventative measures that yield financial savings and improved social outcomes.

Welsh Government policies to reduce poverty and mitigate welfare reform

35. Whilst the continued financial commitments to preventative programmes such as Flying Start, Families First and Communities First are welcomed, the absence of specific policies and funding to provide immediate support to people in respect of the process of welfare reform, as well as the widely documented concerns about in-work poverty, are noted.

Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced

36. With reference to points 26, 27 and 28, the legislative and policy landscape sets out a clear vision for the third sector's role in delivery. To be successful, the roles envisaged for the third sector require sufficient resources and investment.
37. Short-term (1-3 year) budgetary cycles and purchasing / funding decisions - and indeed electoral cycles - militate against longer-term thinking (e.g. 10 years). Investing resources to prevent problems occurring requires a recognition that the benefits may not accrue for a number of years. For example, the feasibility study and business case for the development of an early intervention mental health service (commissioned by WCVA, Cwm Taf Health Board and Interlink RCT) established that the service might not deliver real savings until year 6. An explicit requirement for public bodies to consider the long-term will be helpful in shifting decision-making to the longer term, and WCVA seeks assurances from the statutory sector that longer term financial resources will be put in place for external (non-statutory sector) partners that are delivering on strategic agenda.

Scrutiny of Welsh language, equalities and sustainability

38. Given that one of the Wellbeing of Future Generations (Wales) Act's seven goals is a thriving Welsh language, Wales needs properly resourced Welsh language services.
39. Schools and bilingual learning play a vital role in securing a future for the language, as do community and voluntary organisations which promote the language, such as Mudiad Meithrin, Urdd Gobaith Cymru, Merched y Wawr and the Mentrau Iaith.
40. WCVA welcomes the reference to the Well-Being of Future Generations Act and its Sustainable Development Principle as the context in which this budget has been set. We note however that the only narrative relating to Goal 2 of A Resilient Wales relates to transport, green growth, energy efficiency and coastal and flood risk prevention. It is disappointing that the narrative makes no reference either to support for a biodiverse natural environment with healthy functioning ecosystems or ability to adapt to change, including a changing climate. There is strong third sector engagement with the natural environment in projects that deliver multiple economic and social outcomes. We are concerned that cuts in public sector expenditure on the natural environment will constrain the ability of the sector to continue its role not only in communicating with citizens about the importance of safeguarding our

natural environment but also in providing access to it and in pioneering projects that act as an exemplar for climate-friendly and sustainable living.

41. WCVA supports the Welsh Government's use of equality impact assessments and advocates the engagement of people representing those with protected characteristics in the scrutiny process.

Judith Stone

Assistant Director Policy, Partnerships and Engagement

7 January 2016



**Response to the Finance Committee's call for information:
Welsh Government draft Budget proposals for 2016-17**

About the Learning and Work Institute

1. The Learning and Work Institute was established on 1st January 2016 following the merger of NIACE and the Centre for Social and Economic Inclusion. We bring together over 90 years of combined history and heritage from the 'National Institute of Adult Continuing Education' and the Centre for Economic and Social Inclusion. We want everyone to have an opportunity to realise their ambitions and potential in learning, work and throughout life. We believe a better skilled workforce, in better paid jobs is good for business, good for the economy and good for society.
2. Learning and Work Institute has offices in Cardiff, London and Leicester and we work in every nation of the UK. We work with partners in Europe, sharing our learning and seeing what works in other countries. We do:
 - a. Research: We deliver research and evaluation for a wide range of funders
 - b. Development: We undertake development work for government, foundations and charities
 - c. Policy: We inform and influence policy makers at the heart of learning, skills and employment
 - d. Statistics and resources: We are expert economic and labour market analysts. We help organisations understand and use local labour market information
 - e. Conferences, Events and training: We deliver conferences, seminars and training for professionals working in learning and employment
 - f. Campaigns: We deliver campaigns like Adult Learners Week, the Festival of Dangerous Ideas Cymru and Learning @ Work.

The Welsh Government draft budget proposals for 2016-17

3. Learning and Work Institute welcomes the decision by Welsh Government to protect funding for post-16 education and skills in broad terms. This reflects importance of an educated and skilled population to the social and economic future of Wales.
4. The decision to protect funding for post-16 education and training follows a challenging few years in which the numbers of adults (people aged 19 and above) engaged in learning has declined across HE, FE, work based learning and adult and community learning. Some local authorities, colleges and universities have dramatically reduced their offer to adults due to constraints in funding, or withdrawn provision completely. While the recent budget is therefore extremely welcome, much work needs to be done to provide clear strategic direction to ensure the best use of resources, safeguarding opportunities for adults over the age of 19 to access education and training across Wales- this will need to be a priority for the new Government post May 2016.

5. It is also worth noting the additional funds identified for the Pupil Deprivation Grant which are welcome. Where used most effectively, the PDG is a key enabler to facilitate family learning, bring adults and community into the school environment. Research has shown that family learning in this context both raising the educational attainment of adults, and their children. Schools like Monkton Priory in Pembrokeshire demonstrate how use of the PDG is crucial for raising school attainment, and engaging the whole community. There is short film about this school on our website: <https://www.youtube.com/watch?v=2lwVDmnZVSM>
6. Therefore while broadly welcoming the budget settlement, Learning and Work Institute does have some concerns about the impact of certain decisions on particular groups of learners. Therefore, we have restricted our comments in this submission to question 2 on the committee's call for information paper – "*Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas.*" There are three areas of concern and these relate to proposed cuts to; higher education; educational and careers choice; and employment & skills.
7. We concentrate in this response on the impact of the proposed budget on higher education mainly, however it is worth flagging up the proposed cuts to careers choice and employment and skills. It is not clear at this stage what the impact of these cuts will be. However, it is true that in the population is growing and ageing, people will have to work longer, change jobs more often and combine work with other responsibilities such as caring. These changes mean that people over the age of 19 will increasingly need advice, guidance and support to make the right choices that will enable them to remain (or become) economically inactive. While reforms may be required to educational and careers choice programmes in Wales, we must ensure that provision is still available to those adults who need it, and not only school aged children and young people.

Higher Education


8. We are concerned that full and detailed consideration is giving to the impact of the cut to higher education, and proper assessment made of how this will impact on particular groups of students. It is important to note that the £41m budget reduction will **not** impact on the full-time tuition fee grant which is paid to all full-time undergraduates domiciled in Wales regardless of where they study within the UK or their household income- the subject that has been of much debate in the National Assembly. The funding for this commitment is protected and indeed an extra £10 million has been allocated in this draft budget to support this policy. The provisional cost of the Welsh Government tuition fee grant in 2015/16 is £264 million¹. This means that the £41m cut will need to be found elsewhere in the HE budget.
9. As there are no proposals to reduce the full-time fee grant, the proposals in the draft budget will inevitably place considerable pressure upon the institutional learning and teaching grant distributed by HEFCW in respect of part-time undergraduate students. This means that part-time undergraduate provision and the students that study part-

¹ Response by the Minister for Education and Skills to written question on 9 December 2015
<http://www.assembly.wales/en/bus-home/pages/plenaryitem.aspx?category=written%20question&itemid=3165&assembly=4&c=Written%20Question>

time will be disproportionately affected-thus exacerbating the differential levels of public support for the two modes of provision (full and part time study).

10. It is worth considering how the changes to the funding model for HE have impacted on students in England, so that lessons may be learned. The considerable increase in part-time fees in England has seen the number of people studying part-time drop by 41 per cent over five years. The Education Minister has explicitly stated that he does not want to see part-time numbers in Wales decline in the same way but the evidence suggests that this will happen if support for part-time provision is significantly reduced or removed altogether. Numbers of part time HE students in Wales have already declined by 10% in Wales.
11. We have particular concerns that the proposed cut to HE, if it does result in a reduction in funding for part time (and no corresponding cut to full time) would have a direct impact on those learners who are more likely to study part time. There are many valid reasons why a student may need to study part time. Part time students are more likely to be: adults over the age of 25, women, disabled students, those studying whilst also working and carers. As such, we have serious concerns about the equality impact of this draft budget proposal. Research shows that women are more likely than men to study part-time (56.7% of part-time students in Wales are women compared with 51.5% of full-time students) and considerably more older people study part-time than full-time (21.8% of part-time students in Wales are over 40 compared with 1.5% of full-time students).
12. Finally, if the proposed budget does have the impact we have outlined here on part time, this will be a cumulative impact which mirrors the cuts elsewhere in the education budget over recent years. For example, in Further Education the budget for part-time adult education in colleges was cut by 50% in 2015/16. Between 2004/05 and 2013/14, part-time adult learners reduced by a massive 46%. Colegau Cymru have argued that adults over the age of 25, and women in particular, have suffered the biggest impacts of the ongoing funding constraints in education. Women make up 63% of the part-time learner population over the age of 25 in Wales' colleges. Reductions in funding have also led to fewer adults over the age of 19 accessing work based learning, including apprenticeships, and there has been a large decline in numbers of learners in adult community learning.
13. Learning and Work Institute knows that education and training has a massive transformational effect on individuals, and also enables them to make a full contribution to the economy, life and society. We fear that the cumulative impact of recent cuts may create a system that disproportionately favours the young, and those able to study full time, and does not afford individuals a second chance.

Cerys Furlong
Director for Wales





**Response to the Finance Committee's call for information:
Welsh Government draft Budget proposals for 2016-17**

The Universities Association for Lifelong Learning [UALL] UK supports all aspects of the diverse engagement of universities and higher education providers with their wider communities. The Association seeks to champion the broader definition of lifelong engagement with universities through part-time flexible provision. It does so through advocacy in policy development, dissemination of information on policy, practice and funding and through research and publication. UALL is structured to respond to change in higher education.

UALL Cymru is the national organisation for Wales within UALL. Provision by UALL Cymru members includes CPD, Access courses, public and community engagement, non-accredited and accredited part-time/flexible learning both in Welsh and/or bilingually. UALL Cymru works closely with Reaching Wider and other leading organisations.

UALL Cymru has serious concerns about the proposed cut in the Higher Education budget line within the Education and Skills Main Expenditure Group. The draft budget for 2016-17 indicates a cut of £41 million in this budget line, which is a decrease of 32 per cent on the 2015-16 allocation of £129 million.

We believe that the proposals in the draft budget will result in very difficult decisions having to be taken by the Higher Education Funding Council for Wales (HEFCW) as it sets out its next round of funding allocations. The institutional learning and teaching grant which supports part-time provision will be under considerable threat. This will further disadvantage part-time students who already receive less public financial support than full-time students.

UALL Cymru would like to see the HEFCW allocation for part-time funding protected in order for part-time student numbers in Wales to be sustained. The Minister has strongly indicated in previous remit letters that this should be a priority and that he does not wish to see part-time numbers decrease. We would not wish to see the number of part-time courses decrease or fees rise but these are likely to be the consequences of a significant cut in part-time funding. Part-time higher education is vital to ensuring social justice, social mobility and

economic development and it is essential that people are offered the opportunity to study part-time.

Widening access and participation is a key priority for the Welsh Government and the proposed cut would considerably impede the current successful work in attracting people from economically disadvantaged areas, carers and first-in-family progressing to higher education. These are the people who mainly choose part-time study. We are very concerned about the impact of this draft budget on part-time higher education and we also feel that part-time students are being disproportionately affected by funding decisions.

We hope this submission will assist the committee in their consideration of the draft budget.

Professor Colin Trotman [Chair]
Delyth Murphy [Joint Secretary]

7.1.16

WELSH GOVERNMENT DRAFT BUDGET 2016-17

Response to the consultation by the National Assembly for Wales Finance Committee by Michael Trickey, Wales Adviser to Joseph Rowntree Foundation (JRF)

1. Background

As an independent foundation, JRF's interest in the Welsh Government Budget derives from its long-standing focus on understanding and tackling the root causes of poverty across the UK. It publishes wide-ranging research and policy analysis every year, including the regular monitoring of poverty levels across the four countries of the UK and updating annually its minimum income standard. It is currently developing an Anti-Poverty Strategy for the UK, based on extensive research and modelling, due for completion in autumn 2016. It will be exploring with policy-makers and stakeholders what this means for each of the devolved nations.

JRF and the 2015 UK Spending Review

JRF welcomed the National Living Wage, announced in the Summer Budget, as an important step to tackling low pay. It also welcomed the Chancellor's subsequent change to his tax credit proposals but noted that many working families will still find themselves worse off due to upcoming reductions in Universal Credit. By 2020, families with children will be better off only if both parents work full time on the National Living Wage – something only a small minority of families can manage.

Many of the announcements in the Spending Review applied, in practice to England only. JRF's concerns, for example, that, despite the welcome decision to provide extra money for house building even so-called 'affordable' home ownership is out of reach for low earning households and that the direction of travel on social care opened up the risk of a two-tier social care system primarily related to England. The response below addresses the position in Wales

2. Draft Welsh Budget 2016-17- response to Committee questions

Q1 What in your opinion has been the impact of the Welsh Government's 2015-16 budget

JRF has not undertaken an assessment of the impact of the 2016-17 draft Welsh Budget.

Q2 Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective

JRF notes that the Welsh Government will experience a 4.5% real terms reduction in its resource DEL 2016 – 2020 with the profile of the reduction becoming deeper from 2017 onwards. The Welsh Government formed after the National Assembly elections will face tough choices about spending priorities, perhaps through its own spending review. In particular, this includes the trade-offs between responding to NHS cost and demand pressures and spending on all other programmes – including those related to tackling poverty, skills, employment and public services more generally. JRF notes that the draft budget includes commitments on social care, housing and other services as well as the NHS. The importance of a holistic approach is reflected in JRF's definition of poverty as when a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation).

The draft budget for 2016-17, perhaps inevitably given the timing and proximity to the Assembly elections, reflects an existing set of priorities rather than chart a longer-term response to the challenges thrown up by the Spending Review.

Q3 Impact on your organisation.

N/a

Q4 The Committee would like to focus on a number of specific areas – do you have any comments on the areas identified below

The comments below concern policies to reduce poverty.

The Welsh Government budgets for 2015-16 and 2016-17 reflect a broadly consistent approach to tackling poverty, many of the relevant programmes being more or less protected in cash terms. JRF has previously welcomed the Welsh Government's commitment to tackling poverty and continues to do so.

There have been some encouraging pieces of news, for example the recent data on the improvement in education attainment gap among some age groups eligible for free school meals.

But poverty in Wales is a complex, deep-rooted issue. Overall levels of poverty have remained worryingly high and not changed in the last decade. The significant shift from pensioner to in-work poverty has been widely noted and the challenges for many young families have become deeper, often linked to low pay and short hours. The next stage in the welfare reform programme (see above) is likely to accentuate the trend.

Several things flow from this in terms of future strategic direction.

- A big challenge for Wales is achieving impact on poverty at scale, especially given that key fiscal transfer levers such as the tax/benefits system are substantially non-devolved. There is an argument about whether concentrating budgets and levers available to Wales on a small number of big interventions would have more of an impact than a wide but relatively thin spread of initiatives. This needs further investigation.
- Tackling poverty cannot only be about dedicated spending programmes. Creating a long-term, sustainable path towards a prosperous and low poverty Wales depends on the performance of the labour market and economy, and the role of businesses, employers and local leaders in working with the Welsh Government to tackle low wages and high costs. In support of this, a strong, well-articulated alignment is needed between action on skills, employment, economic development and tackling poverty.
- Action to mitigate the costs faced by low-income households is an essential component of tackling poverty. Over the last few years, essential items have risen in price faster than the average. As a result, the cost of living has risen more quickly for low income households than others. The potential for government influence on costs varies but there are some aspects, such as meeting complex care needs or affordable housing, where the role of government is well-established and will need to be reflected in long-term budget decisions.

We hope that JRF's anti-poverty strategy will be a contribution towards addressing some of these issues alongside the big messages to be drawn out of the Welsh Government's important programme of poverty-related research and evaluation, such as the impact of welfare reform, the dynamics of poverty and evaluation of poverty-related programmes.

Michael Trickey, January 2016

Welsh Government Draft Budget Proposals 2016-17: consultation response from Cymorth Cymru

7/1/2016

Introduction

Cymorth Cymru is the umbrella body for organisations working with marginalised and excluded people in Wales.

Our **vision** is that all people in Wales have the right to live safely and independently, managing their own lives in their own homes

Our **mission** is to connect, strengthen and influence service providers, policy makers and partners to:

- Prevent homelessness
- Improve the quality of life and choices for the people our members support.

Our **objectives** are to:

1. Use evidence-based research to effectively influence policy formulation and implementation
2. Strengthen the capacity of member organizations to increase their impact by connecting them with wider issues and debates within the UK, Europe and elsewhere, convening events that contextualise and share learning
3. Provide high quality and tailored membership and consultancy services, identifying risks for the membership
4. Challenge public attitudes by campaigning with others on key issues that affect the people our members support.

Our main **policy areas** are

- Homelessness, housing related support
- Social value care provision
- Emerging themes from our two core areas
- Joining up across related policy areas

Our **120+ members** support people who are marginalised, isolated or experiencing housing crisis, including:

- people who are homeless, or at risk of homelessness
- families fleeing domestic abuse
- people dealing with mental or physical health problems, or learning disabilities
- people with alcohol or substance misuse problems
- refugees and people seeking asylum
- care leavers and other vulnerable young people, and

- older people in need of support
- offenders and those at risk of offending.

This list is not exhaustive, and individuals may often face a range of challenges that make it difficult for them to find or maintain a stable home and take control of their lives.

Cymorth Cymru's members help people address these issues, supporting them to find and maintain safe accommodation, fulfil their personal potential and feel confident making choices about their future. Our members work across policy areas to assist marginalised and excluded people and to promote a shared understanding of the key role that housing plays in promoting well-being.

Response

In this submission of evidence, Cymorth Cymru is focusing on key areas that affect our members, namely housing-related support, homelessness and related areas.

1. What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?

Our main focus in 2015-16 has been on the challenges faced by provider organisations due to the reduction in local authority budgets, particularly the Supporting People Programme. A great deal of effort has been put in by provider organisations to make back office savings and restructure staff teams to provide quality services for less. Cymorth has been looking with providers at new ways we could work – some of them are worth exploring in detail, and others we fear could cause irreparable damage to the way in which services work.

Our view, as the year comes to a close, is that austerity has placed far greater burdens on the people our members support. Some services have closed and many of our members face very difficult choices. However, overall, the impact has been less than that in England. The decision, therefore, to protect the Supporting People Programme in 2016-17 has come at a welcome time.

In addition, the support allocated to the implementation of the Housing (Wales) Act has been welcome. Getting this preventative Act working right is one of the key priorities of the sector, and we are pleased that the Welsh Government has made allowances for that. We are concerned, as we will elaborate later, that this preventative agenda is threatened by the suggested reduction in the Homelessness Prevention Grant.

2. Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

Supporting People Programme Grant

For the housing sector, the budget has largely been as positive as we could have hoped. As an organisation we welcome warmly and gratefully the announcement that the Supporting People Programme Grant has been protected in cash terms. This has been a key focus of

Cymorth Cymru's policy work for a considerable period of time now. The programme is an effective example of preventative working, and the budget protection recognises this.

A challenge for this programme has, traditionally, been demonstrating the impact of the investment. Although anecdotally we can see it has a huge benefit, and we can see case studies that outline the life-changing effects of the programme, it has been difficult to evidence on a Wales-wide basis.

Work this year undertaken by the Welsh Government, reporting to a Steering Group chaired by Cymorth Cymru, has examined a way in which existing data can be linked with a database in Swansea (SAIL) to demonstrate links between programmes and use of services. The feasibility study looking at whether SP data could be linked with routine NHS Wales data has demonstrated that this is an area worth exploring. The initial findings report can be accessed here [URL]. This is an area that will need to be expanded on fast over the initial months of the next Assembly term, to draw in more local authority data and also to draw in criminal justice, social services and other agency data to see the wide range of benefits given by the Supporting People Programme on a number of priority Welsh Government areas.

We now have the opportunity demonstrate unequivocally that the Programme makes a difference, supporting over 60,000 individuals in Wales in 2015/16, and need the resources to be put firmly behind the expansion of this cost-effective research study. We are grateful the Welsh Government has recognised the substantial leap forward made by this piece of ground-breaking research, the first to come out of the UK-wide Administrative Data Research Network.

We are hopeful that, in time, when the benefit of the Programme is even more widely evidenced, and its impact on multiple sectors better understood, the budget will be increased to its initial levels.

Additional funding for the NHS

We welcome the additional funding announced for the NHS. Cymorth has consistently argued for greater join-up between health and housing, and we believe this should be treated with the same priority as join-up between health and social care. Secure and stable housing has long been recognised as being linked to better health outcomes, and we need to ensure all services and structures are working as closely as they can to achieve better outcomes. Greater funding for the NHS will have a positive impact, but we would like to see a clearer commitment from health and housing leaders that they will work together more closely.

Social Housing Grant

Cymorth Cymru welcomes the decision to invest in additional housing.

Homelessness Prevention Grant reduction

We are highly concerned about the reduction in the Homelessness Grant. This Grant is a key part of homelessness prevention activity, and there is a risk that reducing the Grant will mean less preventative work can be undertaken.

We appreciate that budgets are tight, but are hopeful that the elements of this Grant which directly provide services or otherwise benefit those at risk of homelessness will be protected. In the long term, it may be worth looking at how the Prevention grant works alongside the Supporting People Programme, and to see if there are ways to align these areas of spending more closely. Until that is considered fully, however, we hope that this prevention fund will be protected as much as is possible.

Some of our members have been in touch with examples of what their services, funded by this Grant, provide.

One of our members responded to tell us, “We would argue that these services merit equal protection from funding cuts as the SP budget. In the case of our services invariably they deliver interventions to a far higher volume of service users and are effective at delivering flexible, time limited services promoting ease of access and a service at point of need. It is also clear that such services deliver a saving to Health, Social Care and Housing service budgets.”

This member told us about one of the people they had supported through a Prevention Grant project:

Mr D was referred to our housing support and advice project by the recovery unit, Neath Port Talbot Hospital in January 2015. He was suffering from depression and suicidal thoughts and had received intervention from the crisis team.

During our initial assessment we discovered that his mental health had deteriorated after the loss of a successful business and he had lost everything. He only ever left his house to purchase alcohol and therefore had no engagement with services at all. Mr D's home was going through repossession as he hadn't been able to afford to pay the mortgage for some time. He had been sleeping on the floor for over a year and he had no furniture at all. He hadn't opened any mail for several months.

Mr D's health and eyesight were deteriorating due to long term alcohol abuse and poor nutrition, he wasn't accessing health services, we identified that this was high priority and accompanied him to emergency eye / health appointments to gain appropriate treatment; this was on a weekly outpatients basis.

Our service supported him to apply to all the housing providers within the area and he was successfully re-housed in a warden controlled complex. We applied for grants for new furniture to set up his new home. Resettlement support provided to set up all utilities and sign post to relevant agencies for support.

We supported him to access welfare rights and attendance allowance was awarded.

We supported him to access health services which in turn led to a very wide range of support being put in place, to prevent isolation, provide assistance around the home, working with HMRC regarding his debts and pensions, referral to substance misuse agency, and more.

Mr D Now has support from WCGADA, RNIB and a social group. He has a cleaner and support weekly from the warden on the complex.

Initially our Housing support and advice provided crisis intervention, and we have now addressed all the main issues and have referred to our floating support scheme to make sure that everything that has been put in place is maintained.

Another of our members receives funding to run nine advice services, particularly Family Mediation Services. They commented to us that “they were all subject to the recent review of s180 funded services commissioned by WG and all came out being highly endorsed as fundamental to each LA’s homelessness prevention toolkit.”

Another member is anticipating cuts to services that are supported by this Grant, although they are not confirmed. One service in particular has been described as “more significant and if confirmed will require significant reductions in staffing and service delivery. It is particularly disappointing as the service has been operating at a deficit and is currently subsidised ... from the charity’s own resources.”

Given the timescale for evidence it has not been possible to provide an exhaustive list of what these services can offer to those who are most vulnerable. However, we are hopeful that the drop in funding to this grant can be clarified by the Finance Committee and restored so that services are protected.

Care and support challenges

Our members who provide care and support have expressed massive fears about the sustainability of the sector. There is a perfect storm approaching the care sector (including learning disability services, 24-hour services, and wider social care). The National Living Wage, while to be welcomed, will increase costs for providers at all levels, and currently local authorities do not have the flexibility to meet these costs. Unfortunately, other developments have made this even harder to meet. The recent decisions on travel time, sleep-ins, holiday entitlement and overtime – whilst all, individually, positive for the workforce – are creating a set of conditions that is guaranteed to lead to provider collapse: in some cases, as soon as April 2016.

We welcome the announcement of additional funding for social care, particularly through the Intermediate Care Fund, but the funding will not be anything close to enough to meet the needs of the sector.

We understand that budgets are stretched, but there needs to be clear will from the Welsh Government to meet this challenge. Both providers and local authorities are ready to look at new ways of working, but we need support – financial and leadership – from the Welsh Government.

Further questions: We have covered the elements of the additional questions within our questions above.

Conclusion

There is much to be welcomed in the latest Welsh Government budget. The reprieve for the Supporting People budget has been warmly received by support providers, and it is a testament to the personal support by the Minister, and strong cross-party consensus that it has been protected. Whilst there are still significant challenges for providers receiving Supporting People funding (it remains a real terms cut), this has given those working in the sector significant relief.

We remain concerned about the proposed cut to the Homelessness Prevention Grant, and welcome further clarity on the way this will be allocated.

Our main source of worry as an organisation is focused on the pressures caused by the National Living Wage and other contributory factors to a 'perfect storm' for providers of care. This affects all who provide care, including social care, learning disabilities, homelessness services, refuges, and others. This is an issue that needs to be addressed as soon as possible.

We welcome the opportunity to respond to the budget, and are willing to respond with any further evidence needed.

ends



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6 Ionawr 2016

Tystiolaeth i Bwyllgor Cyllid Cynulliad Cenedlaethol Cymru

Ionawr 2016

Mae Dathlu'r Gymraeg yn bryderus iawn ac yn siomedig am y modd y cyhoeddwyd toriadau sylweddol yng nghyllideb Yr Iaith Gymraeg.

Mae'r gyllideb drafft yn dangos cwmp sylweddol yn yr arian ar gyfer gwaith y Llywodraeth yn hybu'r Gymraeg yn y Gymuned ac ar gyfer Comisiynydd y Gymraeg. Mae'n dangos cwmp yn y gyllideb o £8.6m i £6.9m. Mae hyn yn doriad arfaethedig o 19% i'r gyllideb ar gyfer prosiectau i hyrwyddo'r Gymraeg. Deallwn fod bwriad i leihau'r effaith drwy neilltuo £1.2m yn 2016-17 o gronfeydd eraill ond nid yw hyn yn eglur yn y gyllideb drafft ei hun ac nid oes unrhyw sicrwydd am y dyfodol.

Byddai lleihad yng nghyllideb yr Iaith Gymraeg yn cael effaith niweidiol dros ben ar y gwaith sy'n cael ei wneud i hybu'r Gymraeg ac yn rhoi nifer mawr o swyddi mewn perygl.

Ers cyhoeddi'r Gyllideb Drafft mae'r Prif Weinidog wedi cyhoeddi dyraniad grant i nifer o fudiadau. Er bod y rhan fwyaf yn parhau ar yr un lefel mae'n siom fod cyllideb Mentrau Iaith Cymru wedi ei dorri yn sylweddol dim ond blwyddyn ar ôl i'r buddsoddiad newydd gychwyn.

Mae Comisiynydd y Gymraeg yn wynebu toriadau pellach o 10% ar ben yr 8% y flwyddyn ddiwethaf. Mae hyn mewn cyfnod pwysig iawn pan fod angen rhoi cyhoeddusrwydd i'r Safonau newydd a sicrhau eu bod yn cael ei gweithredu. Mae angen i holl adrannau'r Llywodraeth ystyried clustnodi cyllid ar gyfer sicrhau fod y Safonau yn cael eu gweithredu yn gywir a bod yr holl wasanaethau a ddarperir gan Lywodraeth Cymru a'i asiantaethau ar gael drwy gyfrwng y Gymraeg.

Hefyd mae toriadau sylweddol o 10.6% i gyllideb Cyngor Llyfrau Cymru bydd yn cael effaith ar gynhyrchu llyfrau Cymraeg.

Er bod pwysau cynyddol i dorri cyllidebau credwn fod achos teg wedi ei wneud i barhau i ariannu'r Iaith Gymraeg ar y lefel bresennol a bod lle i weld sut all adrannau eraill y Llywodraeth gyfrannu at y gwaith er mwyn cynyddu'r gefnogaeth.

Mae Dathlu'r Gymraeg o'r farn fod angen mabwysiadu targed hir dymor ar gyfer buddsoddi yn y Gymraeg. Mae maniffesto Dathlu'r Gymraeg ar gyfer etholiadau'r Cynulliad yn gofyn i'r pleidiau gynllunio buddsoddi 1% o gyllideb Cymru mewn mentrau i hybu'r Gymraeg, yr un canran â Gwlad y Basg lle bu twf cyson yn nifer y siaradwyr Basgeg dros y degawdau diwethaf.

Cefndir a chefnogaeth i Dathlu'r Gymraeg

Mae 23 o fudiadau sy'n cynrychioli y rhan fwyaf o siaradwyr Cymraeg yn rhan o Dathlu'r Gymraeg – CAER, Cronfa Glyndwr, Cwlwm Cyhoeddwyr Cymru, CYDAG, Cyfeillion y Ddaear, Cymdeithas Alawon Gwerin, Cymdeithas Bob Owen, Cymdeithas Cerdd Dant Cymru, Cymdeithas Cyfieithwyr Cymru, Cymdeithas y Cymod, Cymdeithas yr Iaith Gymraeg, Eglwys Bresbyteraidd Cymru, Eisteddfod Genedlaethol Cymru, Merched y Wawr, Mentrau Iaith Cymru, Mudiad Meithrin, RhAG, UAC, UCAC, UMCA, UMCB, Urdd Gobaith Cymru.

Ein nod yw Sicrhau bod pawb yng Nghymru yn cael defnyddio'r Gymraeg Diogelu'r Gymraeg fel iaith gymunedol.

Neilltuo adnoddau ychwanegol i sicrhau ffyniant yr iaith Gymraeg.

Creu 'Cynlluniau Gweithredol' ar gyfer Strategaeth Iaith Fyw : Iaith Byw.

Gwireddu'r cerrig milltir yn y Strategaeth Addysg Cyfrwng Cymraeg.

Sicrhau dyfodol llewyrchus ac annibynnol i S4C.

Ein dymuniad i fod yn hyderus am ddyfodol y Gymraeg

Mae angen cynyddu gwariant a'r ddarpariaeth ar y Gymraeg

Rydym yn galw ar y Llywodraeth i gynyddu'r gwariant ar brosiectau penodol Cymraeg, dros amser, i 1% o'r gyllideb sef tua £140 miliwn yn y flwyddyn 2016/17

Daw rhan o'r gwariant yma drwy arallgyfeirio gwariant presennol. Hefyd galwn ar y Cynghorau Sir a chyrff statudol eraill i sicrhau fod eu holl wasanaethau ar gael drwy gyfrwng y Gymraeg.

Mae angen sicrhau fod tegwch i'r iaith Gymraeg wrth gyflawni holl weithgareddau a gwasanaethau'r Llywodraeth.

Yr eiddoch



Penri Williams

Cadeirydd
Dathlu'r Gymraeg

Mae cyfyngiadau ar y ddogfen hon



At sylw Pwyllgor Cyllid Cynulliad Cymru

Ymateb Mentrau Iaith Cymru i Gyllideb Ddrafft Llywodraeth Cymru 2016-17

1. Cyflwyniad

1. Mae Mentrau Iaith Cymru a'r 23 Menter Iaith leol yn cydweithio'n agos â Llywodraeth Cymru i wireddu'r weledigaeth o weld y Gymraeg yn ffynnu, gan arwain at gynyddu'r nifer â'r ganran o bobl sy'n siarad Cymraeg ac yn ei defnyddio fel rhan o'u bywydau bob dydd. Gofynnwn i aelodau'r Pwyllgor Cyllid graffu'n fanwl ar gynigion y Llywodraeth a chodi'r pwyntiau isod gyda Gweinidogion Llywodraeth Cymru.

2. Ymateb Mentrau Iaith Cymru i'r Gyllideb Drafft 2016-17

1. Un o brif nodau Llywodraeth Cymru yw gweld y Gymraeg yn ffynnu fel iaith gymunedol yng Nghymru. Rydym felly yn croesawu'r ymrwymiad pellach i ddiogelu arian craidd y Mentrau Iaith ond nid ydym yn deall pam fod cymaint o doriad i gyllideb y Gymraeg yn gyffredinol a hynny yn wyneb strategaethau niferus ac amryfal bolisïau sydd angen adnoddau i'w gwireddu.
2. Ar hyn o bryd diim ond 0.04% o gyllideb y Llywodraeth fydd yn cael ei wario ar y Gymraeg yn 2016-17.
3. Teimlwn ei fod yn bwysig nodi bod y cyllid a fuddsoddir i hyrwyddo'r Gymraeg fel iaith gymunedol i sefydliadau yn gyllid sydd yn cael ei fuddsoddi yng Nghymunedau Cymru - cyllid sydd yn creu ac yn cynnal cannoedd o swyddi, denu arian ychwanegol o ffynonellau eraill ac yn cael traweffaith gadarnhaol ar yr economi fel y canfu adroddiad diweddar ar draweffaith economaidd y Gymraeg a Chanolfan Soar i Ferthyr Tudful¹.
4. Mae'r cyllid a ddyrennir i'r Mentrau gan Lywodraeth Cymru wedi eu galluogi i ddenu arian o ffynonellau eraill a chreu incwm preifat sy'n rhoi dros £3 am bob £1 sydd yn cael ei dderbyn gan y Llywodraeth. Mae'r arian ychwanegol, yn ogystal â chyfrannu'n uniongyrchol at economi Cymru, yn arwain at gynydd yn y defnydd o'r Gymraeg ar hyd a lled Cymru.
5. Mae'r toriad arfaethedig o £1,685,000 i'r Gymraeg yn y gymuned, sef 19.5% o ostyngiad o'i gymharu â llynedd², yn un o'r toriadau mwyaf i unrhyw gyllideb o ran canran.

¹Gwerthusiad o draweffaith economaidd a diwylliannol Canolfan Soar, Merthyr Tudful, Arad Research, Gorffennaf 2015

² tudalen 14, <http://gov.wales/docs/caecd/publications/151208-budget-tables-cy.pdf>

6. Mae cyllideb y Gymraeg yn y gymuned yn cyfateb i wariant o 4 ceiniog yr wythnos ar gyfer pob person sydd yn byw yng Nghymru³. Nid ydym yn grediniol bod hyn yn ddigon o fuddsoddiad i sicrhau twf yn nefnydd y Gymraeg a gwireddu strategaethau uchelgeisiol y Llywodraeth i feithrin dwyieithrwydd fel norm yng Nghymru. Dengys cyfrifiad 2011, nad oes amser i laesu dwylo wrth weithredu er budd y Gymraeg gan bod niferoedd a'r chanrannau sydd yn defnyddio'r Gymraeg yn parhau i ostwng. Ni fydd modd gweithredu ar a chyflawni hynny hyd oni cheir adnoddau digonol.
7. Mae buddsoddiad yn y Gymraeg yn fuddsoddiad tymor hir. Safbwynt a rennir gan gynllunwyr iaith ac academyddion dros y byd. Ochr yn ochr â'r buddsoddiad tymor hir hwn mae'n rhaid cynllunio strategol dros y tymor hir er mwyn gallu gwireddu llawn potensial prosiectau i hyrwyddo'r Gymraeg.
8. Rydym o'r farn bod angen diwygio'r ffordd y dyrennir cyllid i gyrrff sy'n hyrwyddo'r Gymraeg, gan fod y system bresennol yn ei wneud yn gynyddol anos i gynllunio'n strategol tuag at Gymru wirioneddol ddwyieithog. Mae'r toriadau arfaethedig yn arwydd o ddiffyg cynllunio hirdymor ar gyfer y Gymraeg ac yn adlewyrchiad o'r ffordd y mae sefydliadau yn cael eu gorfodi i weithio, sef cynllunio dros y tymor byr ac ar adnoddau prin. Nid yw gweithredu yn y modd hwn yn mynd i olygu y bydd y Gymraeg yn ffynnu yn y dyfodol.
9. Nid ydym yn credu bod digon o adnoddau yn cael eu neilltuo ar gyfer gwireddu nodau ac amcanion Llywodraeth Cymru ar gyfer y Gymraeg. Mae agwedd Llywodraeth Cymru yn galonogol iawn tuag at y Gymraeg, ond er mwyn gwireddu'r strategaethau, deddfau a pholisïau sydd yn trafod y Gymraeg, mae angen sicrhau adnoddau digonol er mwyn cyrraedd nodau'r strategaeth.
10. Teimlwn yn gryf fod angen inni anelu tuag at bennu cyllid penodol o 1% o gyllideb y Llywodraeth ar gyfer y Gymraeg, ffigwr tebyg i'r hyn a fuddsoddir yn yr iaith Fasgeg yng Nghymuned Awtomaid Gwlad y Basg, ardal sydd yn debyg o ran demograffeg iaith a phoblogaeth i Gymru, ond ardal sydd wedi profi cynnydd cyson yn nifer a chanran siaradwyr dros y degawdau diwethaf⁴. Nid oes rhaid pennu cyllideb y Gymraeg gan un adran yn unig, yn anorfod mae dyletswydd ar holl adrannau'r llywodraeth i gynllunio traws-adrannol; a thraws-bortffolio dros y Gymraeg.
11. Mae Bil Llesiant y Dyfodol yn cynnwys y Gymraeg fel un o'r saith prif flaenoriaeth, gyda'r nod o weld 'Cymru â diwylliant bywiog lle mae'r Gymraeg yn ffynnu'. Mae hyn yn cael ei fesur gyda'r 'Pobl sy'n defnyddio'r Gymraeg yn eu bywydau beunyddiol' ac mae angen cyllid digonol i'w wireddu.
12. Mae buddsoddi yn y Gymraeg - er mwyn cryfhau ei seiliau, gwella sgiliau pobl, cynyddu defnydd a chydabyddiaeth o sgiliau iaith yn enghraifft berffaith o'r cysyniad o wariant ataliol. Os nad ydym yn buddsoddi yn y Gymraeg, ar draws sectorau ac ar draws meysydd portffolio nawr, bydd yn anodd os nad yn amhosib adfer y Gymraeg yn y sfferau cymunedol a chymdeithasol yn y dyfodol, ac bydd yn costio llawer mwy i geisio gwneud hynny.
13. Credwn fod modd gweld buddsoddi yn y Gymraeg fel gyrrwr economaidd. Yn hanesyddol cafwyd diffyg mewn gwasanaethau hanfodol yn y Gymraeg oherwydd ei statws. Mae modd defnyddio'r gwacter hwn i greu gwasanaethau a swyddi newydd.
14. Fel cenedl, nid ydym mewn sefyllfa i aros am ddyddiau economaidd gwell i fuddsoddi yn y Gymraeg. Rydym yn cydnabod yn llawn ein bod yn wynebu hinsawdd economaidd anodd ond ar yr un pryd mae rhaid inni gydnabod bod

³ poblogaeth Cymru yn ôl cyfrifiad 2011

⁴ Towards a Renewed Agreement, BASQUE LANGUAGE ADVISORY BOARD, Vitoria-Gasteiz 2009

yr iaith Gymraeg yn wynebu heriau difrifol wrth fodoli ochr yn ochr ag un o'r ieithoedd mwyaf dylanwadol yn y byd. Y mwyaf mae'r Gymraeg yn colli tir fel iaith ein teuluoedd, ein cymunedau a'n pobl ifanc, y mwyaf o fuddsoddiad fydd angen yn y pendraw i adfer y sefyllfa, ac fe fyddai'n anodd iawn, os nad yn amhosib, i'w hadennill yn y dyfodol.

15. Mae'n fater o bryder gennym y bydd effaith negyddol ar y Gymraeg yn sgil y gyllideb hon.

Mae cyfyngiadau ar y ddogfen hon



Cadeirydd y Pwyllgor Cyllid
Cynulliad Cenedlaethol Cymru
Bae Caerdydd
Caerdydd
CF99 1NA

7/1/2016

Annwyl Jocelyn Davies

Hoffwn gyflwyno'r dystiolaeth ganlynol mewn ymateb i ymgynghoriad y Pwyllgor Cyllid ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2016 – 17.

Gan edrych ar ddyraniadau cyllideb ddrafft 2016-17, a oes gennych unrhyw bryderon o safbwynt strategol a chyffredinol, neu ynglŷn ag unrhyw feysydd penodol?

Rwyf wedi derbyn toriadau ariannol i'm cyllideb dros y 2 flynedd diwethaf, gyda thoriad pellach ar gyfer y flwyddyn ariannol nesaf. I'w chymharu â chyllideb o £4,100,000 ar gyfer 2013-14, derbyniwyd toriad o £410,000 (10%) ar gyfer 2014-15 a thoriad o £300,000 (8%) ar gyfer 2015-16. Er nad yw cyllideb drafft Llywodraeth Cymru yn nodi'n benodol beth fydd y gyllideb ar gyfer 2016-17, derbyniais lythyr gan y Prif Weinidog ar 23 Rhagfyr yn fy hysbysu o doriad arall o 10%. Byddai hyn yn doriad pellach o £339,000, gan adael cyllideb flynyddol o £3,051,000. Golyga hynny bydd y sefydliad wedi derbyn toriadau mewn termau ariannol o 26% mewn 3 blynedd (32% mewn termau real ar ôl ystyried effaith chwyddiant).

Pa ddisgwyliadau sydd gennych o gynigion cyllideb ddrafft 2016-17? Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2016-17, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer y blynyddoedd sydd i ddod?

Er mwyn lliniaru effaith y toriadau nododd y Prif Weinidog yn ei lythyr ataf ar 23/12/2015 y byddai £150,000 yn ychwanegol ar gael ar gyfer 2015-16 er mwyn fy ngalluogi i rag-

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Comisiynydd y
Gymraeg
Welsh Language
Commissioner

gynllunio a gosod seiliau ar gyfer y rhaglen dreigl heriol sydd i ddod yng nghyswllt Safonau'r Gymraeg. Gwnaed hyn yn sgil darparu papur safbwynt iddo am y gofynion sy'n ddisgwyliedig arnaf fel Comisiynydd ac oherwydd bod y pwysau o roi'r gyfundrefn safonau ar waith ar ei anterth. Rwyf wedi paratoi amcangyfrif ariannol er mwyn gallu ymateb i ofynion Mesur y Gymraeg. Er ei bod yn bosibl cynllunio'n ddarbodus ar gyfer lleihad mewn cyllideb mewn cysylltiad â rhai agweddau gwaith mae angen cydnabod nad yw nifer yr heriau ar apelâu y gallasai'r Comisiynydd eu derbyn neu fod yn barti iddynt na nifer y cwynion a'r ymchwiliadau gofynnol yn ragweladwy.

Fel a ddigwyddodd yn 2015 – 16, rwy'n dymuno gweld llinell benodol yn y gyllideb derfynol ar gyfer Comisiynydd y Gymraeg.

Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol wrth graffu ar y gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?

Wrth ystyried y Gymraeg fel pwnc llorweddol ni cheisiwyd barn Comisiynydd y Gymraeg mewn cysylltiad â'r nod llesiant ieithyddol wrth baratoi'r gyllideb. Rwy'n ymwybodol y mynegwyd pryderon am doriadau cyllidebol yng nghyswllt gwariant ar y Gymraeg gan fudiadau diddordeb.

Mae croeso i chi gysylltu gyda mi os oes unrhyw fater arall yr hoffech ei drafod.

Yn gywir,

Meri Huws
Comisiynydd y Gymraeg

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Welsh Government Draft Budget proposals for 2016-17

Evidence from the Higher Education Funding Council for Wales (HEFCW)

Introduction

1. HEFCW regulates fee levels at universities, ensures a framework is in place for assessing the quality of higher education and scrutinises the performance of universities and other designated providers. Our role has evolved to pay particular attention to areas where market solutions do not lend themselves eg widening participation to higher education, encouraging and funding part-time enrolments and supporting subjects such as clinical medicine where costs are much higher than tuition fee income.
2. We use resources from the Welsh Government and others to secure higher education (HE) learning and research of the highest quality, make the most of the contribution of HE to Wales's culture, society and economy and ensure, working with Estyn, the provision of accredited teacher training.
3. Higher education makes a major contribution to the economy of Wales, sustains large numbers of high-skilled jobs and provides a substantial short-term return on government investment. It also generates the knowledge and highly skilled employees essential to the medium and long-term growth of the Welsh economy. It can only make this contribution to Welsh economy and society if it receives sufficient investment to retain and develop its core infrastructure and to remain competitive in a UK and international context.
4. In the context of the need for higher education to be competitive within an UK and international market, this submission provides, for context, information on changes which have happened to the funding of higher education in recent years and then indicates the likely consequences of the further cuts which are proposed in the recently published draft budget.
5. We recognise that difficult choices have to be made in terms of public expenditure and that these decisions are the responsibility of Government. We do, though, have a responsibility to provide advice, both to Government and to the Assembly, on the potential consequences of policy decisions. As we illustrate in this submission, we consider that the proposed cuts to the higher education budget threaten to undermine Welsh Government priorities for securing economic growth and the provision of public services, including health care, in Wales.

Summary

6. The bullet points below are the key issues raised in this response to the Finance Committee's consultation on the Welsh Government's Draft Budget proposals for 2016-17.

- Between Academic Year (AY) 2011/12 and AY 2015/16 HEFCW funding to HE providers in Wales has reduced by £216m to £151m on account of the increasing cost of the Welsh Government fee grant for students over that period (see Table 1). By AY 2015/16 the fee grant cost is estimated to be significantly higher than the total funding that HEFCW allocated for full-time undergraduate (FTUG)/PGCE teaching in AY 2011/12 and substantially higher than the original estimated cost (originally estimated to cost 35% of our teaching grant).
- This compares to a reduction in Higher Education Funding Council for England (HEFCE) revenue grant funding for HE providers in England for the same period of 51% (see Table 2). Consequently the HEFCW funding allocated to Welsh HE providers has already been reduced by 10 percentage points more than the equivalent funding for HE providers in England (equating to around £39m less in funding for Welsh HE providers).
- During the same period HEFCE's capital funding has increased by 229% whereas HEFCW capital funding has remained stable at a minimal level with no recurrent teaching capital funding available.
- The comparison in Table 2 of HEFCE and HEFCW funding available to HE providers in England and Wales does not include tuition fee income. Tuition fee income does not need to be taken into account in this comparison as HE providers in both England and Wales are able to charge the same FTUG/PGCE fees of up to £9,000 per student per year.
- HEFCW has already had to make difficult decisions as a consequence and funding reductions have had to be implemented in other areas of strategic priority including innovation, part time provision and strategic funding.
- Whilst the AY 2016/17 HEFCE budget is not yet known the recent Comprehensive Spending Review (CSR) made commitments to protect science and research funding in real terms and whilst there will be further reductions in HEFCE teaching funding the CSR indications do not imply reductions of 32% as proposed in the Welsh Government HE budget.
- The proportion of the fee grant that is paid to HE providers outside Wales has increased each year to a total cost of £89m in AY 2014/15, being approximately 40% of the total fee grant cost for that year. UCAS recruitment reports for AY 2015/16 indicate that the increase in the proportion of Welsh domiciled students studying at UK HE institutions outside Wales has continued.

- Neither HEFCW nor the Welsh Government are able to implement controls to limit the cost of the fee grant paid to HE providers outside Wales.
- If the HE budget is reduced to £88m from April 2016 as proposed our modelling indicates that in AY 2016/17 the Welsh universities' total income from HEFCW funding and the increased fee income under the new regime for all home and EU students¹ will be less than the total HEFCW funding paid to HE providers in AY 2011/12 prior to the introduction of the new fee regime.
- The draft budget for FY 2016-17 would provide funding of approximately £87m to be allocated in AY 2016/17 to Welsh HE providers to invest in strategic priorities. £87m is less than the total fee grant paid in AY 2014/15 to HE providers in the rest of the UK. The equivalent fee grant cost for AY 2016/17 based on current trends is likely to be higher again and consequently the Welsh Government will be paying more in fee grant to HE providers outside Wales than will be invested in recurrent grant funding (excluding fee grant) to HE providers in Wales.
- We have significant concerns that the proposed budget allocations for HE will have a detrimental impact on the capacity of Welsh universities to compete as successfully as they have to date with other UK providers and global competitors in attracting students, both from the UK and International students, in attracting staff and securing research grants and contracts.
- Even in the event of no further funding reductions in FY 15-16 or FY 16-17, and only a 2.5% increase in the fee grant cost in FY 16-17 the HEFCW funding allocation for AY 16/17 would reduce to approximately £126m. This on its own would have been a reduction of £25m (17%) in HEFCW funding.
- HEFCW recurrent funding is allocated mainly to the priority areas of research, part-time provision and expensive subjects (medicine, dentistry and performing arts).
- Universities use HEFCW research funding (QR) as core funding to competitively win some 60% further investment from the Research Councils. Reducing QR will reduce research activity and make Welsh universities and the Welsh economy less competitive.
- Universities use HEFCW part-time funding to keep down the cost of part-time courses, key to widening access to students from disadvantaged backgrounds and delivering high-level skills. The resulting increase in costs of a reduction in HEFCW funding is likely to see recruitment fall dramatically.
- Universities use the expensive subject funding for full-time undergraduate medical, dentistry and performing arts courses which cost more than the maximum fee of £9,000. Reductions in this funding could reduce the capacity

¹ i.e. the fee income over and above the tuition fee payable in 2011/12 of £3,375 with annual increases, for Welsh, EU and rest of UK students.

of Welsh Medical Schools and conservatoire to deliver quality training and attract the best students.

- The CSR confirmed the UK Government's proposals to make postgraduate study loans available to English domiciled students from AY 2016/17 wherever they choose to study in the UK. There is strong competition for postgraduate students and it will be important for Welsh universities to be able to offer similar incentives and funding arrangements to Welsh domiciled students. HEFCW funding to support postgraduate taught provision has been reducing since 2011/12. The proposed budget reduction for FY 2016-17 may mean that no further funding for postgraduate study will be available from HEFCW after AY 2015/16.
- Reductions in the strategic funding available to support Welsh medium provision is likely to halt the development of the Coleg Cymraeg Cenedlaethol's provision and impact on the capacity of HE providers to develop the use of the Welsh language across the full range of their activities.
- The funding reductions will have a differential impact on individual universities and some may find it challenging to manage the financial impact of such large reductions. HEFCW will not have any financial reserves to offer financial support for future financial shortfalls and longer term restructuring.
- The absence of general capital funding for HE in Wales and lower financial surpluses already means that Welsh universities have a more limited ability to invest in their estate than their UK counterparts. Any investment must be funded through commercial borrowing, with implications for universities' capacity to repay their borrowings when due if HE funding is reduced further.
- A reduction of HEFCW funding of approximately £52m from AY 2015/16 to AY 2016/17 along with increasing staff overhead costs is likely to impact on universities' ability to plan in the mid to long term and could lead to a higher number of fixed-term contract roles and a modest estimate of more than a thousand job losses.
- Higher education is a major economic contributor and industry in itself and generates some £2.4bn of Welsh Gross Value Added (GVA) (equivalent to 4.6% of the Welsh total) and creates almost 50,000 jobs in Wales (3.4% of the Welsh total), with a quarter of the GVA (£597m) and jobs (11,783) created by Welsh universities being in parts of Wales that do not have a university on their doorstep. Consequently the proposed funding reductions for HE will not only have an impact on the universities and their local communities but more widely throughout Wales.

What in your opinion has been the impact of the Welsh Government's 2015-16 budget?

7. Table 1 below summarises the funding allocations made by HEFCW to HE providers in Wales since the Academic Year ending 31 July 2012 (AY 2011/12). The new fee arrangements for full-time undergraduate and PGCE students (FTUG/PGCE) were introduced in AY 2012/13 and, since then, an increasing proportion of the HEFCW budget has been allocated to cover the fee grant cost² for Welsh and EU domiciled students studying in Wales and Welsh students studying in the rest of the UK.
8. From 1 April 2015 a decision was taken by the Minister to transfer the fee grant cost from the HE budget to the post 16 support budget, and consequently the HE budget was reduced substantially in the Welsh Government Financial Year ending 31 March 2016 (FY 2015-16). In addition, the transfer of funding for the fee grant from HEFCW to the Welsh Government also meant that we were no longer able to apply the fee grant cost controls that we had developed since AY 2013/14 to manage some of the unintended consequences of the new fees and funding regime³. Since the introduction of the new fee regime in AY 2012/13, student number controls only operated in 2012/13, being replaced in 2013/14 by the maximum fee grant arrangements. The maximum fee grant controls that we introduced could only be applied to Welsh universities. HEFCW could not apply similar controls to the fee grant cost paid to HE providers outside Wales and therefore neither we nor the Welsh Government have ever been able to implement controls to limit the cost of the fee grant paid to HE providers outside Wales.

Table 1

HEFCW allocations AY £m	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Teaching FT UG/PGCE	209	81	48	15	15	
Research	76	76	76	78	79	
Teaching Part Time (PT) UG	35	39	33	31	27	
Postgraduate Taught (FT and PT)	16	16	15	7	7	
Innovation Strategic Funding	7	8	3	2	-	
Strategy and Initiative allocations	24	37	35	29	23	
Total allocations to HE providers	367	258	211	162	151	87

² This fee grant (a non-repayable grant towards fees for students from Wales wherever they study in the UK) cost represents the difference between the tuition fee cost in 2011/12 and the increased tuition fee from 2012/13, up to maximum fee of £9,000, for FTUG/PGCE students.

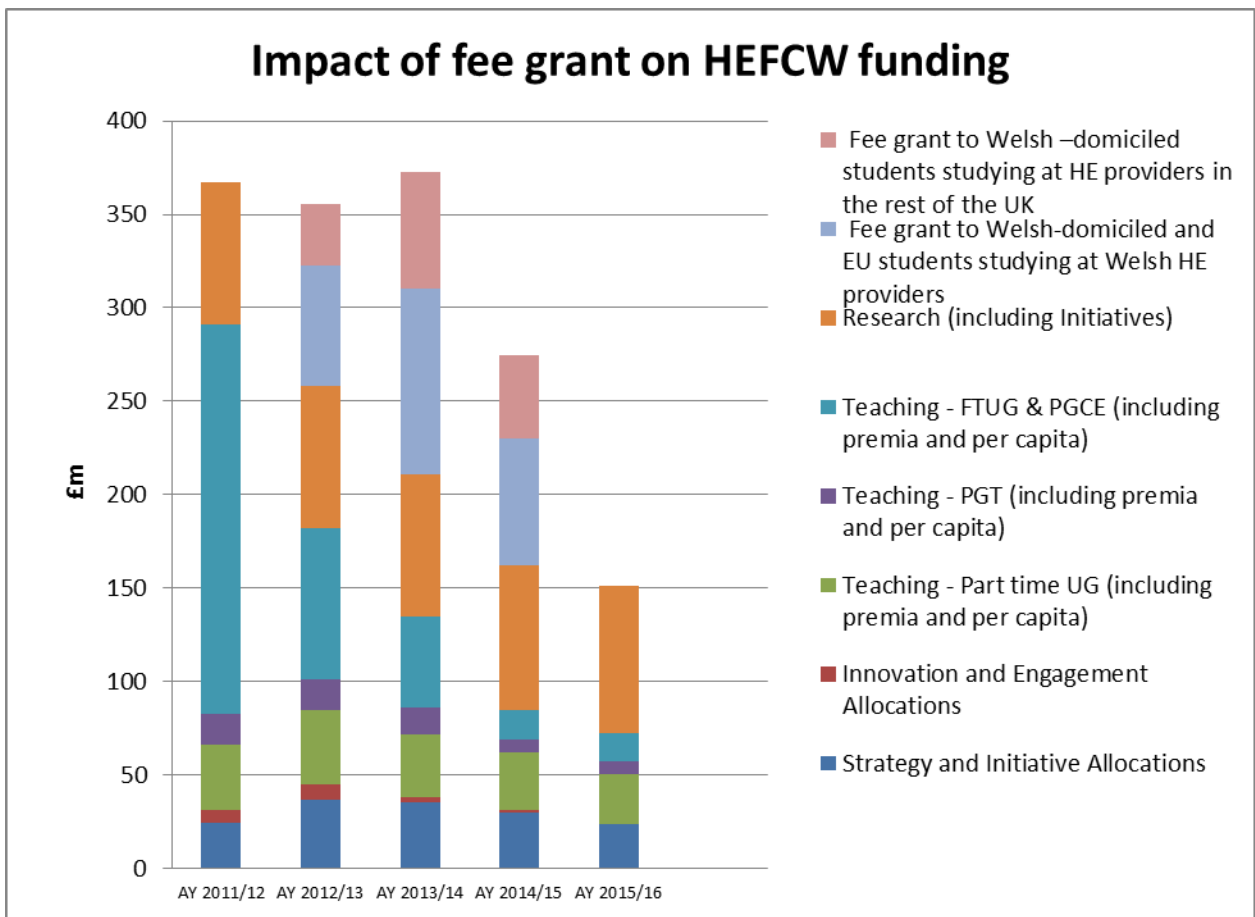
³ Circular [Maximum Fee Grant Arrangements 2013/14](#) (W12/38HE) refers.

Fee grant payments to Welsh HE providers	-	65	99	67	-	-
Fee grant payments to other UK HE providers	-	33	62	45	-	-
Total Fee grant cost	-	98	161	112	-	-
Total funding allocation	367	356	372	274	151	87

Note:

1. The allocations for AY 2011/12 to 2014/15 in table 1 represent the actual recurrent payments made from HEFCW Grant in Aid for those years. The allocation for AY 2015/16 is based on our latest estimates of allocations for that year and the total funding available for AY 2016/17 of £87m is based on the funding proposed in the Welsh Government FY 2016-17 budget.

2. Strategy and Initiative allocations comprised mainly funding for reconfiguration and collaborations including the mergers to form the University of South Wales (USW) and the University of Wales Trinity Saint David (UWTSD) as well as funding for the Coleg Cymraeg Cenedlaethol.



9. Between AY 2011/12 and AY 2015/16 the HEFCW allocations to Welsh HE providers have fallen by £216m as a result of the increasing cost of the fee grant over that period. By AY 2015/16 the fee grant cost was significantly higher than the total funding that HEFCW allocated for FTUG/PGCE teaching in AY 2011/12

and substantially higher than the original estimated cost (originally estimated to cost 35% of our teaching grant). As a consequence, funding reductions have had to be implemented in other areas of strategic priority including innovation, part-time provision and strategic funding.

10. Table 2 below summarises the revenue funding available for HEFCW and HEFCE to allocate between AY 2011/12 and AY 2015/16 and provides a comparison of the relative revenue funding reduction borne by Welsh higher education providers compared to those seen by HE providers in England to date. Whilst the AY 2016/17 HEFCE budget is not yet known the recent Comprehensive Spending Review (CSR) made commitments to protect science and research funding in real terms and whilst there will be further reductions in HEFCE teaching funding the CSR indications do not imply reductions of 32% as proposed in the Welsh Government HE budget.
11. The comparison in Table 2 below does not include tuition fee income. Tuition fee income does not need to be taken into account in this comparison as HE providers in both England and Wales are able to charge FTUG/PGCE fees of up to £9,000 per student per year.

Table 2

HEFCE and HEFCW funding 2011/12 and 2015/16 excluding capital

	Funding category	Funding allocated to institutions (£m)					Change 2011/12 to 2015/16	Percentage change 2011/12 to 2015/16
		2011/12	2012/13	2013/14	2014/15	2015/16		
HEFCE	Teaching	4,317	3,233	2,325	1,582	1,320	-2,997	-69%
	Research	1,558	1,558	1,558	1,558	1,506	-52	-3%
	HE Innovation Fund (HEIF)	150	156	160	160	160	10	7%
	Other	237	177	149	143	102	-135	-57%
	Total	6,262	5,390	4,472	3,443	3,088	-3,174	-51%
HEFCW	Teaching	260	137	94	53	52	-209	-80%
	Research	77	77	77	77	76	0	-1%
	Innovation & Engagement Fund (IEF)	9	11	6	0	0	-9	-100%
	Other	39	35	39	28	23	-16	-42%
	Total	385	259	215	158	151	-234	-61%

Source: HEFCE website, HEFCW annual reports, HEFCW's funding allocations circular. Fee grant payments and estimates for AY 2015/16 are excluded from the HEFCW figures. HEFCE figures are taken from early summary of allocations adjusted by final allocation documents.

Note: During the same period HEFCE's capital funding has increased by 229% whereas HEFCW capital funding has remained stable at a minimal level with no capital funding available for teaching.

12. The reduction in HEFCW funding allocations between AY 11/12 and AY 15/16 (based on the published funding for AY15/16) is £234m, a reduction of 61%. This compares to a reduction in HEFCE revenue funding for the same period of 51% after taking account of the in-year funding reduction to HEFCE announced in July 2015. Consequently the HEFCW funding allocated to Welsh HE providers has already been reduced by 10 percentage points more than the equivalent funding for HE providers in England (equating to around £39m less in funding for Welsh HE providers compared to HE providers in England).
13. Whilst the reduction in HEFCW funding has been partly offset by the increased fee for FTUG/PGCE students at Welsh HE providers since AY 2012/13 it is worthy of note that the proportion of the fee grant that is paid to HE providers outside Wales has increased each year to a total cost of £89m in AY 2014/15 being approximately 40% of the total fee grant cost for that year. UCAS recruitment reports for AY 2015/16 indicate that the increase in the proportion of Welsh domiciled students studying at UK HE institutions outside Wales has continued and this trend is unlikely to change unless HE providers in Wales are seen as being equivalent to their competitors in the rest of the UK in terms of funding and facilities and other support available for students.
14. The capacity for Welsh universities to continue to earn income from non-government sources, and thereby to sustain or increase their current economic contribution to Wales, depends essentially on their capacity to attract high quality staff and good students. They need to be able to do so in the context of a highly competitive UK and international market. Key to this is their competitive position vis-à-vis England, which is why the relative funding levels between England and Wales are so significant.
15. The financial statements for the year ended 31 July 2014 indicate that, overall, the income of Welsh universities has increased by approximately 8% since 2011/12. However, most of that increase derives from competitively won research grants, other commercial activities such as consultancy and recruitment of overseas students. There has been an increase in fee income from UK students since the introduction of the new fee regime in 2012/13; however, this increase is lower than previously anticipated and, for each UK student, a substantial proportion of the increased fee income has to be spent on their teaching provision as well as fee plan commitments. Overall the proportion of Welsh universities' total income that comes from Funding Council grants and fees for UK students has stayed largely unchanged at 54% in 2011/12 and 53% in 2013/14.
16. If the HE FY budget is reduced as proposed to £88m from April 2016 our modelling indicates (based on reasonably generous assumptions in terms of continuing growth in student recruitment and fees for Welsh HE providers) that in AY 2016/17 the Welsh universities' total income from HEFCW funding and the increased fee income under the new regime for all home and EU students⁴ will

⁴ i.e. the fee income over and above the tuition fee payable in 2011/12 of £3,375 with annual increases, for Welsh, EU and rest of UK students.

be less than the total HEFCW funding in AY 2011/12 prior to the introduction of the new fee regime.

17. The FY 2015-16 budget was a challenging budget for HE providers in Wales and difficult decisions had to be made by HEFCW in allocating funding to areas of strategic priority and in order to respond to our Ministerial remit. As most undergraduate and PGCE full-time students had transitioned to the new fee regime (introduced in AY 2012/13) by AY 2014/15, it was assumed that there would not be a need for significant further reduction to be made to the HE funding allocations in FY 2016-17. HEFCW funding is allocated to HE providers for academic years starting in August and ending in July. The academic year is the same as the financial year for HE providers and consequently they prepare their financial statements for the 12 months ending 31 July. The Welsh Government budget provides funding to HEFCW based on the Welsh Government financial year (FY) ending 31 March, therefore the allocations to HE providers for academic year (AY) 2015/16 include funding from the first four months of the FY 2016-17 budget (April to July 2016). The HEFCW allocation to HE providers for AY 2015/16 was based on an assumption that the level of funding for HE for FY 2016-17 would be similar to the FY 2015-16 budget subject to a reduction equivalent to an increase in the fee grant cost of 2.5%. This provided an assumed budget for FY 2016-17 of £119m. The draft budget for FY 2016-17 is significantly lower than this at £88m and may require significant in-year funding reductions to be made to the sector in the current academic year 2015/16 as well as next year.

Looking at the draft budget allocations for FY 2016-17, do you have any concerns from a strategic, overarching perspective, or about any areas?

18. The proposed budget allocation for HE for FY 2016-17 is a £41m reduction in the funding available for allocation to HE providers in Wales. This represents a funding reduction of 32% between FY 2015-16 (£129m) and FY 2016-17 (proposed budget of £88m). It is generally sensible to avoid applying late in-year cuts to funding for HE providers. If the Council were to seek to avoid applying an in-year cut in AY 2015/16, all the impact of this proposed FY 2016/17 cut would have to be applied to AY 2016/17, which would represent a 40% cut (approximately £52m) between AY 2015/16 and 2016/17.
19. We have significant concerns that the proposed budget allocations for HE will have a detrimental impact on the capacity of Welsh universities to compete as successfully as they have to date with other UK providers and global competitors in attracting, supporting and retaining students, both from the UK and international students, in attracting staff and in securing research grants and contracts. We have set out below how our funding for AY 2015/16 was allocated between the Welsh Government priority areas:

AY 2015/16 Funding Allocations	£m	% of total funding
Quality Research (QR) & Postgraduate Research (PGR)*	79.4	53%
Part-time Teaching - Postgraduate Taught (PGT) & Undergraduate (UG)**	35.2	23%
Expensive Subjects	15.1	10%
Other Strategic Funding	21.4	14%
Total Allocations AY 2015/16	151.1	

* includes Sêr Cymru I & II,

**includes Open University mitigation funding

20. The FY 2015-16 funding available for allocation to HE institutions will amount to £122.5m once the maximum estimate of the fee grant cost has been taken into account. There is a final adjustment proposed to the HE budget to reflect the higher fee grant cost. We understand that this adjustment, which will reduce the HE budget for FY 2015-16 by £4.1m and increase the Post-16 support cost budget by the same amount, will be reflected in the supplementary budget for FY 2015-16.
21. In determining the funding allocation for AY 2015/16 our assumption was that there would not be further funding reductions in the HE allocation other than as a consequence of increases in the fee grant cost. We assumed that the fee grant cost would increase by 2.5% to take account of additional costs for courses that have a duration of more than 3 years and some growth in the average fee charged. Even in the event of no further reductions in funding in FY 15-16 or FY 16-17, and only a 2.5% increase in the fee grant cost in FY 16-17 (which itself amounts to £6m) the HEFCW funding allocation for AY 16/17 would have reduced to approximately £126m. This on its own would have been a reduction of £25m (17%) in HEFCW funding.
22. Some of this £25m reduction in funding was anticipated to come from areas of non-recurrent funding which could not be extended beyond AY 2015/16 due to the funding position and from areas where contractual commitments were due to end. These non-recurrent funding streams include the Strategic Development Fund (which has been used to support the mergers at the University of South Wales (USW) and the University of Wales Trinity Saint David (UWTSD) as well as to provide transitional funding for Glyndŵr University to enable them to appoint an interim executive to stabilise the University), funding for UHOVI⁵, strategic funding and funding support for the Coleg Cymraeg Cenedlaethol. The ending or reduction of these funding streams would allow us to reduce funding allocations by £12m in AY 16/17 with the balance of funding reductions of £13m having to come from the remaining recurrent funding for the priority areas of research, part-time provision and funding for expensive subjects which are medicine, dentistry and performing arts. A £13m reduction would have represented a 10% reduction compared to the AY 2015/16 total recurrent funding. However the draft budget for FY 2016-17 implies a much higher

⁵ UHOVI is delivered by the University of South Wales and provides opportunities to study in communities in the heads of the valleys areas.

reduction and would provide funding of only £87m to be allocated in AY 2016/17 for these strategic priorities. £87m is less than the fee grant cost for AY 2014/15 paid to HE providers in the rest of the UK. The equivalent fee grant cost for AY 2016/17 based on current trends is likely to be higher again and consequently the Welsh Government will be paying more in fee grant to HE providers outside Wales than it invests in recurrent grant funding (excluding fee grant) in HE providers in Wales.

23. We're aware that approximately £22m of the funding reduction is accounted for as a transfer to the fee grant budget and, based on current trends from UCAS data, we can expect that more than 40% of this funding will leave Wales as fee grant for Welsh domiciled students studying outside Wales. However, the forecasts for these costs are very difficult to predict at this stage and we believe that the assumptions and forecasts that support the fee grant budget should be further reviewed before the final budget is determined and that there is some flexibility built into the budget such that any underspend in the fee grant budget can be retained in the HE budget line.
24. HEFCW recurrent funding is allocated mainly to the priority areas of research, part-time provision and expensive subjects (medicine, dentistry and performing arts).

Research

25. The funding allocation table above for AY 2015/16 shows that 53% of HEFCW's budget is currently allocated in support of research activity. HEFCW has up to now given priority to protecting QR (and Postgraduate Research, known as PGR) in the face of an increasing FTUG/PGCE fee grant commitment. This is in a context where, as a proportion of the total recurrent research funding made available by the UK HE funding bodies, the share made available to Wales via HEFCW's QR is already falling. Wales' proportion of total UK QR funding dropped from 4.3% in AY 2007/08 to 3.9% in AY 2013/14.
26. The consequences that would result from a reduction in QR funding are as follows:
 - *A decline in external (Research Council) investment*
27. Research funding (QR) underpins the dual support system for research in Wales. QR equivalent funding is allocated by all the other UK higher education funding bodies to underpin the UK wide operation of the dual support system⁶ for investment in research. Our QR investment facilitates the capture of more than 60% more funding for Welsh universities from the UK Research Councils. Additionally it facilitates the capture of around 180% more funding from sources other than the Research Councils, including UK industry, UK central government and the EU.

⁶ Dual support system is where HE funding bodies such as HEFCW provides research funding in the form of a block grant to support the research infrastructure, while other bodies such as Research Councils provide grants for specific projects.

28. However, attracting external research income is an extremely competitive process, whereby universities in Wales compete against the very best across the UK and in Europe. The availability of QR is essential to underpin bids submitted by universities in Wales by funding high quality researchers, facilities and equipment. Reducing QR would therefore directly impact on research activity at Welsh universities, with implications for the competitiveness of Wales' leading universities, and for the delivery of the Welsh Government's own commitment regarding Welsh Higher Education research income⁷.

- *Substantial damage to the Welsh research environment*

29. Welsh universities performed strongly in the UK-wide Research Excellence Framework (REF2014). More than three-quarters (77%) of the research submitted by universities in Wales in 2014 was assessed as world-leading or internationally excellent, compared to just under half (49%) in 2008. Moreover, 49% of the research submitted was judged to be world-leading in terms of its impact in life beyond academia, compared to 44% across the UK as a whole. Wales had previously been commended⁸ for the efficiency of its research base, with a warning that the relatively low investment in its research base is not sustainable. This was also seen in REF2014, where universities in Wales were below the UK benchmark in relation to the research environment element of the assessment. Any reduction in the underpinning support HEFCW provides via QR funding would be detrimental to the ability of universities to invest in a quality research environment and would jeopardise their performance in future REF exercises.

- *Undermining of the delivery of Welsh Government's strategies for research and innovation*

30. The Welsh Government's innovation strategy, Innovation Wales⁹ has established Wales' Smart Specialisation approach on the strengths of its academic research base. A reduction in funding would therefore have implications for Wales' research and innovation base and economic development, as university research supports the provision of jobs and economic growth in Wales. This would impact significantly on the ambition for Wales of being a 'small and clever country' and the ambition of increasing the country's economic output as measured by GVA. Further, the Welsh Government is currently leading a bid to BIS to undertake a Science and Innovation Audit, based on evidence of identified world-leading research and technology strengths and fit with current strategic investments. These Audits will help drive future investment by the UK Government. A reduction in the funding of the underpinning research base in Wales could have implications for the ability of our universities to compete in UK-wide competitions such as the UK Research Partnership Investment Fund.

⁷ Programme for Government, Education, Improving Further and Higher Education includes the indicator: "measure Welsh HE research income derived from competitive sources, as a percentage of the UK total".

⁸ [International Comparative Performance of the Welsh Research Base 2013](#)

⁹ [Innovation Wales](#)

31. HEFCW's funding allocation currently includes commitments to two Welsh Government programmes: Sêr Cymru I aims to build upon and enhance research capacity in Wales by supporting research stars and National Research Networks; Sêr Cymru II will focus on attracting talent at mid-career stage by funding a cohort of Senior Research Fellows. Both programmes provide investment in the research base that will enable universities to secure additional external, competitively-won research funding to Wales from UK Research Councils and the European Union.
32. HEFCW's decision to co-fund Sêr Cymru II was made on the basis of the fact that it will help to lever additional European funding into the HE sector. However, the Sêr Cymru programme (and other Welsh Government strategic investments in Welsh universities' research and innovation capacity, such as e.g. SMART Expertise, Health and Care Research Wales) are intended to build on and strengthen the existing capacity within the sector, ie they build on core infrastructure within our universities provided by HEFCW's QR and PGR. A reduction in the underlying QR/PGR funding would be damaging to current and planned Welsh Government investments but will be very difficult to avoid with the current funding proposed in the FY 2016-17 budget.
33. If we were to maintain the current levels of funding for QR, PGR and Sêr Cymru in the context of the significant funding reduction proposed in the draft budget for FY 2016-17, this would leave approximately £8m to allocate for the other strategic priorities: part-time provision, expensive subjects and strategic allocations such as the Coleg Cymraeg Cenedlaethol. In AY 2015/16 these other strategic priorities had funding of over £70m in total. The following paragraphs deal with the consequences of funding reductions to these key areas.

Part-time provision

34. If there are further reductions in part-time funding it would no longer be feasible to expect the sector to keep part-time fee levels at rates equivalent to those charged in AY 11/12. It is then likely that part-time recruitment to Welsh HE providers will start to fall as dramatically as it has in England. The report prepared by the Wales Institute of Social and Economic Research, Data and Methods (WISERD) to inform Sir Ian Diamond's review of Higher Education Funding and Student Finance Arrangements in Wales, provides further evidence of the challenges faced by providers of part-time HE ([WISERD part-time report](#)). A reduction in part-time recruitment will have a detrimental impact on the up-skilling and re-skilling that is essential for delivering the high-level skills required for economic growth. In addition, a reduction in HEFCW funding would also have implications for support of the development of the employability skills of students so that they can make an ever swifter contribution to the Welsh economy. It will also have an adverse impact on widening access to HE as part-time learning is a key means of opening access to higher education for those from disadvantaged backgrounds. A reduction in part-time provision is likely to impact on work to reduce poverty in areas of multiple deprivation like Communities First areas, where some progress has been made in encouraging entry to higher education and opportunities for upskilling.

Expensive subjects

35. Reducing the remaining expensive subject premium for full-time undergraduate medicine and dentistry provision will adversely affect the capacity of the Medical Schools in Cardiff and Swansea to deliver quality training to meet the requirements of the Health Service in Wales. The expensive subject premium is a contribution towards making up the difference between the higher costs of medical provision and the maximum fee of £9,000. A further reduction in this funding will increase the deficit with the equivalent funding available for medical university provision in England and will reduce the competitive ability of Welsh universities to attract the best medical students. Many medical students stay in the locality of their university when they start in employment. The Welsh NHS needs Welsh Medical Schools that can attract and retain high quality students and medical teaching staff to maintain a flow of new doctors into Wales. A reduction in funding may lead to a perception by students and potential new medical staff that there is less funding available for training in Wales than in other UK medical schools. If this funding premium can no longer be funded from the HE budget then a consequence may be that funding the medical training provision could become a cost of the Welsh Government Health budget and would not therefore represent a real reduction in the Welsh Government expenditure. Funding may then be required to pick up the health consequences of insufficient funding being invested in prevention (ie the training of doctors for Wales). The Health Professional Education Investment Review has proposed some fundamental change including the establishment of a single body to oversee workforce planning, development and commissioning of education and training. There may well be further proposals to be made in view of the changes proposed in England for training nurses. We would not wish to take any decisions that have adverse implications for this priority area, but it is a potential unintended consequence of the significant HE funding reductions proposed in the budget.
36. Reducing the remaining expensive subject premium for higher-cost performing arts provision will impact on the ability of Wales' conservatoire, the Royal Welsh College of Music and Drama, to supply talented individuals for the priority Creative Industries Sector in Wales. We have already had to make very difficult funding decisions in this area of provision as a consequence of the funding reductions to date. The Education Minister has recently commissioned an independent review of conservatoire and performing arts provision in Wales which is due to report by the end of April 2016. We would not want to make decisions about further changes to the funding for this provision in advance of the conclusion of the review but the extent of the proposed budget reduction from 1 April 2016 may mean that further funding changes have to be made.

Strategic allocations

37. A reduction in HEFCW funding would impact on HEFCW and Welsh HE providers' ability to support the Coleg Cymraeg Cenedlaethol and Welsh medium HE, with significant implications for the delivery of the Welsh Government's commitment to strengthen the place of the Welsh language in everyday life. This would impact on the vitality and sustainability of the Welsh language and could in the longer term impact on the capacity of the public sector to meet Welsh Language Standards. AY 2016/17 is the final year of the Coleg's funding package and it will be reliant on some level of support from HE providers, which

is currently under discussion in the context of the Diamond Review outcomes from AY 2017/18 at the earliest. This position would be made more difficult if Coleg funding were to be necessarily cut or removed in AY 2016/17.

Postgraduate funding proposals

38. The CSR confirmed the UK Government's proposals to make postgraduate study loans available to English domiciled students wherever they choose to study in the UK. The precise details of the scheme are yet to be finalised but are expected to be in place for the AY 2016/17 intake. Welsh Government officials are currently working with Universities Wales to try to have a similar scheme in place for Welsh domiciled students though initially it may be limited to postgraduate students at Welsh universities. There is strong competition for postgraduate students and again it will be important for Welsh universities to be able to offer similar incentives and funding arrangements to those available in England if they are to maintain their competitive position. HEFCW funding to support postgraduate taught provision has been reducing since 2011/12 (as shown in table 1) and currently funding is only provided for part-time postgraduate taught students in AY 2015/16. However the proposed budget reduction for FY 2016-17 may mean that no further funding for postgraduate study will be available from HEFCW after AY 2015/16.

Differential impact on sustainability of individual HE providers

39. The current funding model for the recurrent funding streams for QR, part-time and expensive subjects provides differential funding between the universities linked to the strategic priorities of each funding stream and each university's capacity to respond to those priorities.
40. Over 80% of the AY 2015/16 funding is allocated as recurrent funding, with Cardiff University receiving the largest proportion of this (45%) followed by Swansea University (15%), the University of South Wales (11%) and the Open University in Wales (8%). Glyndŵr and Cardiff Metropolitan Universities have the lowest proportions at 3% and 2% respectively.
41. There are significant differences in the capacity of Welsh universities to manage the consequences of a further funding reduction. Glyndŵr University is in the process of completing the implementation of a sustainable strategic plan. However, the scale of the University is such that it has very limited capacity to absorb and manage further funding reductions in the short term. There are other universities also forecasting deficit budgets or break even positions this year and currently implementing strategic changes to address them but further funding reductions would adversely affect those plans.
42. HEFCW will no longer have any unallocated funding from AY 2016/17 to provide short term financial support, such as cashflow support, or transitional restructuring funding and consequently will have very limited capacity to manage the potential consequences of a university falling into significant financial difficulties.
43. The majority of Welsh universities either have borrowings in place or are in the process of entering into new borrowings commitments over the next year or so and a significant further reduction in HEFCW funding could have an adverse

impact on their ability to secure borrowing and/or to service the debt. In addition, the price of commercial loans, in terms of the interest rate charged, reflects the extent of confidence that commercial lenders have in the underlying financial base of universities. Reductions therefore also threaten to make commercial borrowing more expensive in future. In the absence of capital funding from the Welsh Government, universities in Wales need to borrow funds to invest in their infrastructure to be able to respond to the expectations of students, maintain league table positions and remain competitive in a UK/global student recruitment market. There are instances where some universities arguably have more building space than they need. This does not mean, however, that they have no need for capital investment. Typically, such spaces are no longer fit for purpose, or arise from maintaining listed, iconic buildings. There is often little commercial potential to dispose of such buildings, so capital investment is required to address the challenges of under-invested estate.

44. It is essential that Welsh universities remain competitive within the UK sector as the sustainability of the current fees and funding arrangements depend on Welsh universities being able to attract students from the rest of the UK. The absence of general capital funding from HEFCW and lower financial surpluses already means that Welsh universities have a more limited ability to invest than their UK counterparts. Any investment must be funded through commercial borrowing, with implications for university finances if HE funding is reduced further.

Job losses as a consequence of funding reductions

45. There will be significant staffing implications for Welsh universities as a consequence of any further funding reductions. If the funding available for HEFCW to allocate in AY 2016/17 is reduced to £87m as proposed in the draft budget this would represent a total reduction of £64m compared to the AY 2015/16 allocation of £151m. As already indicated about £12m of this reduction had already been anticipated and would lead to the end of the Strategic Development Fund (restructuring funding) and some strategic initiatives which would not necessarily lead to job losses when the funding ends. However the remaining funding reduction of £52m is inevitably going to lead to job losses as universities, as financially responsible charitable organisations, will have to reduce their costs to manage within the lower funding allocations available to them. Based on average staff costs for Welsh HE providers a reduction of £52m could give rise to job losses of approximately 1,150 full time equivalent (FTE) jobs¹⁰ in Wales.
46. It should be noted that, as the above figures represent FTE jobs, they may represent an under-estimate of the total number of jobs that may be impacted as a result of a funding reduction.
47. In addition to the cost pressures on the sector resulting from such a cut in the HEFCW budget, the impact on sector staffing will be compounded by a range of significant financial pressures over the next few years resulting from unavoidable staff cost increases due to salary, national insurance and pension cost increases. Taken together, the above figures for potential impact on sector jobs may be an under-estimate.

¹⁰ Staff costs and FTE numbers from published 2013/14 financial statements for Welsh universities.

48. Such significant funding reductions and consequential job losses in the sector, and potentially at stakeholders working with HE providers, will damage the prospects for providing good jobs and economic growth in Wales at a time when the GVA per head in Wales is lower than in England and Scotland by approximately £7.5k and £5.5k per annum respectively ([ONS GVA report](#))
49. Universities have an economic impact on their communities and wider stakeholders that is much more significant than just their role as large and responsible employers. The recent report prepared by Viewforth Consulting ([Economic Impact Summary report](#)) concludes that higher education is a major economic actor and industry in itself and generates some £2.4bn of Welsh GVA (equivalent to 4.6% of the Welsh total) and creates almost 50,000 jobs in Wales (3.4% of the Welsh total). The report includes an extended analysis of the economic impact of Welsh universities across all the regions of Wales. This work found that every area of Wales benefits from the 'knock-on' effects of Welsh universities, regardless of whether they have a local university presence. Through the construction of a Wales-specific model, Viewforth Consulting have been able to demonstrate how economic impact flows further afield from areas that do not have a university through "ripple effects", with a quarter of the GVA (£597m) and jobs (11,783) created by Welsh universities being in parts of Wales that do not have a university on their doorstep. Consequently the proposed funding reductions for HE will not only have an impact on the universities and their local communities but more widely throughout Wales.
50. The impact assessment information that supports the draft budget does not provide details of the assessment made of the impact of the budget reduction on individual universities and their wider communities and stakeholders. Whilst we agree that it is important to focus on the impact of the HE budget decisions on students this cannot be fully considered without assessing the impact on the HE providers themselves.



Carers Trust Wales response to the Finance Committee call for information – Welsh Government draft budget proposals for 2016-17

05 January 2016

About Carers Trust Wales

Carers Trust Wales welcomes the opportunity to respond to the Finance Committee's call for information on the Welsh Government draft budget proposals for 2016-17. Carers Trust Wales is part of Carers Trust, a major new charity for, with and about carers.

Carers Trust Wales works across Wales to improve support, services and recognition for the 370,000 carers in Wales living with the challenges of caring unpaid for a family member or friend who is ill, frail, disabled or has mental health or addiction problems. With our Network Partners, who are local service providers across Wales, we aim to ensure that information, advice and practical support are available to all carers.

Our strategic aims are to

- Raise the profile of carers and the caring role
- Support the growth and development of solutions for carers
- Influence society to improve carers' lives
- Work with local partners to develop a strong network

Together with our network partners, we provide access to desperately-needed breaks, information and advice, education, training and employment opportunities – working with 20,000 carers a year in Wales. Our network partners benefit from the provision of grants, advice documents and reports to improve carers' services. We give carers and young carers avenues to speak to someone and make their voices heard, offline via our carers' services and young carers' schemes and online via our interactive websites.

Our vision is a world where the role and contribution of unpaid carers is recognised and they have access to the quality support and services they need to live their own lives. With carers' needs, choices and voices at the heart of everything we do, we strive to ensure that the enormous contribution they make to society and to those they care for is fully recognised, appreciated and valued.

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Overview

1. There are at least 370,000 carers in Wales providing valuable unpaid care. Enabling carers to maintain their own well-being and the well-being of those they care for through carer-focused services is essential in promoting a healthier, more equal Wales.
2. The research and evidence base clearly demonstrates that support and services for carers plays a vital part in speeding up transfers in care, avoiding hospital admissions and safeguarding the NHS in Wales from increased and expensive demand.
3. Despite this, services for carers, including holistic information, advice and support services and regulated care services intended to provide carers with a break, are under mounting financial pressure and at increased risk of failure or closure. This is a result of the ongoing downward pressure on local authority budgets. The draft budget does not alleviate our concerns that the existing services for carers are at risk and there is a lack of investment in services for carers.
4. Carers Trust Wales recognises that the Welsh Government has finite resources and that difficult decisions have to be made. However, we believe there is a lack of focus or clarity on Wales' 370,000 carers in the budget. It is just not clear which funding is intended to support carers.
5. For the past three years, local health boards have been funded to deliver upon their carers strategies, developed with local authorities and as required by the Carers Strategies (Wales) Measure 2010. It is still not clear in the budget whether this small £1.1million funding to local health boards to implement their carers' strategies will continue, and if not whether it will still be used in other ways to support carers across Wales.
6. A small national investment in support for carers of around £1.4million, similar to Scotland's Short Breaks Fund and delivered by the third sector, would secure at least 54,000 hours of care to give carers a break, or 2,040 weeks of respite and would provide preventative services to carers that are safeguarded from local authority budget pressures.
7. In April 2016 the Social Services and Well-being (Wales) Act 2014 will come into force. The Act places carers on the same legal footing with the same rights and entitlements as those that they care for. We are concerned that there is not the sufficient resource in place to deliver upon these new rights and entitlements.
8. We are deeply concerned about the implications of the proposed £41million cut to the higher education budget. This funding is used to fund part-time and other priority

Carers Trust

education areas. Part-time provision has been under significant pressure in recent years. For many carers part-time is the best option for them to enter higher education, this cut could present further barriers to this already disadvantaged group.

9. There are nearly 12,000 carers under 18 in Wales, Wales has the highest proportion of carers under 18 in the UK. Despite this, there continues to be a lack of identification or support of young carers in schools. Young carers miss or cut short nearly five weeks of school every year. By the time they reach 16 a young carer is more than twice as likely as their peer to be out of education, employment or training. We would welcome the pupil deprivation grant being explicitly extended to this vulnerable and disadvantaged group.
10. **Carers Trust Wales would welcome the opportunity to expand upon this response in an oral evidence session with the Finance Committee.**

Response

1. **What, in your opinion, has been the impact of the Welsh Government's 2015-16 budgets**
 - 1.1 The services carers receive and require are diverse and include a wide range of local and national services. Services include information, advice and support, short breaks, replacement care, palliative care, employment support, training and benefit support.
 - 1.2 The preventative value of these services, both in securing the well-being of individuals, and in avoiding additional costs to local authorities and local health boards, is well-established. For example:
 - A longitudinal study of 100 people with dementia found a 20-fold protective effect of having a co-resident carer when it comes to preventing or delaying residential care admissions¹
 - Carers providing more than 50 hours of care per week are twice as likely

¹ Banerjee, S, Murray, J, Foley, B, Atkins, L, Schneider, J, Mann, A (2003) Predictors of institutionalisation in people with dementia, *Journal of Neurology, Neurosurgery & Psychiatry* 2003, 74,1315–1316.

Carers Trust

to report ill health as those not providing care². Wales has the highest proportion of carers providing more than 50 hours of care per week in the UK

- One study found that problems associated with the carer contributed to readmission in 62% of cases³

- 1.3 Last year we expressed concern about the effect that the continuing pressure on local authority budgets would have on services for carers. Unfortunately, the services carers need are under increased and mounting financial pressure. Many local authorities are reducing the rate they are funding regulated care to a point where the provision of quality, third-sector, care is no longer sustainable. Similarly, other services for carers across Wales including services for young carers have had their funded cut or closed entirely.
- 1.4 A key example of this is the carers service provided in Cardiff. This service closed within the past two years as a result of financial pressures and being too exposed to local authority budget pressures. There is now no dedicated carers service in Cardiff.
- 1.5 Last year we welcomed the continued funding through local health boards of the implementation of the Carers Strategies (Wales) Measure 2010 in 2015/16. This amounted to approximately £1.1 million direct to local health boards to deliver their strategies. However, we have been concerned over the lack of accountability and scrutiny over the expenditure of this money.

²

19 Census (2011) Office for National Statistics

³ Williams, E, Fitton, F (1991) Survey of Carers of elderly patients discharged from hospital, *British Journal of General Practice*, 41, 105 –108.

Carers Trust

2. **Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?**
- 2.1 Carers Trust Wales recognises the finite resources available to the Welsh Government and the difficult funding decisions that have to be made in light of these resources. However, we believe that despite carers making up at least 12% of the population in Wales, there is a lack of clarity regarding, and prioritisation of, support for carers in the draft budget for 2016-17.
- 2.2 For the past three financial years local health boards have received £1.1million a year to implement the Carers Strategies (Wales) Measure 2010. This is one of the only specific national sources of funding for carers through local health boards or local authorities.
- 2.3 The Welsh Government has not made it clear whether the £1.1million currently used to support carers will continue into the next financial year. It does not appear to be possible to tell from the draft budget whether this funding will or will not continue.
- 2.4 Similarly, the continuing and increasing downward pressure on local authority budgets, which is proposed to be a cut of £114 million of the local government funding line in the MEG in the draft budget, will exacerbate the difficult environment in which local services for carers are operating. Wales is approaching a point where an increasing number of local services for carers will have to close. As demonstrated above, the evidence base on the value of these services is well-established and robust. The loss of these preventative, community resources will have a significant impact on the well-being of carers and the demand on local authority and local health board services.
- 2.5 It's worth noting that a small national investment in support for carers of around £1.4million, similar to Scotland's Short Breaks Fund and delivered by the third sector, would secure at least 54,000 hours of care to give carers a break, or 2,040 weeks of respite. This would enable the modest

Carers Trust

but vital provision of additional preventative services to carers which are safeguarded from local authority budget pressures⁴.

- 2.6 We are also concerned about the proposed cut of £41 million to the higher education budget line. This budget is used by the Higher Education Funding Council for Wales (HEFCW) to deliver and fund a range of provision including part-time provision. The proposals in the draft budget will inevitably place considerable pressure upon the institutional learning and teaching grant distributed by HEFCW in respect of part-time undergraduate students.
- 2.7 We know that for many carers, part-time is the best option that most effectively meets their needs and provides the flexibility they require⁵.
- 2.8 This cut could have profound implications of the viability of quality part-time provision that meets the needs of part-time students, making it more difficult for a group of students who already face significant barriers in accessing higher education to enter and stay in higher education.
- 2.9 While we welcome the continued (and increased) funding for the Pupil Deprivation Grant, increasing to £1,150 per eligible pupil, we are keen to ensure that this support reaches Wales' nearly 12,000 carers under the age of 18. Young carers face multiple barriers in attaining in school. The picture across Wales is varied and there is no consistent approach to identifying and supporting young carers, despite Wales having the highest proportion of carers under the age of 18 in the UK.
- 2.10 On average, young carers miss or cut short 48 days a year, that's nearly five school weeks a year. A quarter of young carers aged 14-16 reported

⁴ You can read more about our proposal for a Carer Well-being Fund in Wales in our manifesto:

https://www.carers.org/sites/default/files/carers_trust_wales_manifesto_english_web_final.pdf

⁵ NUS Wales & The OU in Wales, 'It's About Time'

<http://www.open.ac.uk/wales/sites/www.open.ac.uk.wales/files/files/ecms/wales-pa/web-content/It's-About-Time-2014-English.pdf>

Carers Trust

being bullied in school as a result of their caring role⁶.

- 2.11 By the time they reach 16, a young carer is more than twice as likely as their peer to be out of education, employment or training⁷.
- 2.12 We would welcome the Pupil Deprivation Grant being extended to young carers, or the identification of young carers among the eligible groups forming part of the existing guidance for the Pupil Deprivation Grant. It's estimated that only around 60% of young carers are already in receipt of the Pupil Deprivation Grant as recipients of free school meals.

3. What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?

- 3.1 Carers Trust Wales is well-prepared for the 2016-17 financial year, and is able to plan for future years. However, our network partners, which are local services aimed at supporting carers, are currently facing a difficult, pressured funding environment that places their sustainability and viability at risk.
- 3.2 A 2011 report found commissioning for carers could equate to a saving of almost £4 for every £1 invested⁸. Failure to sustain existing services for carers, and invest in additional services for carers, will place additional pressures on local authorities and local health boards as well as risk the physical and mental well-being of carers and those that they care for.
- 3.3 Many of our network partners deliver regulated care that provides carers with a vital break from their caring responsibilities. The hourly unit cost that

⁶ https://www.carers.org/sites/default/files/ctw_time_to_be_heard_english_web.pdf

⁷ Audit Commission (July 2010), *Against the Odds: Re-engaging young people in education, employment and training*. Available online: <http://socialwelfare.bl.uk/subject-areas/services-client-groups/children-young-people/auditcommission/13593720100707-characteristicsofyoungpeopleneetforagainsttheodds.pdf>

⁸ Conochie, G (2011) *Supporting Carers: The Case for Change*; London: The Princess Royal Trust for Carers and Crossroads Care.

local authorities commission this care at has been increasingly squeezed making it difficult for many charities that prioritise quality, consistency and training to survive. This pressure is largely the result of shrinking local authority budgets. Future developments including the National Living Wage only add to these pressures.

- 3.4 The UK Homecare Association (UKHCA) has calculated that the minimum price that care can be sustainably delivered at is £16.16 per hour⁹, yet the rates paid by local authorities vary from £11.67 to £16.24. With the introduction of the National Living Wage, the minimum price care can be delivered at will increase to £16.70.

4. The Committee are 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?

- **Preparation for the Wales Bill**
- **Local health board financial arrangements**
- **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)**
- **Sustainability of public services, innovation and service transformation**
- **Welsh Government policies to reduce poverty and mitigate welfare reform**
- **Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced**
- **Scrutiny of Welsh language, equalities and sustainability**

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

Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced

⁹ http://www.ukhca.co.uk/pdfs/AMPFHC_150719.pdf

Carers Trust

- 4.1 We do not feel that the value that services for carers and services for carers play in preventing additional demand on local authorities and local health boards is sufficiently recognised in the draft budget. Carers contribute £8billion worth of care every year in Wales¹⁰, and as outlined above the research and evidence base is clear on the value in investing in carers.
- 4.2 Although we welcome the legislative emphasis on preventative services through the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generation (Wales) Act 2015, we do not feel that this emphasis is clear in the draft budget for 2016/17. Many of the existing preventative services for carers operating across Wales are operating in a challenging, pressured environment that is placing long-term sustainability at risk.
- 4.3 Similarly, the Social Services and Well-being (Wales) Act 2014 broadens the definition of a carer and places carers on the same legal footing as those they care for. This broader definition coupled with greater rights for carers will inevitably lead to a greater demand on local authorities for carer assessments and other forms of support. This does not seem to be reflected in the budget. Without a wider cross-government approach to investing in, recognising and supporting carers, then support for carers will continue falter impacting on the long-term viability of health and social care in Wales.

Welsh Government policies to reduce poverty and mitigate welfare reform

4.4 Many carers are unaware of the extra financial support they are entitled to. In 2010, a working paper by the Department for Work and Pensions estimated that uptake of Carer's Allowance across the UK was around 65%. We believe that a small funded campaign by the Welsh Government to encourage uptake of Carer's Allowance, and raise awareness of eligibility for Carer's Allowance, could improve the well-being of many carers across Wales.

¹⁰ <http://www.carersuk.org/wales/news/vale-of-unpaid-care-in-wales>

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06-01-15

Cyllideb Drafft Llywodraeth Cymru - Diffyg Buddsoddi yn y Gymraeg

Ymateb Cymdeithas yr Iaith Gymraeg

1. Cyflwyniad

1.1. Mae Cymdeithas yr Iaith Gymraeg wedi bod yn ymgyrchu ers hanner canrif a mwy dros y Gymraeg a holl gymunedau Cymru fel rhan o'r chwyldro rhyngwladol dros hawliau a rhyddid.

2. Crynodeb

2.1. Collfarnwn yn llwyr y toriad arfaethedig o 5.9% yn nhermau arian parod i'r gyllideb ar gyfer hyrwyddo'r Gymraeg, sy'n digwydd er gwaetha'r cynnydd o £120 miliwn i reffeniw Llywodraeth Cymru. Yn ogystal, mae'r toriadau yn groes i Ddeddf Llesiant Cenedlaethau'r Dyfodol a dogfen polisi "Bwrw Mlaen" y Llywodraeth. Yn benodol, mae'r toriadau sylweddol i Fentrau Iaith Cymru, fel mudiad cenedlaethol, yn ymddangos yn gwbl anghyson gyda chyhoeddiad "Bwrw Mlaen" Llywodraeth Cymru a gyhoeddwyd ym mis Awst 2014.

2.2. Nid oes tystiolaeth bod y Llywodraeth wedi ceisio cynyddu'r ganran o gyllidebau prif-ffrwd a warir drwy'r Gymraeg. Mae dargyfeirio swm o'r gwariant cymunedau i geisio gwneud yn iawn am doriadau i'r gyllideb ar gyfer hyrwyddo'r Gymraeg dim ond yn tanlinellu'r ffaith nad oes ymdrech o gwbl i asesu'n fanwl effaith cyllidebau eraill ar y Gymraeg. Felly, ar hyn o bryd, mae arian prif-ffrwd yn parhau i gynrychioli buddsoddiad yn y Saesneg i raddau helaeth iawn.

2.3. Mae toriadau i Gyngor Cyllido Addysg Uwch Cymru yn peri pryder mawr am doriadau sylweddol i gyllideb y Coleg Gymraeg Cenedlaethol, a hynny'n groes i eiriau'r Prif Weinidog i ni ei fod "*moyn gweld [gwaith y Coleg] yn parhau [ac yn] tyfu*".

2.4. Mae toriadau pellach o oddeutu 10% i Gomisiynydd y Gymraeg yn golygu nad oes arian er mwyn cynnal ymgyrch codi ymwybyddiaeth o'r hawliau iaith newydd (Safonau'r Gymraeg) a fydd yn dechrau dod i rym o 30ain Mawrth eleni - y newid mwyaf i hawliau iaith pobl ers dros 20 mlynedd.

3. Cyllideb ar gyfer Hyrwyddo'r Gymraeg

3.1. Toriadau Annheg

3.1.1. Rydym yn collfarnu'n llwyr y toriadau arfaethedig i'r prosiectau penodol sy'n hyrwyddo'r Gymraeg.

3.1.2. Mae cyllideb reffeniw Llywodraeth Cymru yn codi o £120 miliwn, o £14.094 biliwn i £14.257 biliwn, ond mae toriad o 5.9% yn nhermau arian parod i'r gyllideb ar gyfer hyrwyddo'r Gymraeg. Ac mae hynny wedi cynnwys y "*£1.2m yn 2016-17 fel cam i liniaru effeithiau'r gostyngiadau cyllido*". Mae dargyfeirio o gyllideb arall yn codi cwestiwn pwysig arall, sef *a fydd y £1.2 miliwn hyn yn cael ei ystyried fel rhan o'r waelodlin flwyddyn nesaf ar gyfer cyllideb hyrwyddo'r Gymraeg ai peidio?*

3.1.3. Eisoës, mae'r ganran o wariant Llywodraeth Cymru sy'n cael ei fuddsoddi mewn prosiectau sy'n ymwneud yn benodol â'r Gymraeg yn bitw iawn - dim ond 0.16% o holl wariant y Llywodraeth. Mae hynny'n cymharu'n anffafriol iawn gyda gwlad fel Gwlad Basg lle buddsoddir cyfran bron saith gwaith yn fwy o'u cyllideb yn benodol ar yr iaith o'i gymharu â'r sefyllfa yma (£84 miliwn o gyllideb ranbarthol 2014).

3.2. Tanseilio Deddf Llesiant Cenedlaethau'r Dyfodol

3.2.1. Credwn fod y gyllideb drafft yn gwbl groes i ddyletswyddau'r Llywodraeth o dan Ddeddf Llesiant Cenedlaethau'r Dyfodol gan ei bod, yn hytrach na sicrhau ffyniant y Gymraeg, yn mynd i'w thanseilio. Ymddengys mai geiriau gwag ydy'r nodau llesiant. Os nad yw cyllideb Llywodraeth Cymru

yn cadw at egwyddorion y Ddeddf, pa obaith sydd gennym o weld cyrff eraill yn ei dilyn? Mae'r Ddeddf newydd wedi methu ei phrawf cyntaf.

3.2.2. Yn ogystal â thanseilio nod llesiant ffyniant y Gymraeg, credwn fod y gyllideb yn groes i egwyddor datblygu cynaliadwy, gan ei bod yn fyrbwyll ac yn groes i amcanion tymor hirach y Llywodraeth - un enghraifft o hynny yw'r toriadau i Fentrau Iaith Cymru.

3.3. Tanseilio Strategaeth Iaith y Llywodraeth a'r polisi "Bwrw Mlaen"

3.3.1. Credwn fod y gyllideb yn groes i strategaeth 3 blynedd y Llywodraeth "Bwrw 'Mlaen" a gafodd ei gyhoeddi ym mis Awst 2014. Dywedodd y strategaeth y byddai'r Llywodraeth yn: *"buddsoddi £1.2 miliwn yn ychwanegol dros y ddwy flynedd nesaf (a fydd yn cynnwys £750,000 ar gyfer y Mentrau Iaith)"*.

3.3.2. Er gwaethaf yr ymrwymiad hwnnw, rydym ar ddeall bod Mentrau Iaith Cymru, fel corff cenedlaethol, yn wynebu toriad o oddeutu 40%. Mae hyn yn codi cwestiynau mawr am strategaeth hir dymor y Llywodraeth, ac eto'n pwysleisio'r angen am ymrwymiad tymor hir i glustnodi canran benodol o'r gyllideb ar gyfer prosiectau i hyrwyddo'r Gymraeg.

4. Sefydliadau Eraill o bwys arbennig i'r Gymraeg

4.1. Hoffem dynnu sylw at achos 3 sefydliad penodol

4.2. Coleg Cymraeg Cenedlaethol

4.2.1. Rydym yn falch iawn y buodd y Prif Weinidog yn gwbl glir yn ei gyfarfod diweddar gyda ni ei fod yn gwbl ymrwymedig i'r Coleg Cymraeg a "moyn gweld [gwaith y Coleg] yn parhau [ac yn] tyfu". Fodd bynnag, er mwyn cyflawni ei ddymuniad i waith y Coleg dyfu, mae angen sicrwydd am ei gyllideb.

4.2.2. Yn ôl y gyllideb drafft bydd toriadau anferthol i Gyngor Cyllido Addysg Uwch Cymru sydd, ar hyn o bryd, yn dosrannu'r grant i'r Coleg Cymraeg. Mae hynny'n codi cwestiynau difrifol am gyllideb y Coleg.

4.2.3. Rydym wedi gofyn am y canlynol:

1) Cyllido Uniongyrchol

Fod y llywodraeth yn gosod targedau rhesymol ond cynyddol o ran cyfran myfyrwyr addysg uwch sy'n dilyn cyrsiau'n Gymraeg ac yn rhoi cyllid i'r Coleg yn uniongyrchol (yn hytrach na thrwy gorff arall) i'w alluogi i gyrraedd y targedau hyn.

2) Estyn egwyddor addysg gyfun

Fod y llywodraeth yn rhoi i'r Coleg gyfrifoldeb dros ddatblygu addysg "bellach" gyfrwng Cymraeg yn ogystal ag addysg uwch. Bydd hyn yn galluogi'r Coleg i ddatblygu cyrsiau cyffrous newydd, ac agored i bawb, er mwyn sicrhau gweithlu addas i wasanaethu cyrff cyhoeddus Cymru. Gellir ychwanegu at hyn gyfrifoldebau dros hyfforddiant athrawon.

3) Cyfran deg o arian ymchwil

Ar hyn o bryd does fawr ddim arian ymchwil yn mynd tuag at waith cyfrwng Cymraeg. Dylai'r Coleg weinyddu cyfran deg o'r arian, gan weithio ar rai prosiectau a allent gryfhau Cymru'n economaidd ac yn ddiwylliannol.

4.3. Y Cyngor Llyfrau

4.3.1. Mae Cyngor Llyfrau yn gwneud llawer iawn i gefnogi'r diwylliant cyhoeddi Cymraeg yng Nghymru. Ond mae'r Llywodraeth wedi cynnig toriadau o 10.6% yn ei gyllideb y flwyddyn nesaf, sef toriad o £374,000, i'w gyllideb. Credwn fod hyn yn enghraifft o effaith negyddol anghymesur y gyllideb ar y Gymraeg.

4.4. Comisiynydd y Gymraeg

4.4.1. Rydym ar ddeall y bydd y Comisiynydd yn wynebu toriad o oddeutu 10% ar ben toriad o oddeutu 8% y llynedd.

4.4.2. Mae'r Comisiynydd wedi dweud wrthym na fydd arian i redeg ymgyrch gyhoeddusrwydd am Safonau'r Gymraeg a fydd yn dechrau dod i rym o 30ain Mawrth eleni - y newid mwyaf i hawliau iaith pobl ers dros 20 mlynedd.

4.4.3. Rydym ar ddeall y gwariwyd oddeutu can mil o bunnau ar brosiect "y Gymru a Garem" ynghylch y Ddeddf Llesiant Cenedlaethau'r Dyfodol cyn iddo gael ei basio – pam nad oes arian tebyg ar gyfer deddfwriaeth iaith wedi iddi gael ei basio?

4.4.4. Credwn y dylid sefydlu annibyniaeth ariannol i Gomisiynydd y Gymraeg, drwy ei hariannu yn yr un modd â'r Archwilydd Cyffredinol, gyda'r arian yn dod yn uniongyrchol fel canran o'r grant bloc.

5. Cyllidebau Eraill - Tanfuddsoddi a diffyg strategaeth

5.1. Mae camddealltwriaeth difrifol ynghylch gwariant ar y Gymraeg. Ar hyn o bryd, mae tanwariant difrifol ar y Gymraeg yng nghyllidebau prif ffrwd y Llywodraeth. Ni welir gwariant ar y Saesneg fel cost, ond ystyrir gwariant ar wasanaethau Cymraeg fel cost ychwanegol. Dylid comisiynu Comisiynydd y Gymraeg i wneud asesiad annibynnol o effaith iaith holl wariant ar draws holl adrannau'r Llywodraeth.

5.2. Mae Llywodraeth Cymru yn ceisio awgrymu ei bod yn gwneud hynny eisoes, ond mewn gwirionedd, dywed naratif y gyllideb: *"Wrth gydnabod swyddogaeth bwysig ysgolion o ran sicrhau dyfodol ffyniannus i'r Gymraeg, rydym wedi neilltuo cyllid ychwanegol i ysgolion, sydd wedi'i dargedu'n bennaf at ariannu ysgolion ar y rheng flaen, ac a fydd yn effeithio'n gyfartal ar ysgolion cyfrwng Cymraeg, cyfrwng Saesneg a dwyieithog."*

5.3. Ar un wedd, mae'r gosodiad hwn yn ymddangos yn rhesymol, ond gan mai dim ond oddeutu chwarter o ysgolion sy'n rhai cyfrwng Cymraeg, buddsoddiad yn y Saesneg yw hwn yn bennaf, dyw hi ddim yn enghraifft o brif-ffrydio'r Gymraeg mewn cyllidebau prif-ffrwd.

5.4. Mae'r ffaith bod y Llywodraeth yn tynnu sylw at yr enghraifft hon yn adrodd cyfrolau ac yn codi cwestiwn: beth am y cyllidebau eraill fel iechyd a'r economi? Oes yma gyfaddefiad anuniongyrchol bod canrannau hyd yn oed yn uwch yn ffafrio'r Saesneg mewn cyllidebau mawrion eraill?

5.5. Mae'n amlwg bod tanfuddsoddi difrifol ar weithgareddau cyfrwng Cymraeg mewn nifer o gyllidebau prif ffrwd y Llywodraeth - gan gynnwys addysg ac iechyd. Mae'r Llywodraeth yn honni mai 'diffyg galw' sy'n achosi hynny – credwn fod hynny'n amlygu meddylfryd hen-ffasiwn y gwasanaeth sifil, sy'n meddwl bod gwasanaeth Saesneg yn hanfodol ac yn ddiodyn, tra bod gwasanaeth Cymraeg yn rhywbeth atodol ac yn ddewisol.

- **O gyllideb sydd bron i £17 miliwn ar gyfer addysg i oedolion yn y gymuned, mae llai na phedair mil o bunnau wedi ei wario ar gyrsiau cyfrwng Cymraeg, yn ôl gwybodaeth a ryddhawyd i ni gan Lywodraeth Cymru o dan y ddeddf rhyddid gwybodaeth am wariant yn flynyddoedd ariannol 2009/10 i 2011/12. Yn wir, mae nifer o brif gyllidebau'r Llywodraeth yn**

ariannu'r nesaf peth i ddim darpariaeth yn Gymraeg, gyda thros 99% o'r arian yn mynd ar ddarpariaeth Saesneg.

- Yn ôl ein gwybodaeth, dros yr un cyfnod o dair blynedd, **o blith 90,477 prentisiaeth a ariannwyd gan Lywodraeth Cymru, dim ond 354 oedd trwy gyfrwng y Gymraeg**, sef llai na phedwar prentisiaeth ym mhob mil.
- Mae'r ffigyrau hefyd yn dangos **mai 0.02% yn unig o'r un deg saith miliwn a wariwyd ar ddysgu oedolion yn y gymuned dros dair blynedd, neu £2 am bob £10,000, a ddefnyddiwyd ar gyfer cyrsiau cyfrwng Cymraeg**. Yn un o'r blynyddoedd, ni wariwyd yr un geiniog o'r gyllideb hon ar addysg trwy gyfrwng y Gymraeg.
- **Dros yr un cyfnod, 0.3% yn unig, neu £3 am bob £1000, o wariant ar Ddysgu Seiliedig ar Waith a ariannodd hyfforddiant cyfrwng Cymraeg.**

5.6. Mae'r ffigyrau'n ysgytwol ac yn anodd iawn i'w credu. Maent yn dangos bod y Gymraeg yn cael ei thanseilio'n llwyr gan arian prif-lif Llywodraeth Cymru.

6. Ein Hargymhellion

6.1 Cyhoeddom ddogfen weledigaeth "Miliwn o Siaradwyr Cymraeg: Gweledigaeth o 2016 ymlaen" sy'n datgan argymhellion polisi ar gyfer tymor Llywodraeth nesaf Cymru. O ran buddsoddi yn y Gymraeg, rydym yn argymhell dau bolisi penodol, sy'n bwysicach byth o ystyried y toriadau arfaethedig yn y gyllideb drafft:

- Dylai Llywodraeth Cymru osod allan rhaglen i gynyddu gwariant ar y Gymraeg i 1% o'r gyllideb, gyda disgwyliad hefyd i'r cyrff mae'n ei ariannu i glustnodi 1% ar gyfer hyrwyddo'r Gymraeg.
- Dylid comisiynu Comisiynydd y Gymraeg i gynnal asesiad annibynnol o effaith iaith gwariant prif-ffrwd Llywodraeth Cymru, a gweithredu ei argymhellion er mwyn sicrhau effaith iaith well gwariant presennol ar draws holl adrannau'r Llywodraeth a'r cyrff mae'n ei noddi

Cymdeithas yr Iaith Gymraeg

Ionawr 2016

07/01/16

Brîff UCAC Briefing



Cynigion Cyllideb Ddrafft Llywodraeth Cymru 2016-17

Cyflwyniad

Mae Undeb Cenedlaethol Athrawon Cymru (UCAC) yn un o brif undebau addysg Cymru. Mae'n cynrychioli 5,000 o athrawon, penaethiaid a darlithwyr ym mhob sector addysg yng Nghymru.

Rydym yn croesawu'r cyfle i ymateb i'r ymgynghoriad hwn gan y Pwyllgor Cyllid ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2016-17.

1. Beth, yn eich barn chi, fu effaith cyllideb 2015-16 Llywodraeth Cymru?

Er bod y gyllideb ysgolion wedi'i ddiogelu, ac yn 1% yn uwch na'r newidiadau i Gyllideb Cymru'n gyffredinol, bu 2015-16 yn flwyddyn heriol iawn i bob rhan o'r sector addysg.

Yn y sector ysgolion, gwelsom ddiswyddiadau ar lefel ddigynsail, ac mae'n ymddangos mai parhau gwnaiff y tuedd niweidiol hwn. Pwysig yw nodi bod y diswyddiadau hyn yn digwydd hyd yn oed mewn ysgolion ble mae niferoedd y dysgwyr ar gynydd.

Mae'r sector ôl-16 yn gwegian, ac mae aelodau ar hyd a lled Cymru'n adrodd bod y datblygiadau cadarnhaol iawn yn sgil Llwybrau Dysgu 14-19, o ran y gallu i wneud cynnig galwedigaethol eang sy'n cadw carfan o bobl ifanc yn y system addysg, wedi dechrau dirywio.

Gwelodd y sector Addysg Bellach doriadau difrifol – a hynny o fewn y flwyddyn: toriadau a fydd yn niweidiol iawn i addysg i oedolion, addysg rhan amser a'r ymgais i ddod â phobl nôl i fyd addysg a sgiliau a'u paratoi ar gyfer y gweithle.

Mae'r prifysgolion yn dal i fod yn ceisio ymdopi â'r newidiadau pellgyrhaeddol i drefniadau ariannu Addysg Uwch, ac yn benodol, sgil-ffeithiau sianelu cyfran helaeth o'r arian drwy ddwylo myfyrwyr yn hytrach na thrwy ddwylo'r corff cyllido. Mae'r polisi o ariannu pob myfyriwr o Gymru ble bynnag y bo'n astudio wedi bod yn her ychwanegol o ran y llif arian o Gymru i brifysgolion Loegr yn bennaf.

Mae cyllideb y Gymraeg wedi gweld toriadau cyson dros y blynyddoedd diwethaf, dim ond i weld arian 'newydd' yn cael ei gyhoeddi at ddibenion penodol yn ystod y flwyddyn. Mae hyn, heb os, wedi bod yn niweidiol i'r ymdrechion i hybu ac i hyrwyddo'r iaith ar draws nifer o sectorau, gyda Chymraeg i Oedolion yn arbennig yn gweld toriadau llym a disymwth.

2. Gan edrych ar ddyraniadau cyllideb ddrafft 2016-17, a oes gennych unrhyw bryderon o safbwynt strategol a chyffredinol, neu ynglŷn ag unrhyw feysydd penodol?

- Diogelu cyllideb ysgolion 1% yn uwch na DEL Cymru yn 2016-17

Croesawn yr ymrwymiad i ddiogelu'r gyllideb ysgolion ar lefel sydd 1% uwchlaw'r newidiadau i'r setliad cyffredinol, a chytunwn mai'r dull orau o'i ddyrannu yw trwy Grant Cynnal Refeniw'r Awdurdodau Lleol.

Fodd bynnag, rhaid tynnu sylw at y ffaith bod yr un setliad mewn blynyddoedd blaenorol wedi arwain at sefyllfa ariannol heriol i ysgolion, gan gynnwys diswyddiadau cynyddol blwyddyn ar ôl blwyddyn. Mae UCAC o'r farn bod y sector wedi cyrraedd y pwynt ble fydd anawsterau gwirioneddol i ddarparu'r cwricwlwm yn effeithiol os bydd diswyddiadau'n parhau ar y lefel presennol, neu'n cynyddu fel y disgwylir.

Rhaid cofio'i fod yn debygol y bydd angen i ysgolion dalu codiad cyflog o o leiaf 1% i athrawon o fis Medi 2016 (dyna sydd wedi'i nodi yng nghylch gwaith y *School Teachers' Review Body* gan yr Ysgrifennydd Gwladol) a chymryd hynny i ystyriaeth wrth gyllidebu.

Mae dogfen naratif 'Cymru Decach, Cymru Well - Buddsoddi at y Dyfodol' yn cydnabod mai cynyddu y mae niferoedd pobl ifanc, a hynny tan o leiaf 2023. Nid yw hynny'n gydnaws â'r toriadau i swyddi sy'n cael eu gwneud ar hyn o bryd, ac sy'n debygol o barhau dan y setliad presennol. Y prif ganlyniad fydd cynnydd anghynladwy o ran llwyth gwaith, gyda sgil effeithiau anorfod ar iechyd, iechyd meddyliol ac absenoldebau a all fod yn fwy costus i ysgolion yn y tymor hir.

- **Her Ysgolion Cymru**

Cefnoga UCAC yr egwyddor tu ôl i Her Ysgolion Cymru, sef rhoi cefnogaeth ychwanegol o safon uchel i'r ysgolion hynny sydd fwyaf ei hangen. Nid ydym yn gwrthwynebu ymestyn y cynllun am flwyddyn, ond pwysleisiwn yr angen i fonitro

canlyniadau a sicrhau y gwerth gorau am arian o ran codi safonau – gyda pharodrwydd i newid y dulliau gweithredu os oes angen er mwyn cynyddu effeithiolrwydd. Mae'n fuddsoddiad sylweddol iawn, ac mae angen sicrhau ei fod yn llwyddo. Nid oes consensws ar hyn o bryd ynghylch llwyddiant y cynllun.

- **Grant Amddifadedd Disgyblion (GAD)**

Fel uchod, mae UCAC yn gefnogol iawn i egwyddor y GAD o ran ceisio torri'r cysylltiad rhwng tlodi a chyrhaeddiad addysgol isel. Croesawn barhad y grant, a'r cynnydd, ar yr amod bod cydbwysedd rhwng amodau gwariant cenedlaethol (ar sail tystiolaeth ac arfer dda) sy'n debygol o arwain at ddefnydd effeithiol o'r arian ar y naill law, a hyblygrwydd ar y llaw arall i'w wario mewn ffyrdd sy'n debygol o fod yn effeithiol yng nghyd-destun amgylchiadau penodol ysgolion unigol.

- **Buddsoddiad cyfalaf i ysgolion a cholegau**

- **Diogelu Dechrau'n Deg ar yr un lefelau â 2015-16**

- **Diogelu cyllid brecwast a llaeth am ddim mewn ysgolion ar 1% uwchlaw'r newidiadau i grant bloc cyffredinol Cymru**

Mae'r rhain i'w croesawu.

- **Diogelu darpariaeth ôl-16; £5m i barhau'r cymorth i 2,500 o brentisiaethau; £5m i greu 2,500 o brentisiaethau newydd**

Croesawn unrhyw gamau i ddiogelu addysg ôl-16 sydd wedi wynebu heriau difrifol mewn blynyddoedd diweddar. Mae Dysgu Seiliedig ar Waith a phrentisiaethau'n hanfodol ar gyfer lleihau ac osgoi NEETs - sy'n 10.9% o bobl ifanc 16-18 oed yn ôl ystadegau diweddar Llywodraeth Cymru. Er bod blaenoriaeth i ddysgwyr ifanc, byddai'n fanteisiol sicrhau bod rhywfaint o'r prentisiaethau ar gael i ddysgwyr hyn sydd wedi colli cyfleoedd yn y gorffennol.

Tynnwn sylw at yr angen i sicrhau bod darpariaeth cyfrwng Cymraeg yn cael ei chynnwys dan y penawdau gwariant hyn – mae nifer y lleoliadau Dysgu Seiliedig ar Waith a phrentisiaethau cyfrwng Cymraeg neu ddwyieithog yn bitw, tra bod anghenion dwys o fewn yr economi am siaradwyr Cymraeg hyderus mewn ystod eang o swyddi yn y gwasanaethau cyhoeddus, busnes, amaeth, twristiaeth, arlwyo a hamdden, adeiladwaith ac ati. Yn ôl ffigyrau Cymdeithas yr Iaith 3.7% o brentisiaethau rhwng 2009/10 a 2011/12 oedd yn rhai cyfrwng Cymraeg (llai na 0.4%) neu ddwyieithog (llai na 3.4%).

- **Tocynnau teithio rhatach i bobl ifanc**

Cred UCAC y dylai teithio i addysg a hyfforddiant 16-19 oed fod am ddim, ar batrwm tebyg i gludiant i'r ysgol ar gyfer disgyblion ysgol uwchradd o ran terfynnau pellter. Mae problemau cludiant yn rhwystr i addysg. Yn sgil toriadau difrifol i gyllidebau Awdurdodau Lleol, mae gwasanaethau anstatudol, megis cludiant am ddim, neu gludiant gostyngol i bobl ifanc 16-19 oed, yn cael eu targedu. Gall hyn olygu fod teithio i gael addysg neu hyfforddiant ôl-16 yn rhy ddrud i lawer o bobl ifanc a'u teuluoedd, yn enwedig y rheiny sy'n byw mewn tldi, gan gynyddu'r tebygolrwydd y byddant yn dod yn NEET, gyda'r holl broblemau sy'n dod yn sgil hynny o ran cyflogadwyedd a sgiliau bywyd.

Yn sgil y broses o uno colegau Addysg Bellach, mae pellteroedd teithio wedi cynyddu ar gyfer pobl ifanc. Mae'n broblem yn ogystal ar gyfer myfyrwyr chweched dosbarth mewn ysgolion cyfrwng Cymraeg, sydd â theithiau llawer hirach a mwy cymhleth na'u cyfoedion mewn ysgolion cyfrwng Saesneg. Mae'r un problemau'n wynebu

dysgwyr yng nghefn gwlad Cymru ac yn yr ardaloedd ôl-ddiwydiannol.

Nid oes digon o fanylder yn y gyllideb ddrafft i ni ddeall a yw'r cynigion yn dderbyniol o ran pa effaith fyddant yn eu cael ar bobl ifanc e.e. Beth yw maint yr ostyngiad? A yw'r gostyngiad yn gyson ledled Cymru? A yw'r tocynnau'n gymwys ar fysiau a threnau, a hynny ar unrhyw adeg o'r dydd? Pwyswn am ragor o wybodaeth a manylder er mwyn gallu barnu a yw'r cyllid yn ddigonol at y pwrpas.

- **Astudiaeth dichonoldeb a chynllun peilot Gofal Plant yn Addysg Bellach**

Mae hwn i'w gymeradwyo'n fawr.

- **£10m cymorth i fyfyrwyr Addysg Uwch**

Mae gan UCAC bryderon sylweddol ynghylch y dulliau a lefelau ariannu presennol ar gyfer AU (sef trwy ffioedd a grantiau ffioedd myfyrwyr yn hytrach na chyrrff cyllido) - er y gwyddom fod hynny, i raddau helaeth y tu hwnt i reolaeth Llywodraeth Cymru yn sgil natur draws-ffiniol y ddarpariaeth a'r strwythurau AU.

Mae nifer o ffactorau - gan gynnwys y gyllideb ddrafft - yn peri bod ein pryderon yn cynyddu ar gyfer y blynyddoedd i ddod, a hynny ar sawl sail.

Y cyntaf yw anghynnaladwyedd. Mae posibilrwydd cryf iawn y bydd ffioedd yn Lloegr yn codi, a hynny'n golygu costau ychwanegol sylweddol iawn i Lywodraeth Cymru os yw'n cadw at ei bolisi grantiau ffioedd myfyrwyr presennol. Byddem yn gweld cynnydd yn y llif o adnoddau, sydd eisoes yn frawychus o uchel, o £155.8m (ffigyrau 2013-14 yn ôl adroddiad London Economics ar ran UCU) yn gadael Cymru i brifysgolion tu hwnt i'r ffin, ac i Loegr yn bennaf. Mae'n bosib yn ogystal y bydd gan brifysgolion yn Lloegr yr hawl i godi'r cap ar

niferoedd myfyrwyr, a allai olygu bod llai o fyfyrwyr yn dod i brifysgolion Cymru - gan beryglu'r llif arian pwysig i sector AU Cymru (£181.9m yn 2013-14, yn ôl yr un adroddiad).

Yr ail sail dros bryderu yw'r diffyg gallu i gynllunio, a'r diffyg erfyn polisi sy'n dod yn sgil dibyniaeth mor drom ar ffioedd myfyrwyr am incwm. Yn ôl adroddiad UCU, yn 2013-14 roedd 81% o ariannu cyhoeddus i'r sector Addysg Uwch yng Nghymru yn mynd drwy law'r myfyriwr. Bydd y toriad enfawr o £41m (32%) a fwriedir ei wneud i gyllideb Cyngor Cyllido Addysg Uwch Cymru (CCAUC), a'r bwriad cysylltiedig i lenwi rhywfaint o'r blwch hwnnw (tua £20m) gyda grantiau ffioedd myfyrwyr yn gwaethygu'r sefyllfa'n ddifrifol. Ni allwn weld sut bydd modd i Lywodraeth Cymru fynnu bod prifysgolion yn blaenoriaethu polisiau yn y ffordd y mae wedi'i wneud, trwy ddull cyllido CCAUC, megis ehangu mynediad, a sicrhau darpariaeth cyfrwng Cymraeg.

Nid yw'r gyllideb ddrafft wedi rhoi unrhyw sicrwydd o gwbl ynghylch ariannu'r Coleg Cymraeg Cenedlaethol. Ers ei sefydlu yn 2011, mae'r Coleg wedi penodi 118 o ddarlithwyr mewn meysydd amrywiol iawn, ac yn darparu dros 1,000 o wahanol gyrsiau. Mae angen pobl cymwys mewn amrywiaeth eang o feysydd arbenigol, ac sydd â'r sgiliau i gyfathrebu'n effeithiol yn y Gymraeg, ar economi a gwasanaethau cyhoeddus Cymru. Mae'r Coleg Cymraeg, drwy gydweithio â holl brifysgolion Cymru, yn helpu i ateb y galw hwnnw. Mae dirfawr angen i'r buddsoddiad yn y Coleg Cymraeg Cenedlaethol fod yn un hirdymor os ydyw am fod yn effeithiol. Byddai torri nawr yn ergyd i'r gwaith rhagorol sydd wedi'i gyflawni eisoes, ac mi fyddai'n debygol o gael sgil effaith

ar ddewis cyfrwng iaith cyrsiau TGAU a Safon Uwch petai dysgwyr yn gweld nad oedd dilyniant i Addysg Uwch yn y pynciau o ddiddordeb pennaf iddynt.

Bydd angen sicrhau, os nad yw'r cronfeydd ar gael gan CCAUC yn sgil y toriadau arfaethedig, bod y Coleg Cymraeg Cenedlaethol yn cael ei gyllido'n uniongyrchol gan y Llywodraeth, a hynny ar lefel sydd, o leiaf, yn diogelu'r gwaith craidd sy'n mynd rhagddo ar hyn o bryd. Gellid ystyried, gyda chyllideb ychwanegol, ymestyn cyfrifoldeb y Coleg dros Addysg Bellach i roi hwb i'r gwaith da sydd eisoes wedi cychwyn yn y sector, ond sydd dirfawr angen ei ymestyn.

- **Y Gymraeg mewn Addysg**

Mae'r cynnydd yn y gyllideb ar gyfer Y Gymraeg mewn Addysg (£82,000) yn eithriadol o fach. O feddwl am yr holl waith sydd angen ei wneud mewn amrywiaeth eang iawn o feysydd - ac a bortreadir yn glir iawn yn y methiant i gwrdd â mwyafrif targedau'r Strategaeth Addysg Cyfrwng Cymraeg – nid yw £82,000 yn mynd i fynd yn bell iawn. Faint o staff dysgu ychwanegol, er enghraifft, all fynychu'r cwrs sabothol am £82,000?

Mae un cymal yn y ddogfen naratif (paragraff 3.45), ac a ailadroddir yn yr Asesiad Effaith Integredig Strategol (6.19) wedi ein syfrdanu'n llwyr. Dywed "Rydym ... yn cydnabod pa mor bwysig yw ysgolion o ran ffyniant y Gymraeg. Bydd y cyllid ychwanegol yr ydym yn ei ddarparu'n cael yr un effaith ar ysgolion cyfrwng Cymraeg, ysgolion cyfrwng Saesneg ac ysgolion dwyieithog." Mae datganiad o'r fath yn datgelu diffyg dealltwriaeth a haerllugrwydd eithriadol; dyma Lywodraeth Cymru yn canu ei chlodydd ei hun am beidio â chamwahaniaethu yn erbyn y sectorau cyfrwng Cymraeg a dwyieithog yn ei

chyllideb addysg. Nid yw'n cymryd i ystyriaeth o gwbl bod darparu drwy gyfrwng y Gymraeg, neu fwy fyth, yn ddwyieithog, yn gallu bod yn fwy costus mewn llawer o ffyrdd na darparu drwy gyfrwng y Saesneg, a bod angen i'r gyllideb adlewyrchu hynny. Nid yw'n ystyried 'chwaith, yr angen dirfawr am ddatblygiad ac ehangu yn y sectorau hyn.

Âr Asesiad Effaith yn ei flaen i frolio y "bu cynnydd calonogol yn nifer y disgyblion ysgol gynradd sy'n cael eu hasesu yn y Gymraeg fel iaith gyntaf." Mae hyn yn ffeithiol gywir, ond nid yw'n crybwyll y ffaith ei bod yn eithriadol o annhebygol y bydd y targed ar gyfer 2015 (heb son am y targed mwy uchelgeisiol ar gyfer 2020) ar gyfer y maes hwnnw a osodir yn y Strategaeth Addysg Cyfrwng Cymraeg yn cael ei gyflawni. Dywed yr Adroddiad Blynyddol 2014-15 ar y Strategaeth (Gorffennaf 2015) bod y methiant i gyrraedd y targed "yn dangos bod angen rhoi mwy o sylw i sicrhau twf cynaliadwy a pharhaus mewn addysg cyfrwng Cymraeg." Ni chyflawnir twf o'r fath ar sail £82,000; mae angen buddsoddiad sylweddol, a blaenoriaeth polisi o Lywodraeth Cymru lawr i'r Awdurdodau Lleol.

Yn fyr, ni fydd modd i Lywodraeth Cymru gyrraedd y targedau a osodwyd i'w hun yn y Strategaeth nôl yn 2010, ar gyfer 2015 na 2020 heb fuddsoddiad uwch mewn Cymraeg mewn Addysg, a heb sicrhau bod y Gymraeg yn ystyriaeth ganolog i holl feysydd polisi'r Adran Addysg a Sgiliau, ac i bob gwas sifil yn yr Adran. Nid yw 'ymrwymiad' at ffyniant na strategaeth na pholisi na tharged yn golygu unrhyw beth heb y buddsoddiad i'w ategu. Rhaid cofio bod buddsoddiad yn y Gymraeg mewn addysg yn fuddsoddiad yn nyfodol addysgol a diwylliannol pob un disgybl yn holl ysgolion Cymru.

• Y Gymraeg

Mae'r toriad sylweddol i gyllideb y Gymraeg yn peri siom a sioc i UCAC. Nid yw'r arbediad o £1,685,000 yn un mawr i'r Llywodraeth, ond mae'n gyfwerth â 19.5% o'r gyllideb i hybu a hyrwyddo'r defnydd o'r Gymraeg. Sonir am £1.2m i 'leddfu effaith gostyngiadau ac i gefnogi'r Gymraeg' yn 2016-17', ond mae'n newid y waelodlin o ran y gyllideb ar gyfer blynyddoedd i ddod. Mae'r ddogfen naratif yn sôn bod y Llywodraeth yn 'awyddus i sicrhau bod modd i'r Gymraeg ffynnu o fewn ein cymunedau', ond nid yw'r gyllideb yn profi parodrwydd i wneud hynny mewn unrhyw ffordd.

Byddai'r toriad arfaethedig o 10.6% i gyllideb y Cyngor Llyfrau yn eithriadol o niweidiol o ran y cynnyrch print/ar-lein sydd ar gael yn y Gymraeg - yn llyfrau, cylchgronau a gwefannau. Mae'r rhain oll yn adnoddau gwerthfawr i ysgolion, i'r sawl sy'n dysgu'r iaith fel oedolion, ac i'r boblogaeth o siaradwyr Cymraeg ble nad yw'r farchnad yn ddigon o faint i ddarparu'n ddigonol heb fuddsoddiad ychwanegol. Yn ogystal, maent yn rhan o'r hyn sy'n normaleiddio'r iaith ac yn ei wneud yn weledol yng ngŵydd y cyhoedd.

Mae'n adeg dyngedfennol i'r iaith Gymraeg - mae pob adroddiad, adolygiad a chyfrifiad yn dangos hynny'n glir. Nid nawr yw'r amser i wneud toriadau; nid yw'r iaith Gymraeg yn faes ble y gellir derbyn colledion yn y tymor byr ac adennill tir yn rhwydd yn y dyfodol. Bydd colledion o ran niferoedd siaradwyr nawr oherwydd diffyg buddsoddiad yn eithriadol o anodd ei hadennill yn y dyfodol.

Trwy bolisiâu a dogfennau strategol hir- a byr-dymor fel 'Iaith Fyw, Iaith Byw', a 'Bwrw Ymlaen', mae'r Llywodraeth wedi ymrwymo'i hun i Gymru ddwyieithog ble mae'r ddwy iaith yn hyfyw. Ni

fydd modd i'r Llywodraeth wireddu amcanion y polisïau a'r strategaethau hyn gyda thoriadau mor hegar i'r gyllideb.

Ymhellach, nid yw UCAC o'r farn bod y gyllideb hon yn gweithio'n effeithiol tuag at y nod o 'Gymru â Diwylliant Bywiog lle mae'r Gymraeg yn Ffynnu' sef un o saith nod llesiant Deddf Llesiant Cenedlaethau'r Dyfodol, ac felly bod Gweinidogion Cymru mewn perygl o beidio cyflawni eu dyletswyddau dan y ddeddf.

3. Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol wrth graffu ar y gyllideb:

- **Paratoi ar gyfer Bil Cymru**

Er bod dryswch ynghylch datganoli tâl ac amodau gwaith athrawon yn sgil Bil Cymru Drafft, byddai'n fanteisiol i Lywodraeth Cymru symud ymlaen, mewn trafodaeth gyda rhanddeiliaid allweddol, gyda chynlluniau ar gyfer y model orau ar gyfer Cymru. Byddai hynny'n rhoi sail ar gyfer gwneud cynlluniau cyllidebol.

- **Dull gweithredu o ran gwariant ataliol, a sut y cynrychiolir hwn wrth ddyrannu adnoddau**

O ran ysgolion, mae gan UCAC bryderon penodol ynghylch y diffyg cynllunio ataliol ym maes recriwtio a chadw (*recruitment and retention*) athrawon.

Yn ei dystiolaeth i'r *School Teachers' Review Body (STRB)* ar 26 Tachwedd 2015, dywedodd y Gweinidog dros Addysg a Sgiliau:

"The latest projections for pupil numbers (based on the school population of Wales at January 2015) show primary numbers rising by 13,500 between 2015 and 2025. Projections for pupil numbers suggest secondary pupil numbers will fall by 7,700

overall between 2015 and 2018, before starting to rise again by 2019."

Mae'n debygol iawn felly y bydd lefel uchel o ddiswyddiadau'n parhau yn y sector uwchradd am y tro, ond y bydd angen dechrau ail-gyflogi o fewn tair blynedd.

Dadleua UCAC y byddai'n fwy effeithlon, yn fwy cost effeithiol, ac yn fwy 'ataliol' o ran arddull i geisio diogelu cymaint â phosib o'r swyddi hyn nawr yn hytrach na cheisio ail-gyflogi mewn ychydig flynyddoedd. Dyma rai rhesymau dros wneud hynny:

- mae diswyddo'n ariannol gostus yn y tymor byr o ran taliadau diswyddo; yn ogystal, mae'n niweidiol i awyrgylch gweithio'r ysgol gan hau ansicrwydd ac amheuaeth ymhlith y staff
- mae gweithio gyda phrinder staff yn arwain at lwyth gwaith cynyddol ar y sawl sydd ar ôl, sy'n gallu arwain at straen a salwch; mae hyn yn niweidiol ar lefel unigol ac i awyrgylch gwaith yr ysgol, ac yn ogystal gall fod yn gostus iawn o ran tâl salwch a chostau cyflenwi i ysgolion, gyda sgil effeithiau ar safonau addysgol; mae'r Awdurdod Gweithredol Iechyd a Diogelwch (*Health and Safety Executive*) wedi adnabod addysg fel maes ble mae straen yn broblem fawr, a ble mae angen gweithredu ymhellach; mae Estyn, Swyddfa Archwilio Cymru a'r Pwyllgor Plant, Pobl Ifanc ac Addysg oll wedi tynnu sylw at broblemau a chostau absenoldebau athrawon yn ddiweddar
- unwaith y bydd athrawon wedi gadael y proffesiwn, mae'n annhebygol y bydd modd eu denu yn ôl ymhen rhai blynedd – mi fyddai hynny'n golled sylweddol o ran y

buddsoddiad yn eu hyfforddiant cychwynnol a datblygiad proffesiynol parhaus; hyd yn oed pe byddai modd ail-ddenu rhai ohonynt, mi fyddai costau ail-hyfforddi ynghlwm â hynny

- mae costau recriwtio yn gallu bod yn sylweddol

- **Effaith rhaglenni deddfwriaethol Llywodraeth Cymru ac a oes digon o adnoddau ar gyfer eu rhoi ar waith**

Ym maes addysg, y prif ddarn o ddeddfwriaeth arfaethedig yw'r Bil Anghenion Dysgu Ychwanegol a'r Tribiwnlys Addysg. Nid oedd UCAC o'r farn fod y Memorandwm Esboniadol a'r asesiadau effaith cychwynnol yr ymgynghorwyd arnynt yn ddiweddar wedi mynd i ddigon o fanylder ynghylch costau sylweddol iawn trawsnewidiad o'r fath y bwriedir. Bydd angen cynllun a chyllidebu'n ofalus iawn ar gyfer gweithredu'r ddeddfwriaeth pan ddaw.

- **Craffu ar y Gymraeg, cydraddoldeb a chynaliadwyedd**

Mae'n peri siom a rhwystredigaeth bod y Gymraeg yn parhau i fod yn ystyriaeth ymylol/ychwanegol.

Teimla UCAC bod angen i'r Gymraeg gael sylw canolog ym mhob maes polisi ar draws y Llywodraeth ac y dylai felly elwa o bob gwariant cyhoeddus perthnasol. Er enghraifft, ni ddylid fod yn edrych ar wasanaethau cyhoeddus ar y naill law, a'r Gymraeg ar y llall – fel meysydd gwariant sy'n cystadlu â'i gilydd. Yn hytrach, dylid fod yn meddwl am rôl ganolog, hanfodol y Gymraeg o fewn y gwasanaethau cyhoeddus.

Nid yw hyn yn wir ar hyn o bryd, sy'n golygu bod y Gymraeg yn fwy bregus pan ddaw unrhyw doriadau. Mae'r diffyg ymagwedd strategol, prifffrwd at wariant ar yr iaith yn rhwystr gwirioneddol o ran ei normaleiddio ac o ran y gallu i hybu ei defnydd dros y tymor hir.



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Response to the Finance Committee call for information on the Welsh Government draft budget proposals for 2016/17

5th January 2016

Shelter Cymru

Shelter Cymru works for the prevention of homelessness and the improvement of housing conditions. Our vision is that everyone in Wales should have a decent home. We believe that a home is a fundamental right and essential to the health and well-being of people and communities.

Vision

Everyone in Wales should have a decent and affordable home: it is the foundation for the health and well-being of people and communities.

Mission

Shelter Cymru's mission is to improve people's lives through our advice and support services and through training, education and information work. Through our policy, research, campaigning and lobbying, we will help overcome the barriers that stand in the way of people in Wales having a decent affordable home.

Values

- Be independent and not compromised in any aspect of our work with people in housing need.
- Work as equals with people in housing need, respect their needs, and help them to take control of their lives.

- Constructively challenge to ensure people are properly assisted and to improve good practice.

Introduction

Shelter Cymru welcomes the opportunity to respond to this call for information. There are a number of very welcome aspects of the 2016/17 draft budget, including the protection of the Supporting People budget and the increase to Social Housing Grant. The Welsh Government clearly understands the importance of support for vulnerable people, as well as the importance of supporting the social housing sector and helping it to grow in order to ease the impact of the housing crisis.

We do however have serious concerns about the proposed cut to homelessness prevention, and the impact that this may have on implementation of Part 2 of the Housing (Wales) Act 2014.

Homelessness prevention

Part 2 of the Housing (Wales) Act introduced an ambitious new approach to preventing homelessness that has attracted worldwide attention. The Welsh Government has led the way by placing duties on local authorities to provide prevention services to anyone who presents within 56 days of homelessness.

This has considerably expanded the number of households that can potentially be helped, as well as the depth and complexity of work that authorities must carry out.

Local authorities and other services such as ours have had to undertake significant culture change in order to adjust to this new way of working. Our [report](#)¹ on the first six months of the new legislation gives us an early picture of services largely rising to the challenge and managing to successfully prevent homelessness in the majority of cases.

There is, however, much more that needs to be done. The new Act champions a person-centred approach, going against the grain of three decades of process-driven services that were focused on administering tests designed specifically to ration the scarce social housing resource.

We are less than a year into the journey towards this new way of working. It came as a surprise, therefore, to learn that the Welsh Government is intending to cut the homelessness prevention budget for 2016/17 by £524,000, or 8.4 per cent.

We understand that this cut is due to a 'non-recurrent transfer' – a one-off allocation that isn't meant to be repeated in subsequent years. However we urge the Welsh Government not to reduce transitional funding at this early stage.

¹ <http://sheltercymru.org.uk/a-brand-new-start-homelessness-and-the-housing-wales-act/>

Local authorities still need support to implement the Act. Our concern is that other effective and long-standing homelessness services will have to suffer cuts too, so that local authorities have sufficient ongoing transitional support.

After a number of years of standstill grants, third sector organisations funded to prevent homelessness had grants cut this year and are being told to prepare for further reductions from April 2016. Clearly, although the reduction in the homelessness prevention budget is described as a 'non-recurrent transfer' it is effectively a cut to prevention services.

Maintaining the transitional funding for local authorities is vital but if, at the same time, third sector services are eroded it will simply mean more homeless households presenting as emergency cases to those authorities.

Research by Citizens Advice shows that every £1 spent on housing advice saves the state £2.34². In the last year Shelter Cymru has helped more people than ever before, preventing homelessness in a record 93 per cent of the cases where it was faced. Our role in implementing the Welsh Government's homelessness agenda is clear, but it needs to be sufficiently resourced.

The homelessness budget is very small compared to others, but the difference it makes to frontline services and to people's lives is immense. It makes little sense to protect Supporting People while cutting other funding that achieves the same aims and often funds the same services.

If prevention funding is cut from April, this will inevitably affect the ability of local authorities and other services to deliver on the Welsh Government's ambitious vision. This comes at a time when there is increasing international interest in the Welsh model.

Last month the Department for Communities and Local Government announced what they described as a 'radical package of measures' to tackle homelessness in England, including protecting local authorities' prevention funds, increasing central government funding for homelessness programmes – and, significantly, a review of legislation to examine how to prevent more people from becoming homeless in the first place.

The UK Government's legislation review will bring academics, campaigners and policymakers to Wales to examine the impacts of the Act so far. It would be a great shame for Wales' international reputation if these impacts were compromised by a budget cut.

For more information please contact Jennie Bibbings, Campaigns Manager

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² Citizens Advice (July 2010) Towards a business case for Legal Aid: paper to the Legal Aid Research Centre's eighth international research conference



**Welsh Government draft budget proposals for 2016/17
A consultation response by Universities Wales**

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. Introduction

- 2.1. The Welsh Government laid its draft budget proposals before the National Assembly for Wales on 8 December 2015. Universities Wales offers the following comments in response to the Finance Committee's call for information on the proposals, published by the Committee on 10 December 2015.¹ We provide some brief comment on the set of specific questions asked by the Committee in the appendix to this submission, but the main body of our response focuses on the Draft Budget proposals in relation to higher education.

3. Executive Summary

- 3.1. **Actual figures** - the proposed cut of £41.4m (32%) in investment to universities in Wales could actually result in significant in-year cuts in addition to the £41m reduction for 2016/17 of up to **£61m** in HEFCW's allocations for the 2016/17 academic year.
- 3.2. **Consequences** - The proposed major reduction in funding will force HEFCW to choose between funding for specific areas - part-time provision, high-cost subjects and quality research (QR) will have to be cut.
 - **Part-time** – A cut in funding to the part-time institutional learning and teaching support presents the serious risk of closing off the opportunities that part-time study provides for a wide variety of students, including those that want to upskill or retrain, and businesses who want to grow through continuing professional development. Part-time provision also makes a significant contribution to the widening access agenda and to community development and economic regeneration in disadvantaged communities.
 - **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 the higher cost subjects. Without public investment (as is the case in England), there is a significant risk that provision in high cost subjects will be forced to decline, the consequences of which would mean that universities in Wales could not address the diverse needs of the future workforce and economy – there is a risk to

¹ See the consultation homepage for the consultation letter and copies of the draft budget proposals:
<http://senedd.assembly.wales/mgConsultation/consultation?ID=12>

courses such as medicine for example, which would impact on the supply of doctors being trained in Wales in the longer term.

- **Quality Research (QR) Funding** - The consequences of 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. Research at Welsh universities is diverse and has a very real and significant impact on peoples' lives – 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; and from improving the quality of our bathing waters to reducing costs to our health service. Research such as this is at risk as a result of the proposed reductions.

3.3. Economic Impact - Welsh universities leverage a large economic impact for Wales and generated £4.6 billion of output in Wales in 2013/14, generated some £2.4bn of Welsh Gross Value Added (GVA) (equivalent to 4.6% of the Welsh total) and created almost 50,000 jobs in Wales (3.4% of the Welsh total). Welsh universities generated a total of £600 million of export earnings and the GVA generated by Welsh universities is more than by the Welsh Government priority sectors of the Creative Industries sectors and Food and Farming combined. The role of our universities in driving the economy is being put at risk by the proposed reductions in the draft budget.

3.4. Impact Assessment - The proposed cuts have now reached levels that contradict the Government's promise that the sector would be better off financially and there are significant concerns at the lack assessment of the financial (or other) impacts for universities. There are also concerns that proposed reductions may breach the Welsh Government's own equality impact assessment guidelines, particularly on the grounds of age discrimination, and possibly in the area of disability, and that the potential for longer term damage that would be felt across Welsh Government departments has not been assessed.

3.5. Sustainability – The funding gap between Welsh and English universities could now stand at as much as £115m, risking league table performance which in turn impacts on student decision making processes and makes it harder to recruit. The impact of the fee and funding changes introduced from 2012/13 has now worked through the system and will not provide additional income for 2016/17.

3.6. Redirecting university funding to the tuition fee grant for full-time undergraduates (FTUG) does not work – Money that is needed to subsidise high-cost subjects, part-time study, research and postgraduate study is used to replace fee funding that universities would have received via the Student Loans Company and Student Finance Wales. Any reallocation from the higher education budget to tuition fee grant is a reduction in resource to universities which has a negative impact on students and research.

4. An overview of concerns relating to Higher Education – What the numbers say

4.1. Understandably we are seriously concerned by the proposed cut of £41.4m (32%) in investment to universities in Wales compared to the budget for 2015/16. In practice, this

could mean significant in-year cuts in addition to the £41m reduction for 2016/17 or a **cut of up to £61m** in HEFCW's allocations for the 2016/17 academic year (see section 11 for further information).

- 4.2. It is crucial to note that the proposed reductions in HEFCW funding are **in addition to six successive years of major cuts to the HE budget**, with a total reduction of £365m or 81% since 2010/11 (see appendix section 12.1). Universities in Wales have had to contend with a succession of major changes and financial constraints as a result. This includes the decision to reallocate full-time undergraduate student numbers across the sector in 2012 which imposed an average fee limit of £7.5k on institutions who received reallocated numbers from 2012/13. In addition to this, universities have cooperated with a policy of substantial reconfiguration that caused much upheaval and uncertainty for staff and students.
- 4.3. It should also be noted that **higher education has been disproportionately targeted for budgetary reductions since 2010/11**. The proposed reductions set out in the draft budget would amount to 8% for the Welsh Government's total departmental expenditure limit (DEL) but 16% for the Education & Skills budget since 2010/11.
- 4.4. **There is simply no space for further 'work-arounds' in the sector**, and there would be serious consequences arising from the draft budget that would damage the economy and society in Wales. The following points demonstrate the consequences of the proposed cuts and how **universities' contribution cannot be viewed in isolation, with significant impact being felt across government departments** by the cuts to universities in Wales.

5. The proposed reductions to the HE budget – Consequences of the cuts

- 5.1. Our analysis shows the proposed cuts would leave HEFCW around **£88m** to allocate in 2016/17 academic year (in comparison to its allocation of £154m for 2015/16) – see section 11 for further information.
- 5.2. A breakdown of how HEFCW's allocation of £154m for 2015/16 was distributed is included in appendix section 12.3. The proposed major reduction in funding will now **force HEFCW to choose between funding these different areas, specifically part-time provision, high-cost subjects and quality research (QR)**.
- 5.3. The likely reduction of funding to **part-time provision** is an almost inevitable consequence of HEFCW funding being reduced. This has serious consequences on both the Government's skills strategy and vision of social equality. As it is proposed that the fee grant for full-time provision (primarily for school-leavers) remains in place at current levels, this **would constitute a net transfer of public support from adult learners to younger learners**. Without public support, which the draft budget proposes to maintain in respect of the fee grant for full-time undergraduates, it is inevitable that part-time fees will have to rise. We have seen in England that the market will not sustain fees for part-time provision at the £9k level and this has caused a devastating decline in demand. This presents the serious risk of closing off the opportunities that part time study provides for a wide variety of students, including those that want to upskill or retrain, and businesses who want to

grow through continuing professional development. **Part time provision also makes a significant contribution to the widening access agenda and to community development and economic regeneration in disadvantaged communities.**

- 5.4. The likely reduction of funding to subsidise **high-cost subjects** is also an almost inevitable consequence of HEFCW funding being reduced. The cost of teaching exceeds £9k in about half of subject areas, with medicine, dentistry, science, technology and engineering subjects predominantly (but not exclusively) accounting for the higher cost subjects. Without public subsidy there is significant risk that provision in high cost subjects will be forced to decline. This creates significant risk of Wales' higher education system not being able to cater for the diverse needs of the future workforce and economy. A significant example of this would be the potential reduction of places available on courses such as medicine, risking an undersupply of doctors being trained in Wales in the longer term. **It is this type of cross-departmental impact that requires serious consideration.**
- 5.5. The likely reduction of **Quality Research (QR) funding** is an almost inevitable consequence of HEFCW funding being reduced. The consequences of reducing QR funding would be the removal of the foundations out of a system that is proven to have a direct transformational effect on society and the economy. For example, a programme of research by our universities has reduced the number of people being taken to Emergency Departments (ED) by ambulance. 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.** Wales' universities have the highest percentage of 'world leading' research in terms of impact such as this of any part of the UK, and it is this type of research that is at risk as a result of the proposed cuts. QR funding has a multiplier effect in that successive projects build on these foundations, attracting the brightest researchers, winning competitive research funding awards and developing innovations. The proposed cuts would remove these foundations, with magnified consequences for research as a whole across Wales, damaging the positive impact on Wales that is the result of many years' worth of work and investment that has led to such positive societal results.

6. The economic impact of the proposed reductions

- 6.1. Universities in Wales are national assets – not simply resources to deliver programmes of study but **major generators of investment and income for the wider Welsh economy and society.** The significant economic impact that Welsh universities make to Wales' economy is shown below. At a time when Welsh Government is making significant investments to increase GVA, the reductions being proposed to Welsh universities would achieve the reverse, with serious consequences to the output generated and jobs created in all regions of Wales.
- 6.2. Universities provide an astonishing return on the investment made to them by Welsh Government. A recent independent report shows that a relatively small public funding profile has allowed Welsh universities to leverage a large economic impact for Wales, generating **£4.6 billion of output in Wales in 2013/14.** Higher education is a major economic actor and industry in itself and generates some **£2.4bn of Welsh GVA**

(equivalent to 4.6% of the Welsh total) and creates almost **50,000 jobs** in Wales (3.4% of the Welsh total).

- 6.3. Welsh universities generated a total of **£600 million of export earnings** through international revenue together with the estimated off-campus expenditure of international students and international visitors to Wales associated with the universities. This was **equivalent to 4.6% of all 2014 Welsh export earnings**.
- 6.4. **All parts of Wales shared 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. (See Appendix section 12.6 for a breakdown of jobs generated by the expenditure of universities, their students and visitors across Wales, in each area).
- 6.5. **It should be noted that these figures exceed those of sectors that are prioritised by Welsh Government.** The £2.4billion of Welsh GVA generated by Welsh universities is more than by the Welsh Government priority sectors of the Creative Industries sectors and Food and Farming combined. Welsh universities directly provided 16,638 full time equivalent jobs across a wide range of occupations, which is **more than the Life Sciences sector**.
- 6.6. It can be argued that the proposed funding profile for universities in Wales for 2016/17 will provide little more support than that which might have been provided to universities as high value inward investors (particularly when the location of university activity is taken into account). Such investment would reflect the value of employment by universities in Wales but would not fund research, education or any other university activities undertaken for the benefit of Wales. **Unlike many other 'investors', the earnings of universities are reinvested in Wales.** If thought of as businesses, universities are major exporters and significant tourism assets: in both cases **students from outside Wales create hundreds of millions of pounds for the Welsh economy**². It is also worth emphasising that **the average salary in Welsh universities is £37,500 against an average salary of around £23,000 and GVA/head £17,500 in Wales.** As Wales tries to raise GVA per head, the proposed funding cut for universities could perversely remove employment of a higher value than can be created in other areas of the economy in the short term.

7. Impact assessment

- 7.1. We understand the Welsh Government is faced with difficult choices, but the **proposed cuts have now reached levels that contradict the Government's promise** that "Overall, funding to the sector in 2013/14 will increase by 13.8% and latest forecasts suggest that the existing funding regime will contribute an additional £290m during the lifetime of this Government when compared to the previous funding formula. Income is forecast to continue to increase up until 2021."³ Consequently it appears **the Government**

² If students were converted to visitor numbers they would be worth around 13m visitor nights.

³ <http://gov.wales/about/cabinet/cabinetstatements/2014/hefinance/?lang=en>

will not be able to honour previously made commitments to protect part-time and research funding.

7.2. A significant concern with the Draft Budget proposals however is that they have not been accompanied by an assessment of the financial (or other) impact for universities, as we would have expected as a matter of due diligence in the case of a major reduction of this nature.⁴

7.3. Universities in Wales are crucial to promoting and securing social justice and as a catalyst for social mobility they open up life changing opportunities to all. We query whether the proposed cuts to universities may be in **breach the Welsh Government's own equality impact assessment guidelines, particularly on the grounds of age discrimination.**

7.4. It is also difficult to see how Government has taken into account its own Well-being of Future Generations (Wales) Act 2015 that requires consideration of the longer term in order to prevent storing up problems for the future. At the very heart of this legislation is the need to act in a sustainable way and to 'look to the long term as well as focusing on now' and to 'take action to try and stop problems getting worse - or even stop them happening in the first place.' **The potential for longer term damage that would be felt across departments is significant.**

8. Impact for competitiveness/long-term sustainability

8.1. A key concern for universities is their ability to remain competitive. This should be a major issue for Wales, since **the economy is so dependent on the strength of its universities** and their ability to compete successfully in a global knowledge economy.

8.2. Based on our most recent analysis (see appendix section 12.4) 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:

Based on	Wales proportion	Estimated funding gap (£ millions)
Population (Mid Year 2013)	5.72%	-73
Population 18yr olds (Mid Year 2013)	5.82%	-77
HE students (FTEs) 2013/14	6.65%	-110
HE students (FPEs) 2013/14	6.79%	-115

8.3. According to a recent report, one of the main reasons why Welsh universities may not fare well on public facing rankings is that they were significantly underfunded compared with those in England and Scotland over the previous decade⁵. **With further significant cuts proposed it is difficult to see how this will not have a knock-on effect on league table performance for Welsh universities.**

⁴ See p.16ff, Strategic Integrated Impact Assessment.

⁵ Learned Society of Wales, 2011.

9. Impact for financial sustainability

9.1. The distribution of the cuts between institutions is likely to be very uneven. At this stage we are **unclear how the sector can absorb a reduction of this size in a single year or where the shortfall in income can be made**. The impact of the fee and funding changes introduced from 2012/13, for instance, has worked through the system already and will provide no significant additional income for 2016/17. Recruitment for 2016 entry is already in full swing, and growth in full-time undergraduates from Wales remains subject to an overall limit in the sector.

10. The proposed use of redirecting university funding to the FTUG tuition fee grant

10.1. The Welsh Government's justification for the proposed budget reductions to HE are that difficult choices have had to be made. In particular, it points to its commitment to support students through tuition fee grant. From a university point of view, the tuition fee policy substitutes fee income that universities would have received from students. The **consequence of drawing the funding for this policy from the higher education budget is that it has become increasingly difficult for the Welsh Government to provide the public funding for research, part-time and high-cost subjects as well as its own priorities** such as the Coleg Cymraeg.

10.2. £232m was transferred from the HE budget for in June 2015 for tuition fee grant payments, leaving an HE budget of £129m for 2015/16.

10.3. The following outlines why funding to universities through tuition fee grant is not equivalent to direct funding:

10.4. Firstly, **there are areas that are crucial to Wales' economy and society that require public investment because a market-led funding mechanism does not provide them with adequate support**. As shown in section 5, several subjects cost more than the student market is currently paying for them, and we have seen part-time provision decline in England when left to market-forces.

10.5. Secondly, **there is a limit on the amount that can be transferred from income from FTUG tuition fee grant to universities**. This is because fee income is subject to a specific agreement as part of fee plan requirements and must be used for sole purposes of promoting equality of opportunity and the promotion of higher education.

10.6. In addition to part-time provision, high-cost subjects and QR funding, **there is a limit to the amount that can be transferred from fee income to capital investment**. Capital investment is crucial for universities to be able to provide a student experience that is competitive with universities in the rest of the UK and indeed increasingly, Europe. For example, historic university buildings, that are often central to the cultural identity of many Welsh cities and towns, are also key to attracting students and yet are expensive to maintain. **The proposed budget implies a further shift towards income from FTUG student fees, making it crucial that universities recruit students to maintain their income, and yet reduces universities' ability to attract students**. Universities now

need to borrow to support capital investment. They therefore also need to be able to use their income to cover the cost of any borrowing and also provide themselves with a cushion against any variation in income and cash-flow fluctuations (e.g. due to the profile of payments from the Student Loans Company). It should be noted that this problem is compounded by the government's decision to remove capital funding in 2012.

10.7. Furthermore, as consumers, **students rightly deserve a fair deal for their tuition fees.** There is serious risk of creating a policy that is unfair to students if the Government expects universities to continue provision in areas that were previously in part publicly funded by increasing cross-funding or subsidising other areas.

10.8. Thirdly, tuition fee grants are only available to full-time undergraduates, not part-time. This means **there is no possibility of additional fee income to compensate universities for the loss of grant even though fee levels remain uncapped for part-time study.** Added to this there are additional costs associated with offering part-time provision, which in the past have been recognised in the funding models by additional per capita funding.

10.9. In addition to this, **the number of Welsh domiciled students applying to university in Wales is not expected to increase substantially in the short-term.** The increase in tuition fee grant allocation is clearly to fund an increase in Welsh students undertaking HE in England⁶.

10.10. In conclusion, university funding needs to secure strong, high quality, economically valuable universities in Wales that have the ability to deliver for both the people of Wales *and* for the students that study in them, rather than focussing on lowering the cost of a university education to Welsh students, wherever they study.

11. The financial impact for universities – How funding via HEFCW works

11.1. The financial impact for universities is more significant than might be immediately clear from the Draft Budget.

11.2. It should be noted that HEFCW makes its grant allocations on an academic year basis, requiring it to draw on the Welsh Government budgets for different financial years and make assumptions about the Welsh Government budget for the financial year ahead.

11.3. In addition to the £41m cut outlined in the Draft Budget 2016/17, we understand that there will be **a further £5.6m in cuts to the HE budget for 2015/16** in connection with tuition fee grant payments.

11.4. In addition, HEFCW will need to accommodate **reductions to the 2015/16 budget of around £19.3m.** This is because HEFCW has previously assumed that 40% of the budget for the 2016/17 financial year would be used for 2015/16 academic year, so the implied reduction is £16.6m for the 2015/16 academic year. The Welsh Government transfer for

⁶ According to the UCAS End of Cycle Report for 2015/16, Welsh acceptances to providers in England continued to increase by +290 compared to 2014/15, whereas they increased only marginally (+35) in Wales. See appendix section 12.5 for more information.

tuition fee grants for 2015/16 which we expect to be reflected in the next supplementary budget also exceeds HEFCW's estimate by £2.7m.

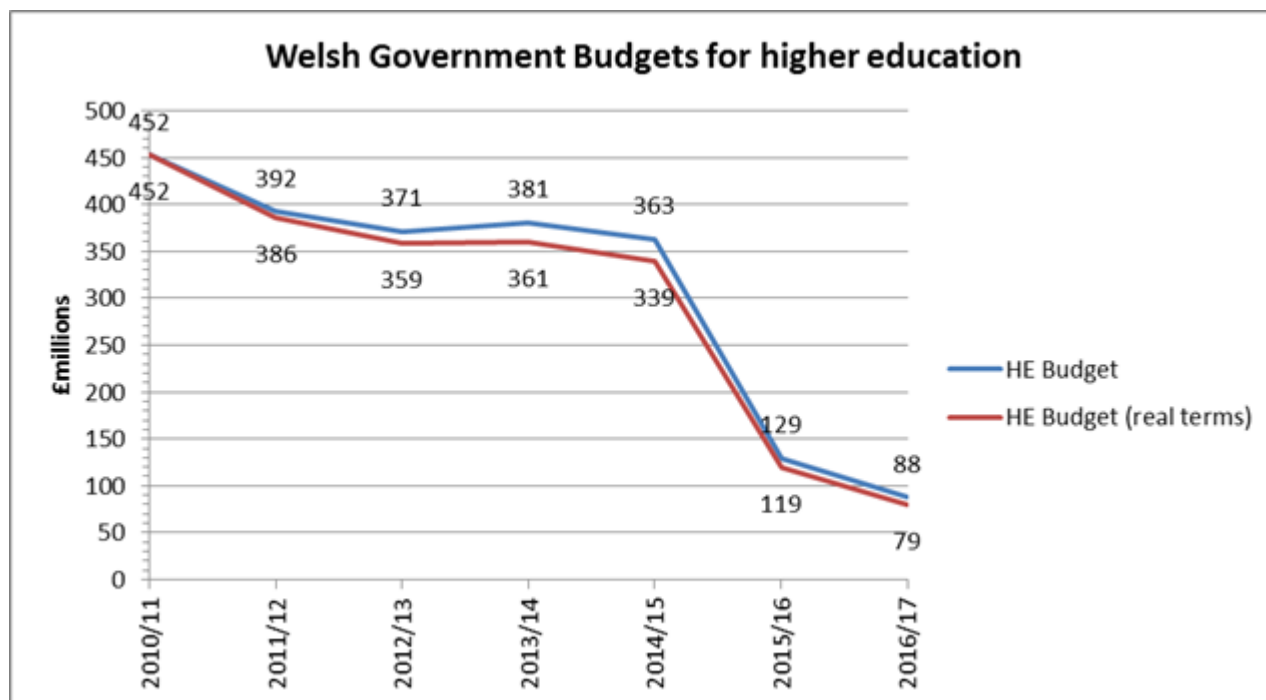
11.5. Together these mean that HEFCW will need to make in-year cuts to the planned 2015/16 allocations of £19.3m as well as the reduction of £41.4m in 2016/17 academic year. Alternatively, it could make a reduction in the available budget for allocation in the 2016/17 academic year of **up to £60.6m**.

11.6. Based on these cuts, our assumption at the moment is that the Welsh Government budget available to HEFCW to apportion to the academic year 2016/17 will be in the region of **£88m** (see appendix 12.2 for further information). This assumes that HEFCW would seek to offset the 2015/16 reductions by reducing the balance carried forward to the 2016/17 academic year (previously estimated at £14m). However, it assumes that there will be no further cuts to the HE budget for 2017/18, in absence of indicative figures in the Draft Budget. The exact amount that HEFCW will have available for academic year 2016/17 will depend on the actual out-turn of allocations in 2015/16, and any balance carried forward.

Universities Wales
8 January 2016

12. Appendix

12.1. The proposed cuts would mean a sixth successive year of major cuts to the HE budget, and a reduction of £365m or 81% since 2010/11 in cash terms (or £373m and 82% in real terms).⁷



Sources: Welsh Government 2nd Supplementary Budgets for 2010/11 to 2014/15, 1st Supplementary Budget for 2015/16, and Draft Budget for 2016/17;
 ** Real terms - stated at 2010/11 market prices (using HM Treasury GDP deflators, Nov 2015).

12.2. The following is a rough estimate of the impact, based primarily on data published in grant allocation circulars and estimates (extending the analysis we submitted to the Diamond Review). It is likely that HEFCW's forthcoming income analysis report, to which we have contributed, will be based on much more accurate, up-to-date and comprehensive data than is currently publicly available. Our rough estimates, while they have a limited degree of accuracy without this further data and should be treated with due caution, serve to illustrate the dangers of making cuts of this magnitude in absence of HEFCW's detailed analysis. These estimates show that the proposed reductions in the Draft Budget could mean, for instance, that universities net income related to the fee and funding arrangements since 2012 has been significantly cut.

Income related to fee/funding changes	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
HEFCW Grant allocations ¹	395	385	259	224	163	154	88
Additional fee income from Welsh/EU students ²	0	0	65	99	150	154	158
Additional fee income from RUK students ³	0	0	51	92	130	133	133
Total	395	385	374	415	442	441	379

⁷ Stated at 2010/11 market prices (using HM Treasury GDP deflators, Nov 2015).

12.3. Summary of HEFCW's allocation of £154m for 2015/16:

HEFCW Grant allocations 2015/16	
Teaching	
Full-time undergraduate – expensive subjects	£14.8m
Part-time undergraduate	£26.8m
Part-time postgraduate taught	£6.3m
Research	
QR funding	£79.4m
Other	
Strategy and initiative allocations	£24.7m
Innovation and engagement	£1.6m
Other	£0.6m
Total	£154.2m

Source: HEFCW Circular W15/09HE

12.4. It is not possible to directly compare the Draft Budget proposals for HE for England and Wales. However, at this stage the Draft Budget proposals appear set to increase the existing funding gap. HEFCW and the Learned Society have previously highlighted historic funding gaps in Wales. Our most recent analysis, prior to the comprehensive spending review in England the current Draft budget proposals in Wales, is based on HEFCE's most recent funding circular.⁸ The figures for England have also been scaled by population size (based on the latest mid-year census statistics) in line with the method used to determine Barnett consequentials for Wales:

Funding allocations 2015/16 (£ millions)	England	England (scaled by population)*	Wales	Funding difference
Research	1,558	89	79	-10
Teaching	1,418	81	48	-33
Other -recurrent	212	12	26	14
Total recurrent	3,188	182	154	-28
Total non-recurrent	783	45		-45
<i>including</i>				
Capital	603	34		
National facilities and init	130	7		
PG support scheme	50	3		
TOTAL allocations	3,971	227	154	-73

⁸ HEFCE Report 2015/05: <http://www.hefce.ac.uk/pubs/year/2015/201505/>

12.5. UCAS full-time undergraduate acceptances from Welsh-domiciled applicants by country of provider

Provider country	2011	2012	2013	2014	2015	+/-
England	6,460	7,315	7,360	8,090	8,380	290
Northern Ireland	10	5	5	10	15	5
Scotland	95	115	105	115	120	5
Wales	11,765	11,875	12,190	11,955	11,990	35
All UK providers	18,330	19,310	19,660	20,170	20,505	335

Source: UCAS End of Cycle Report, 2015

12.6. 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 ⁹
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
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

⁹ Derived from 2013 Data on Workforce employment by Local Authority (StatsWales)

Specific questions

1. What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?

Sections 4, 5 and 6 of our response, outline the severe cuts to the higher education budget since 2010/11, and the challenges already faced by universities resulting from this.

2. Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

We have very significant concerns relating to higher education, as our response discusses in detail.

3. What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?

Our response outlines that the budget reductions would pose major challenges for Universities both in the short and long term. These raise issues of sustainability and competitiveness as outlined in section 8 in particular but referred to throughout the response.

4. The Committee are 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?

- **Preparation for the Wales Bill**
- **Local health board financial arrangements**
- **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)**

The cuts to the HE budget represent a major cut in preventative spending. It is storing up longer-term problems that will take years to remedy. Wales has few economic levers at its disposal, as the Welsh Government has previously highlighted, but investment in education is a significant one.

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

Our response highlights significant concerns about the implications of investment in innovation and universities as charitable institutions who serve the public interest.

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

The reduction in funding is likely to have significant consequences for students and access to higher education, as teaching grant is further reduced. This is likely to have a detrimental impact on disadvantaged groups – particularly, part-time provision – although the precise impact is difficult to

gauge in advance of decisions on the allocation of the remaining funding.
This is discussed and referenced throughout our response.

- **Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced**

Section 7 of our response questions the apparent lack of impact assessments and the cross-referencing between other Acts and the Government's own equality impact guidelines for example.

- **Scrutiny of Welsh language, equalities and sustainability**

See section 7 of our response.

National Assembly Finance Committee

Welsh Government Draft Budget
2016-17

7th January 2016



WLGA • CLILC

Summary

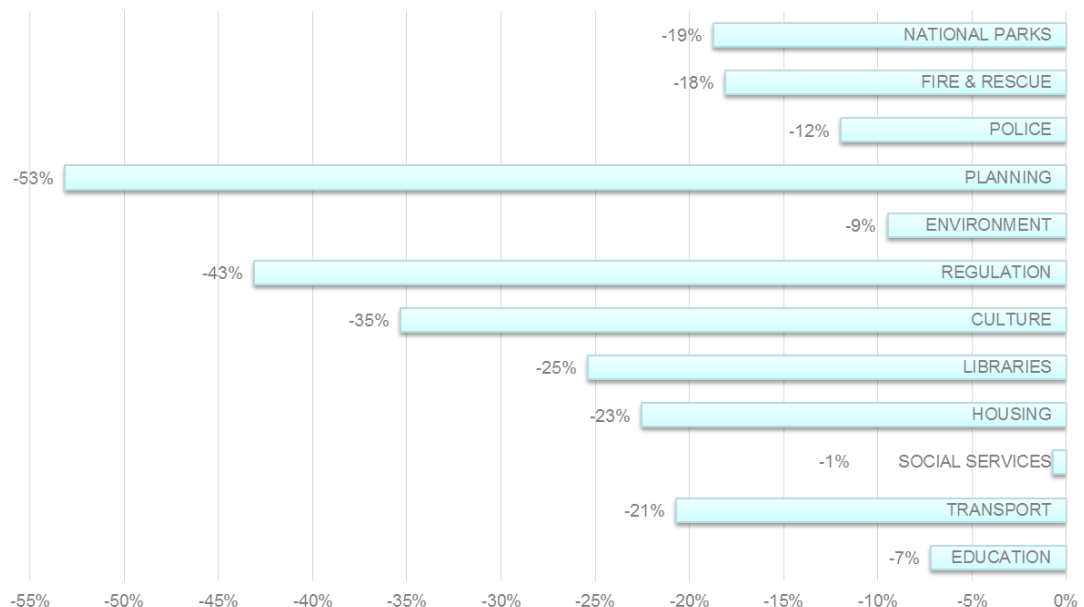
1. Local Government is a vital partner for the Welsh Government in delivering its broad social and economic outcomes. There is not one area in the Programme for Government where councils do not make a crucial contribution to outcomes. Local services support healthy people living productive lives in prosperous and innovative local economies. Local services provide the bedrock of safer, more cohesive and more equal communities. Local services make an invaluable contribution to a resilient environment and a society with a vital sense of its own culture and heritage.
2. The WLGA's response to the provisional settlement announcement for 2016-17 has been relatively positive. An average reduction of 1.4% was a lot better than the experience of the past couple of years although we are continuing to make a case for rural authorities who fared less well.
3. Councils have played their part in delivering savings so far and are continuing to bear the brunt of austerity. Continued austerity is putting local services, and the government's own objectives at serious risk, both now and in the future. Unprecedented unavoidable financial pressures facing councils next year and longer-term demographic demands are likely to 'crowd out' the smaller, discretionary local services until they hardly exist. The well-being of the current and future generations is at serious risk.
4. In May 2015 Royal Assent was granted to the Well-Being of Future Generations Act. The Act places duties on the whole public sector to demonstrate how they have applied long term, preventative, integrated and collaborative approaches in achieving the seven national well-being goals. The emphasis is now on long-term needs assessments. It signifies a step change to place sustainable development and the needs of future generations at the heart of public service delivery in Wales and the whole financial planning framework, including budget setting, needs to reflect that.

What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?

5. The 2015-16 Welsh Government Budget implied a cash reduction of 3.4% for local authorities across Wales. The announcement of the 2015-16 settlement was the third year in a row that the published indicative settlement had been significantly revised downwards. The recently published CIPFA 2015 Manifesto underlined that sound financial planning remains a concern across the public sector in the UK. Our major concern was the inability to rely on indicative figures while attempting to introduce significant reductions in funding in a planned and rational way, based on sound evidence and with an appropriate lead-in time.

6. There is no doubt that local public services are continuing to bear the brunt of austerity in Wales. While overall expenditure has levelled off in cash terms the impact on unprotected or discretionary services is extreme. The latest published budget data for 2015-16¹ shows environmental, cultural and community services are experiencing drastic reductions after adjusting for inflation.
7. Figure 1 shows that services that are vital to economic growth and the general well-being of communities have seen precipitous reductions since the onset of austerity. Some of the largest reductions have been in unprotected areas such as Planning and Regulatory Services which play a vital role in regeneration and preventative areas. Many other areas of LG spend have shrunk by at least a fifth in real terms. Areas that have been relatively protected include education, social services and environmental services have nonetheless being contracting.

Figure 1: Real terms reductions in service spend, 2009-10 to 2015-16



Source: IFS 2012, RO and RA returns

8. Since 2009-10 local authorities have achieved around £720m in efficiency savings. Most of this has been achieved through pay restraint and reductions in posts. Workforce surveys have shown that 15,000 posts have been lost since 2009-10. This is likely to continue through to 2019-20 on the same scale, effectively reducing the local government workforce by 20% over a 10 year period.

¹ <http://gov.wales/statistics-and-research/local-authority-revenue-budget-capital-forecast/?lang=en>

9. Many of the initiatives for addressing the budget shortfalls can be identified from local authorities' medium-term financial plans. The recent KPMG report on corporate support services identifies £33m of savings that are being reported in the last and the current financial year.
10. At the same time performance has been improving. The latest local government performance data shows how those services performed in 2014-15 compared to 2013-14. At a Wales level, 63% (26) of the 41 indicators which are comparable between 2013-14 and 2014-15 show improvement. The gap in performance (between the best and worst performing authorities) narrowed in 56% (23) of the indicators. For 39% (16) of the indicators, performance improved and the gap between the best and worst performing authorities narrowed.
11. Since the beginning of austerity Of the 43 national performance indicators in place for 2014-15, 67% (29 indicators) were comparable to 2009-10. Of the 29 comparable indicators, 86% (25 indicators) had improved.

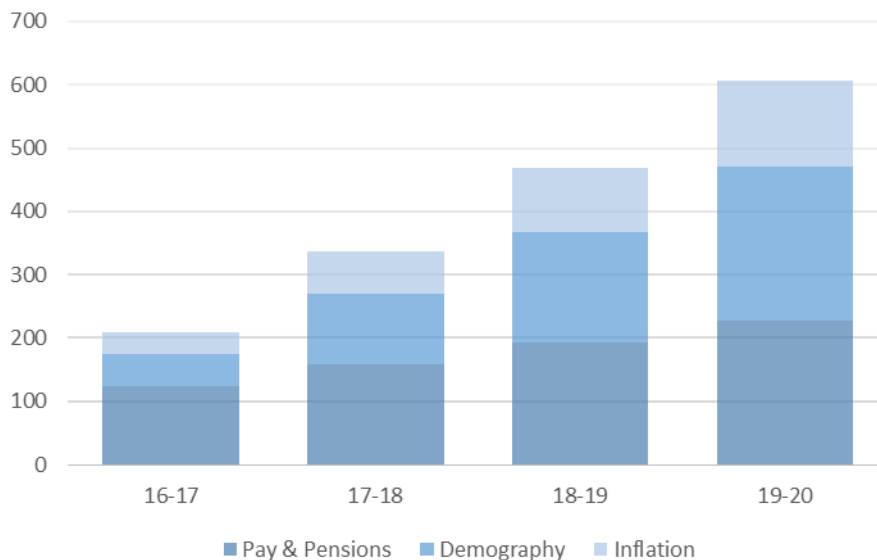
Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas? / What expectations do you have of the 2016-17 draft budget proposals?

12. The WLGA Council met at the end of November 2015. In the run up to the budget announcement and provisional local government finance settlement, Leaders wanted to emphasise the preventative nature of local services especially social services. The letters set out in the annex received a positive response. The backdrop to the correspondence was the ongoing pressures that local authorities will experience over the next 5 years, not just 2016-17.
13. This derives from the increased demand for local public services and the increased cost of providing them. Some of these may arise from national or devolved government policy. Demand pressures are largely demographic and are most acute in the larger budget areas of social services and education. The work done for Wales Public Services 2025² demonstrated that pressures in social services budgets drive around 2.9% growth each year, which is around £43m annually up to 2019-20. This includes increases in Looked After Children as well as the elderly population
14. Within education budgets, increased birth rates are starting to feed through to growth in pupil numbers. From 2015 to 2019, the ratio of growth of school-aged children to the general population will increase nearly threefold from 0.8 to 2.3. The resultant annual pressure increases from £9m in 2016-17 to £24m in 2019-20.

² Future Pressures on Welsh Public Services, WPS 2025
(<http://www.walespublicservices2025.org.uk/new-report-by-mark-jeffs-wales-public-services-2025/>)

15. On the cost side there are unavoidable workforce costs that, left unfunded, means that the local services would be cut in order to fund them. By far the largest element is a pressure of £60m is due to loss of the National Insurance rebate as a consequence the introduction of Single Tier Pensions in 2016-17. For the education sector there is an additional pension pressure due to the part-year effect of increased employer contributions to the Teacher's Pension Scheme which is £13m for 2016-17 alone. A modest 1% pay award for teaching and non-teaching staff adds around £35m in 2016-17 and compounded thereafter.
16. There is also more general inflation and pressure generated through the Council Tax rises on the Council Tax Reduction Scheme. The former may be lower to due to systemic deflationary effects in the economy but there is a case for identifying the specific inflationary impact of contractual obligations and landfill charges. Overall these will account for £20m of pressure in 2016-17 and the CTRS scheme adds a further £13m.
17. Figure 2 below shows the total expenditure pressure in 2016-17 to be £208m over half of which is the unavoidable financial pressure of pay and pensions. By 2019-20 this rises to £607m when demographic pressure becomes the largest cumulative pressure.

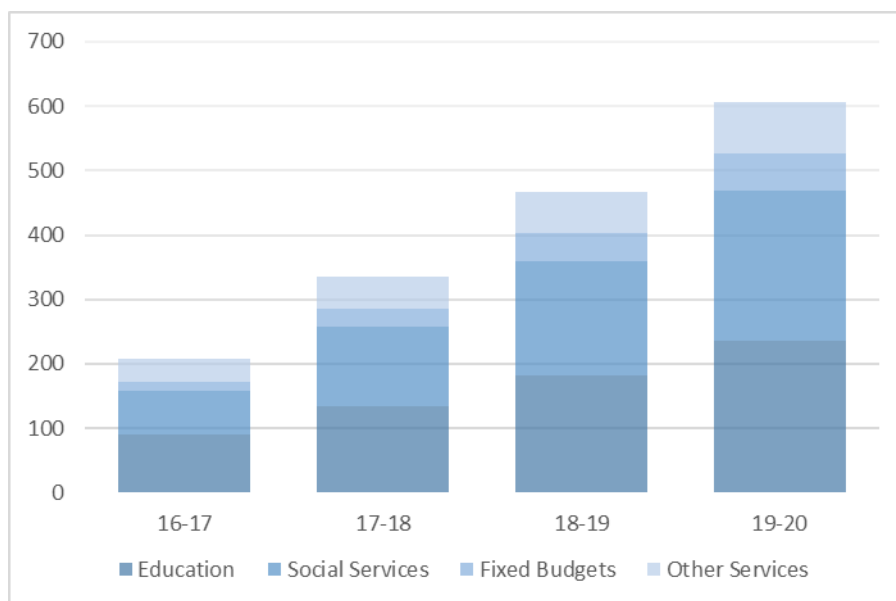
Figure 2: Cumulative impact of pressures up to 2019-20, by type, £m



Source: Base estimates: RO and RA returns (2013-14 to 2014-15), NI impact: SWT Survey (2015)

18. An alternative way of looking at these pressures is to base them on services and other elements of the overall budget. Figure 3 shows the pressures broken down in this way. Just under three quarters of the pressures are attributable to the largest services of social services and education, a proportion that remain consistent through to 2019-20.

Figure 3: Cumulative impact of pressures up to 2019-20, by budget, £m



Source: Base estimates: RO and RA returns (2013-14 to 2014-15), NI impact: SWT Survey (2015)

19. While Council tax continues to be an important source of income for local authorities, future increases are nowhere near enough to fund the pressures highlighted above in figures 3 and 4. It makes a contribution and this varies from authority to authority. Even if every local authority sets future levels at the 5% threshold historically accepted it can only raise £56m in 2016-17. So it barely pays for its own CTRS implication (£13m) plus social services demography (£43m). In short, it accounts for little under a quarter of next year's pressure without taking into account any funding reduction.
20. The combined effect of the funding reduction, additional pressures and council tax increases means that, on average, local authorities will be looking at absorbing a budget shortfall of £200m in 2016-17. This will involve making similar decisions to those made in the past about service prioritisation and transformation.
21. At authority level the funding formula determines the settlement for each authority and continues to deliver a range of reductions. The range in grant reductions was extreme this year. With Cardiff receiving a 0.1% reduction and Powys receiving a 4.1% reduction, the range was 4%. For grant allocations the range is driven by three factors: needs equalisation, resource equalisation (both of which are driven by the funding formula) and, finally, the damping mechanism.
22. Those authorities at the bottom of the range clearly come out worst from a combination of all three of these factors. The WPGA supports the views of

the independent members of the Distribution Sub Group that the funding formula is due for a fundamental review. In their report, the independent members continue to state that:

The reasons for a review of the formula were outlined in previous reports and they remain as already stated.

- *The continuing need to amend aspects of the formula and to bring historical data up to date suggests that the current formula is still far from stable.*
- *Reliance on historical data and spending patterns in a period of austerity and significant change is likely to have implications for the appropriateness of the existing distribution mechanism and brings with it a danger of loss of consensus but also the possibility of direct challenge.*
- *The current formula mechanism is based on a methodology that does not meet established standards of statistical practice. Regression analysis of only twenty-two cases (i.e. the Welsh local authorities) is susceptible to over-fitting of the data and to influential cases skewing the estimates. This issue is likely to become even more pressing if the number of authorities reduces further.*
- *Finally, given the reliance on collaboration for the delivery of many key services across Wales, there is a need to consider in what ways joint production of services might need to be incorporated within the formula.*

23. The Committee should also be aware that WLGA and CIPFA have joined forces to appoint an Independent Commission to look at the future of Local Government Finance³ in Wales which is chaired by Professor Tony Travers. The Commission is not tasked with evaluating the formula directly but is taking a broader view of the system and whether funding may be better incentivised or even localised. A balance needs to be struck between a system that better incentivises and one that fully equalises and reflects need. In the WLGA manifesto⁴ we make a case for more localisation and the corollary to this is greater fiscal devolution.

³ <http://www.cipfa.org/partners/independent-commission-on-local-government-finance-wales>

⁴ <http://www.wlga.gov.uk/local-government-policy-priorities-for-the-national-assembly-for-wales>

How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?

24. The question posed by the Committee really is a key one for public services as a whole in Wales. For local authorities, the WAO has recognised that 'financial planning is generally getting better' but there are challenges for local authorities in addressing their own short termism. While local authorities can make sound estimates of future expenditure pressures, second guessing the scale of funding reductions in the future has become a quest for the grail. This is not helped by the Welsh Government's approach to its own budget setting.
25. The WG has retreated from a sound medium-term approach which it had at the outset of the 2010 Spending Round. The budget cycle has returned to an annual incremental approach accompanied by a complete withdrawal of the system of multiyear settlements for local government that had been developed as far back as 2007.
26. In England, local authorities now have a clear picture of their funding trajectory over the lifetime of the Parliament. Furthermore, the Office for Budget Responsibility has published its own forecast of local authority funding and spending up to 2021.
27. This is summarised in table 1 below where increase in central government current grants to local authorities between 2015-16 and 2020-21 are set to rise by 7% in Wales, 8% in Scotland (including business rates) and 4% in England (including retained business rates). Spending increases are even more generous.

Table 1: OBR Forecasts of LG Spending and Funding in Wales, England and Scotland, £bn

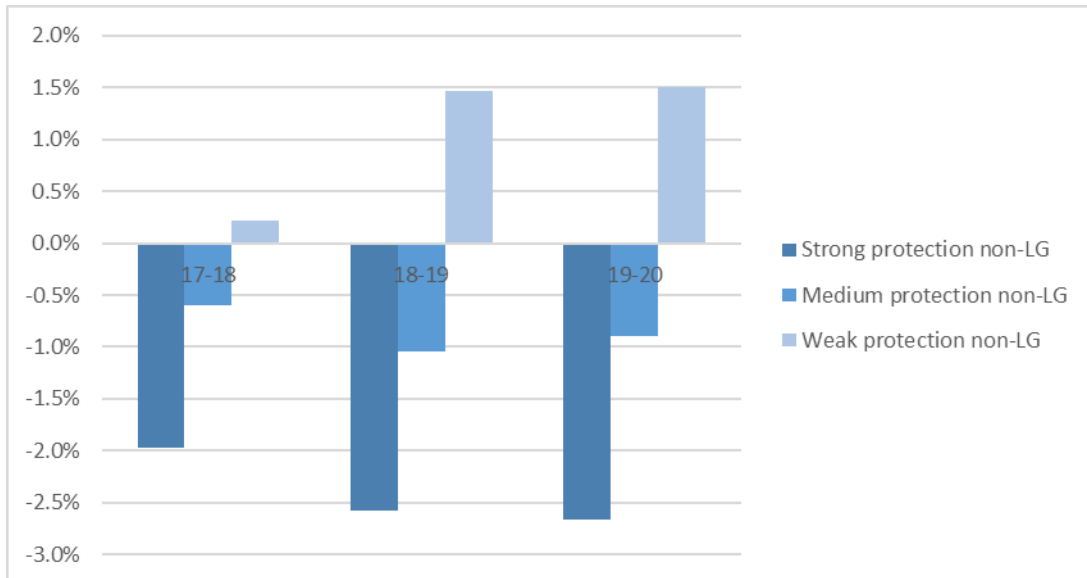
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Increase %	Annualised increase %
Net Current Expenditure								
Wales	7.1	7.3	7.4	7.5	7.6	7.9	11%	2.2%
Scotland	11.7	11.8	12.0	12.2	12.4	12.8	9%	1.8%
England	109.1	110.2	111.6	112.7	114.7	118.9	9%	1.7%
Central Govt current grants								
Wales	4.3	4.4	4.4	4.4	4.5	4.6	7%	1.4%
Scotland (inc business rates)	9.7	9.7	9.9	10.0	10.2	10.5	8%	1.6%
England (includes retained business rates)	69.2	69.1	69.0	68.9	69.4	72.1	4%	0.8%

Source: Office for Budget Responsibility [Table 3.31 in the Economic and Fiscal Outlook Supplementary Fiscal Tables](#)

28. However the Spending Review documentation does provide estimates for the Welsh Block Resource DEL which along with assumptions about growth in business rates can assist in modelling a number of scenarios for the Welsh

Government Budget and the impact on local government's core grant in the remaining years of the Spending Review.

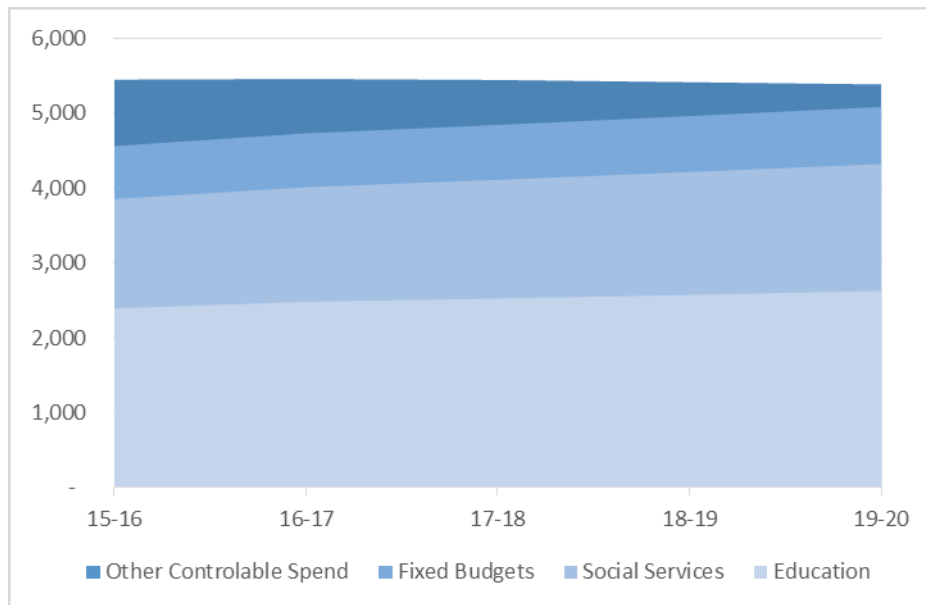
Figure 4: Modelled changes to Aggregate External Finance (AEF) to 2019-20, under 3 scenarios



29. Under the most optimistic scenario there is 'weak' protection for non-Local Government Budgets. Under this scenario, the NHS receives future increases based on a 'consequential' of the increase to the English NHS through the lifetime of the Parliament. All other budgets are held cash flat, allowing AEF to increase by 0.2% in 2017-18, 1.5% in 2018-19 and 1.5% in 2019-20. This scenario roughly aligns with the OBR forecast.
30. A less favourable scenario is to assume that there is 'medium' protection for non-Local Government Budgets. This time the NHS receives more generous uplifts based upon general (GDP) inflation over the SR period. All other budgets are held cash flat, allowing AEF to reduce by 0.6% in 2017-18, 1.0% in 2018-19 and 0.9% in 2019-20.
31. An even more pessimistic scenario could be envisaged where, as above, the NHS is protected for inflation, and so are all other non-LG budgets. AEF reduces by 2.0% in 2017-18, 2.6% in 2018-19 and 2.6% in 2019-20.
32. During the summer of 2015, the WLGA summarised the funding and spending projections, known at the time and concluded that there would be a cumulative budget shortfall of £941m by 2019-20, assuming current policies remain unchanged. The current estimate based on the most pessimistic assumption in the paragraph above predicts a budget shortfall of £670m.

33. The impact on controllable budgets will continue to see expenditure on discretionary services hollowed out. Figure 5 shows that budgets on other services shrink to a third by 2019-20.

Figure 5: The budget shortfall implications for controllable budgets, £m



Conclusion

34. Local Government recognises that the Welsh Government is also faced with real terms reductions in its budgets, and is not simply seeking to achieve greater funding, but rather to seek a new relationship with WG where the gravity of the situation is recognised, accurate and transparent information is reported and flexibility is maximised. There are a number of ways in which this can be achieved (and is argued in the WLGA manifesto):

- Link any protection for schools more directly with Aggregate External Finance (AEF)
- Greater equity of consideration of the preventative services provided by local government such as social care and housing
- De-hypothecation of all specific grants into the RSG
- Greater coordination across Welsh Government departments in any aspects of policy making that affect local government
- A thorough review of the costs and benefits of audit and regulation
- A review of the impact of universal benefits and subsidised service delivery where these are proving unsustainable for councils
- Full consideration of the devolution of powers to councils, including the retention of business rates growth
- Greater clarity for the future with the issue of multiyear settlements
- Recognition that at a time of increasing financial risk, a council making cuts also needs to increase reserves to reflect the increased volatility of its budget

- Realism in terms of new legislative duties for Councils and far more robust financial impact assessments of new policies.

35. Specific grant funding has increased from £680m in 2009-10 to over £900m in 2015-16 as new initiatives have grown more quickly than older grants are rolled into the settlement. Many grants are aimed at achieving very similar outcomes, often over-lapping or duplicating activity while at the same time restricting in how authorities design their service delivery in achieving those outcomes, potentially to the detriment of innovation. Examples include Communities First (£29m), Family First (£43m), Flying Start (£76m), and Supporting People (£124m).

36. The Minister for Public Service's recent decision to roll the Outcome Agreement Grant into the general settlement is a welcome demonstration of the approach other Ministers should be taking to the funding, planning and delivery of local public services. This approach is consistent with the five sustainable development governance principles, known as ICLIP⁵, that underpin the main duty of the Well-Being of Future Generations Act.

37. The focus on the long-term should provide an impetus for the Welsh Government to provide a clear indication of future settlements. More than ever councils will need clear multiyear settlements so that the funding and delivery of local services can be planned in advance.

For further information please contact:

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⁵ Integration (of different initiatives, services, actions), Collaboration (of public, private and third sector bodies as appropriate), Long-term (ensuring that improvements made now can be sustained), Involvement (of communities in key decisions) and Prevention (tackling root causes instead of symptoms)

ANNEX I

Our Ref/Ein Cyf: JR/AS HD
Your Ref/Eich Cyf:
Date/Dyddiad: 30 November 2015
Please ask for/Gofynnwch am: Jon Rae
Direct line/Llinell uniongyrchol: [REDACTED]
Email/Ebost: [REDACTED]



Leighton Andrews AM
Minister for Public Services
Jane Hutt AM
Minister for Finance and Government Business
Mark Drakeford AM
Minister for Health and Social Services
Welsh Government
Cardiff Bay
Cardiff
CF99 1NA

Dear Ministers

Spending Review

We were pleased last Friday to welcome to the WLGA council the Minister for Public Services, Leighton Andrews AM who highlighted the issues facing Welsh Government in light of the Chancellor's recent Spending Review announcement and in advance of the Welsh Draft Budget. We thank him for taking and answering an extensive range of questions from members primarily related to the forthcoming provisional settlement.

It was the view of members following this debate that it is important that we set out a compelling case to help protect the NHS through investment in preventative local public services. Equally, it is important to recognise some of the difficulties faced by the Social Care sector. This includes residential and domiciliary care coming to grips with the financial implications of the living wage and, of course, the scale of demographic challenges.

We understand that the Chancellor has delivered a settlement for the Welsh Government where the revenue budget falls by 4.5% in real terms over the four-year period. We recognise that this presents a difficulty in how to fully passport a £220m health consequential when other negative consequentials have netted out to produce smaller cash increases of around £100m a year for the Welsh Block over the SR period.

Our concern is around the need to invest in key preventative services like social care. Recently at our Joint WLGA and Welsh Government Finance Seminar we heard how council funding is on a

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www.wlga.gov.uk

downward spiral and is possibly two years behind England. It begs the question what has happened across the border in that period?

There is a calamity in progress in England at the Health and Social Care interface which the Westminster Government contends can be answered by local authorities raising council tax by an additional 2% with the money raised spent only on adult social care. This is understandably being vigorously contested by the English LGA. The Leader of Newcastle City Council, Nick Forbes has argued that "This is a sticking plaster over a gaping wound. The fundamental problem is that there is not enough money in the care system. As a result, the NHS will come under increasing pressure". Of more than 1.8m people whose requests for care and support were assessed by English councils in 2014-15, 59% received no direct services at all. Furthermore figures on delayed transfers of care are worsening. In September the number of delays hit record levels while in Wales they have remained stable and recently reduced.

Our focus in Wales is to see social care as a tool to enable and empower people whereas in England it is increasingly portrayed as an act of charity for the vulnerable. We are all working under the banner of "Prudent Health Care" to shift the system radically towards prevention and focus on wellbeing rather than ill-health. As the Finance Minister's recently pointed out the "...UK Government continues to look at NHS services in isolation".

In light of the experiences above we are urging you to consider continued and increased investment in protecting core funding for social services through the RSG and other mechanisms such as the Intermediate Care Fund which has shown significant benefits over the recent period. We have all noted the recent comments by Simon Stevens Chief Executive of the NHS England on the impact that the dramatic cuts to social care are having on the English NHS and we understand he urged Government for the protection of social care to alleviate this.

We are seeking your continued support to invest in preventative services. We fully recognise the scale of challenges in the NHS and the fact that this will be the channel for the majority of resources from Welsh Government in the next period. But if more resource is channeled to one part of the system without changing anything else, it is likely to result in a similar crisis to that in England.

Thank you for your active consideration of the issues in this letter which we written on behalf of our colleagues across the 22 councils.

Yours sincerely



Councillor Aaron Shotton
**WLGA Spokesperson for
Finance and Resources**



**Councillor Huw David
WLGA Spokesperson for
Health and Social Care**

Submission to the National Assembly for Wales Finance Committee scrutiny of the draft 2016-17 Wales budget

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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>

Introduction

Welsh Women's Aid is the national charity in Wales working to prevent domestic abuse and all forms of violence against women¹ and ensure high-quality services for survivors that are needs-led, gender-responsive and holistic.

Established in 1978, we are an umbrella organisation that represents and supports a national federation of 24 local independent charities delivering specialist domestic abuse and violence against women prevention services in Wales, as part of a UK network of provision. These specialist services constitute our core membership, and they provide lifesaving refuges, outreach, and community advocacy and support to survivors of violence and abuse - women, men, children, families - and deliver innovative preventative work in local communities. We also deliver direct services including the Welsh Government funded *Live Fear Free Helpline*; a National Training Service; refuge and advocacy services in Colwyn Bay and Wrexham; and the national *Children Matter* project which supports local services to help children and young people affected by abuse and to deliver preventative STAR groupwork in every local authority in Wales.

We have been at the forefront of shaping coordinated community responses and practice in Wales, by campaigning for change and providing advice, consultancy, support and training to deliver policy and service improvements for survivors, families and communities. As a national federation, our policy work, consultancy, training and advocacy is all grounded in the experience of local specialist services and service users. Our success is founded on making sure the experiences and needs of survivors are central to all we do.

Key recommendation:

- 1. Welsh Government commits to protecting the funding for independent specialist domestic abuse and sexual violence services in Wales in 2016/17; and to establishing sufficient resources and a sustainable funding model for these specialist services in future.***

¹ Domestic abuse is the exercise of control by one person, over another, within an intimate or close family relationship; the abuse can be sexual, physical, financial, emotional or psychological. Violence against women is violence directed at women because they are women or that affects women disproportionately, and includes domestic abuse, rape and sexual violence, forced marriage, female genital mutilation, sexual exploitation including through trafficking and the sex-industry, so-called 'honour-based violence' and sexual harassment .

Summary of additional recommendations:

2. *Ministers 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. This should include funding arrangements in 2016 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.*
 - c. *Implement violence against women guidance and NICE Domestic Violence and Abuse Guidelines (PH50 2014).*
3. *Welsh Government should promote the business case for violence against women prevention amongst all providers/contractors in receipt of Government investment, requiring them to:*
 - a. *Ensure they demonstrate corporate social responsibility by creating workplace policies, and training and educating employees on domestic and sexual abuse.*
 - b. *Promote and/or provide access to support for victims, and take action against perpetrators.*
 - c. *Exert leadership in local communities by supporting specialist services and promoting preventative campaigns and equality between women and men.*
4. *Welsh Government should ensure budgets also prioritise the sustainability of the third sector (as well as the public sector), and investment should also be targeted at systems change and transformation (as well as public services innovation).*
5. *Welsh Government should ensure 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.*
6. *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.*
7. *Welsh Government should ensure budgets deliver sufficient specialist women’s refuge spaces in Wales to meet the needs of women and children and a national network of independent specialist women’s services to support women and children to achieve independence and freedom from abuse.*

Response to consultation questions:

1. **What, in your opinion, has been the impact of the Welsh Government’s 2015-16 budget?**
 - 1.1 Having worked for nearly four decades in Wales to prevent domestic abuse and all forms of violence against women, we are pleased that budgetary investment in 2015-16 contributed towards strengthening the legislative and policy framework on violence against women prevention in Wales. The enactment of the Violence Against Women Domestic Abuse and Sexual Violence (Wales) Act 2015 was accompanied by **investment in various work-streams** including, but not limited to:

- The Live Fear Free Helpline for sexual abuse and domestic abuse victims (women, men, children and young people). Welsh Women's Aid successfully bid for the contract to deliver this service, which runs over the next 5 years.
- The National Training Framework development, which includes delivery of the national 'ask and act' train-the-trainers programme for regional trainers to cascade this to public services. This 5 year training contract was awarded to Welsh Women's Aid national training service partnership, in December.
- The development of a suite of statutory guidance to inform implementation of the Act; currently being consulted on.
- Local domestic abuse coordinators and a national Ministerial Advisor position.
- *Supporting People* funding which continues to support refuge services and associated domestic abuse floating support provision in many areas across Wales, and which in some areas is supplemented by other local government grants.

1.2 The 2015-2016 budget(s) for violence against women, domestic abuse and sexual violence **also resulted in cuts to provision**, including to our own national services.

- In 2015/16, the Welsh Women's Aid *Children Matter* project, funded by Welsh Government within our core grant, was cut by 25% with the expectation that this could be picked by regional pathfinder commissioning processes. This did not happen and resulted in a restructure of the project, reduced capacity, and less local specialist services were able to deliver groupwork for children and young people affected by abuse.
- In 2015/16, our two directly-managed services were subject to a 10% cut in *Supporting People* grant; this followed previous funding cuts in North Wales.

1.3 Amongst our national membership of domestic abuse/violence against women services, the vast majority also bore the brunt of public authority cuts to their frontline services this year, ranging from 3%, 5%, 15%, 20% and in some cases 50-70% cuts to some funding streams. The impact of losing this funding was compounded for some services by the successive cuts – 25 to 35% - experienced over the last 3 years. Amidst these cuts, demand for support increases:

- In 2014-15, over 10,000 adult survivors were supported by specialist services and **at least 284 women in Wales could not be accommodated by refuges because there was no space available when they needed help.**
- In the first 6 months of this year, nearly 6,000 survivors were supported, **and 161 women in Wales could not be accommodated by refuges because there was no space available when they needed help.**

1.4 The vast majority of these specialist services across Wales already operate on shoestring budgets; the impact of these apparently small funding cuts is significant for small specialist providers and for the survivors that depend on them for lifesaving support. Feedback on the impact of in-year cuts from our membership of independent (third sector) providers of specialist domestic abuse refuges and associated support services, includes, for example -

- One service, which has been supporting 12 families in the refuge and local community for several years, only has a small amount of council funding for a domestic abuse support worker, to support children 2 days a week. From April this will be cut to zero. Having already experienced a 15% cut in refuge funding this year, they expect another 10% cut next year and fear closure as a result.
- Another service has 6 part-time staff supporting families accessing multiple refuges, a floating-support service and one-stop shop. Funding cuts this year means they have cut staff hours to the bare minimum, and cover the shortfall by their own dwindling charitable reserves, which cannot continue into next year.

- One service has experienced a 30% cut in their housing grant, which supplements their *Supporting People* provision, and will lose this funding from April despite receiving a 150% increase in referrals.
- Another service experienced a 3% cut in funds, which had a significant impact on its staffing and service model, which comprises 11 families and their children being supported by 3 part-time staff. Rather than cut services, these support workers continue to provide support to help women resettle in the community, but this work is now unfunded. Any further cuts will likely lead to service closure.
- One service receives around £10K from the public sector to support children affected by abuse across all its refuges and community outreach provision; this inadequate funding of children's support is not unusual. Unlike the rest of the UK, specialist services that have established refuges and community outreach provision do not have adequate funding for children's support services in most areas of Wales.
- A service that supports families in rural areas fears that any further cut to its recent 25% cut in funding will mean that families who live in isolated areas will lose access to support. They currently manage this on a voluntary basis; further reductions in funds will make this unsustainable. It costs services more to support families experiencing domestic abuse in rural areas due to travel and more extensive safety-planning work needed.
- Services in urban areas are also struggling. Many services tell us they are only funded by *Supporting People* for the direct contact-time with a client which limits the time they can spend with survivors and the length of support they can offer. This means their supervision and support, administration and monitoring, and other vital back-office functions go unfunded. This false economy also means that survivors are limited in the support they can access to meet their needs, and leads to revolving-door access to service provision.
- A service that experienced 6% cuts this year have been advised to expect a further 20% cut in *Supporting People* from April. They have already reviewed and restructured service models, cut staff salaries to the bare minimum and are not replacing staff when they leave. They told us: '*we have restructured and re-designed the whole organisation to manage the cuts... but we are stretched almost to breaking point*'. Any further loss to their funding will mean parts of their service will close.
- Many services, that for years have provided needs-led support, now fear that cuts to their provision will mean survivors who most need specialist services because of their high-levels of support needs, are those least likely to be able to access help in future. This includes multiple support needs associated with experiencing domestic abuse, mental ill-health and problematic substance use; survivors who have insecure immigration status and/or no recourse to public funds; survivors who have multiple experiences of abuse and need support for its associated trauma; survivors with additional language support needs; young people being abused in their own teenage relationships, and women who have been abused and who are also involved in the criminal justice system.

1.5 **Funding decisions about resourcing specialist services at a local and national level in Wales in 2015-16 was at odds with decisions made in Westminster in 2015-16.** In England, £13.2m was allocated this year by the Treasury to ensure English refuges' capacity was maintained to counteract years of local commissioning which had previously reduced the domestic abuse sector in England. A further allocation of £40 million for services for victims of domestic

abuse was also announced; a tripling of the dedicated funding provided compared to previous years. It was also announced that an additional £15 million a year will be ring-fenced to fund women's health and support charities over the course of the UK Parliament. There has been no equivalent ring-fenced allocation for refuge or other women's services in Wales, and instead of a tripling of funds to specialist provision there has been a year-on-year funding cut for the majority of local specialist services in Wales. It is not yet clear how women's services in Wales can access the designated £15 million a year from 2016.

- 1.6 **Funding decisions about resourcing specialist services at a local and national level in Wales in 2015-16 was also at odds with decisions made at a European level.** The recent *European Directive on Victims' Rights*, from November, includes obligations for states to ensure the provision of specialist services for victims of domestic abuse and other forms of violence against women. Further, the *Council of Europe's Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention)* requires the UK to provide "an adequate geographical distribution [of] immediate, short- and long-term specialist support services to any victim subjected to any of the acts of violence covered by this Convention [including] ... specialist women's support services to all women victims of violence and their children."
- 1.7 **Funding decisions at a national level also appear at odds with local decisions on funding specialist services in Wales.** At the same time as local decisions are being made to reduce the capacity of specialist services, or put services out to tender to replace them with generic provision, Welsh Government funded Welsh Women's Aid to develop several significant pieces of work nationally in 2015-16, including for example:
- Delivery of Welsh Women's Aid National Quality Service Standards, an accreditation framework for specialist services that aligns with other UK frameworks and evidences the quality of local provision. This is currently being piloted and will be rolled-out from 2016.
 - Development of an early intervention and preventative service model to achieve 'change that lasts', which will deliver needs-led, strengths based and trauma informed service models, that places survivors and specialist services at the centre of a community approach to deliver early intervention and prevention. The cost savings to the state of delivering this service model is evident through case studies (see Appendix One).
- 1.8 **Funding decisions at a local level are also at odds with the new legislative framework.** Whilst we welcome national implementation of legislation that introduces a new statutory duty on public authorities to prevent domestic abuse, sexual violence and other forms of violence against women, the Act places increasing responsibility on public authorities to identify and refer survivors to specialist services. It introduces a national framework to encourage more agencies to 'ask and act' and will increase awareness of the need for specialist support. Accompanying forthcoming statutory guidance on training and a whole education approach to prevention is also expected to encourage local public services, schools and youth services to refer survivors, including children and young people, to specialist services in local communities. The scope of national statutory commissioning guidance was consulted on in 2015/16, which we expect will be delivered from 2017.
- 1.9 However, as outlined above, local commissioners are already enacting cuts to specialist services which have been supporting families and communities affected by domestic abuse and other forms of violence against women for 40 years. We are concerned that **the specialist domestic abuse and sexual violence sector in Wales may be severely depleted or even non-existent by the time statutory commissioning guidance for specialist services comes into effect in 2017. If these services are lost, lives will be lost.**

2 Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

- 2.1 At a strategic level, we appreciate Welsh Government has had some difficult financial decisions to make, and we agree with the focus on prevention and early intervention across priority areas: health and social services; educational attainment; supporting children, families and deprived communities, and growth and jobs. We also look forward to the use of a common definition of *preventative spend* to be agreed with the third sector, and we would welcome the opportunity to pilot what this would achieve for violence against women prevention in Wales.
- 2.2 We also support the need to embed into the budgeting process the 5 ways of working (integration, involvement, collaboration, prevention and long-term thinking) and 7 well-being goals (prosperity, resilience, health, equality, cohesive communities, culture and global responsibility) that are aligned with the Future Generations Act. At a national level, we are also pleased to see that the *Supporting People Programme* has been recognised as a key priority and protected in next year's budget with an allocation of £124.4m. Our membership, specifically survivors of violence and abuse, benefit from *Supporting People* and we welcome its continuation.
- 2.3 However, there is no guarantee that the national protection of *Supporting People* resources will mean local domestic abuse services retain their *Supporting People* funding. We remain concerned that specialist domestic abuse and sexual violence services in Wales, and the survivors that rely on them, face a postcode lottery dependent on whether local commissioners prioritise these services. 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 2016/17 will result in detrimental, possibly life-threatening, consequences for survivors of abuse.
- 2.4 Despite the announcement from Welsh Government that *Supporting People* will be protected, many of our members are still uncertain about their funding position and have either not yet been informed about funding decisions from April 2016 or have been told – despite national protection of *Supporting People* budgets – local domestic abuse provision can expect cuts in some areas of between 10-20%.
- 2.5 We also share concerns expressed by *Cymorth Cymru*, about the reduction in the Homelessness Grant, which aims to prevent homelessness. In some areas, this grant is used to fund domestic abuse provision which delivers savings to statutory budgets like housing, social care and health. Cuts to this grant combined with cuts to local *Supporting People* allocations will mean the sustainability of many local specialist services will be affected.

3. What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?

- 3.1 At the time of writing, Welsh Women's Aid has only 30% of its public sector funding confirmed from April 2016, which includes government contracted services (Live Fear Free Helpline and Ask and Act Training). As with all refuge-based domestic abuse services and violence against women services across Wales, our direct services for survivors in North

Wales have also not had funding confirmed from April (from various commissioners). Furthermore, our core grant from Welsh Government (already cut by 25% this year for *Children Matter* project delivery) remains unconfirmed from April.

- 3.2 Welsh Women's Aid core funding from Welsh Government is vital for the continuance of support to specialist member services in Wales. The funding enables us to help specialist services and local partnerships to develop and improve service delivery to survivors in Wales. This is achieved by providing policy and service updates, consultancy support on commissioning frameworks and service models, learning and development courses/materials and updates, statistical information and data reporting to inform needs assessments, consultation opportunities, survivor engagement, Children Matter preventative programme, and quality standards and accreditation for specialist services in Wales. We also support Welsh Government and statutory authorities with regards expert feedback on all aspects of violence against women issues. This includes development of guidance to support legislative delivery; needs assessments and commissioning models for effective early intervention and prevention work; and on needs-led service delivery models (Change That Lasts).
- 3.3 Last year in Wales we supported specialist services that between them made sure that over 10,000 adult survivors and nearly 4,000 children and young people were provided with refuge and community based advocacy and support by domestic abuse services in Wales; and our national Helpline received over 28,000 calls in 2014/15. Our highly experienced team have been successful in proactively raising additional funding from charitable trusts and foundations to support the Welsh Government strategy to improve services to survivors through capacity building for specialist services. Together, we aim to maximise financial and social value whilst ensuring specialist services enable survivors to achieve independence and freedom from abuse in Wales. We continue to make every effort to diversify our income but would not be able to continue with the level of support and development work we provide without core funding from Welsh Government.
- 3.4 At a local level, as outlined above, the expected budget cuts within specialist domestic abuse/violence against women services range from between 10-20% (*Supporting People*) and some public sector funding streams (like housing grants or small grants for children's support) will, we are told, be cut from specialist services altogether. The majority of specialist services that are cut will be significantly impacted: services that are already paying support workers from reserves, or that have already reduced staff hours to a minimum, will face closure if existing funding is not protected.
- 3.5 Planning for future years in domestic abuse/sexual violence services that are reliant on annual public authority funding is impossible to achieve for many services. Whereas policy and legislation focusses on long-term approaches to decision-making, this is not supported by a corresponding long-term approach to funding the third sector. Specialist domestic abuse services at present do not know what funding they have from April. The current funding climate for small specialist providers presents significant challenges with regards strategic business planning, service delivery and development and income diversification.
- 4. 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?**

We have commented below on the areas that most closely relate to our core business.

Local health board financial arrangements

- 4.1 We are pleased to note that continuing to invest in the NHS to drive up standards, improve outcomes for patients and secure a sustainable, universal health service for the people of Wales is a priority. We also support increased investment into mental health and services for older people. We 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 Ministers 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.**
- 4.2 Domestic and sexual violence and abuse has major public health implications, and represents an enormous cost to the NHS. 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, so action to tackle the causes and consequences of such violence is therefore not only cost-effective but contributes to the health and wellbeing of the population.
- 4.3 Therefore, in order to effectively achieve a healthier Wales, to reduce health inequalities, to close the gap in health outcomes and achieve a more equal Wales, it is vital that health and social care budgets prioritise early intervention and prevention of domestic abuse, sexual violence and other forms of violence against women. As a starting point, for example, and to demonstrate integration, involvement, collaboration, prevention and long-term thinking across Government, **Welsh Government funding arrangements in 2016 should require Public Health Wales, the Welsh Ambulance Service Trust, and the 7 Health Boards in Wales to:**
- **Commit to delivering a public health approach to preventing domestic abuse, sexual violence and other forms of violence against women.** This should involve transforming how policies and programming address this issue, in order to prevent it from occurring in the first place by directing policies and strategies towards changing the underlying causes, behaviours and attitudes that lead to the perpetration of violence against women. Key underlying determinants and contributing factors in its perpetration include inequality between men and women; cultural and social norms and practices and weak sanctions; and lack of access to resources and support systems.
 - **Commission the IRIS programme for health services and independent (third sector) specialist services** to deliver essential care pathways for all adult patients living with abuse and their children. In order to commission the IRIS model at a local level a minimum financial investment of approximately £70,000 is required for year to support general practice. Ultimately IRIS improves the quality of care for patients experiencing abuse and fulfils the moral, legal and economic case for addressing domestic abuse in general practice (2).
 - **Implement the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act associated guidance and the NICE Domestic Violence and Abuse Guidelines (PH50 2014)** which contain 17 recommendations for everyone working in health and social care whose work brings them into contact with people who experience or perpetrate domestic violence and abuse (3).

² <http://www.irisdomesticviolence.org.uk/iris/commissioning/>

³ <https://www.nice.org.uk/guidance/PH50/chapter/1-Recommendations>

Approach to preventative spending

- 4.4 The short-term false economy of cutting funding to specialist services at a local level fails to recognise that the cost of dealing with just one domestic violence homicide exceeds most of these services' annual budgets. The cost of domestic abuse alone in Wales is £826.4m annually (in service costs, lost economic output and human and emotional costs).
- 4.5 This short-term false economy also fails to acknowledge that these services collectively have expertise in protection, provision and prevention, built up over four decades. It is these services that the public sector are reliant on to refer survivors to when they identify violence and abuse; to support and advocate for survivors to help them navigate the myriad of statutory systems that fail to meet their needs; to advise public services on how prevention can be achieved and to deliver community engagement work to promote prevention.
- 4.6 Investing in tackling violence against women prevention, therefore, is a cost effective approach and resources to do this should be protected nationally. Even a small increase in the cost of providing specialist services is outweighed by the decrease in the costs to public services, lost economic output and the decrease in the human and emotional costs⁴. Incorporating requirements to prevent violence against women into and across all main budgets will help ensure:
- A prosperous and healthier Wales: responding effectively to abuse achieves better health outcomes and domestic abuse and sexual violence impacts on the productivity of employees and businesses. Domestic abuse alone costs the Welsh economy £100.9m in lost economic output each year.
 - More resilient, equal and cohesive communities: many women and girls are not able use public spaces with the same freedom as men and boys; actual and threatened violence and abuse constrains and limits women's and girls' choices, routine decision-making and behaviour in everyday life. Tackling violence against women will lead to safer communities, challenge stereotypes and social stigma, which in turn will promote inclusiveness and better community ties.
- 4.7 In order to become a productive and prosperous nation, with a highly skilled workforce and an economy that is globally competitive, it is vital that public and private sector employers are equipped to better respond to domestic and sexual abuse in the workforce. ***Welsh Government should promote the business case for violence against women prevention amongst all providers/contractors in receipt of Government investment, requiring them to:***
- Ensure they demonstrate corporate social responsibility by creating workplace policies, and training and educating employees on domestic and sexual abuse.
 - Promote and/or provide access to support for victims, and take action against perpetrators.
 - Exert leadership in local communities by supporting specialist services and promoting preventative campaigns and equality between women and men.

Sustainability of public services, innovation and service transformation

- 4.8 We support the priority given to support local authorities. However the approach taken, to invest in core budgets rather than through ring-fenced grants, has the potential to have a detrimental impact on public authority grants to violence against women third sector services. Several specialist services in Wales have told us that local authority cuts to their

⁴ Walby, S. (2009) The Cost of Domestic Violence: Update 2009. Lancaster: Lancaster University.

grant funding are made in order to prop up statutory provision. They also report 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 domestic abuse and sexual violence services needs to be protected in the current financial climate.

4.9 ***We strongly recommend that the budget also prioritises the sustainability of the independent third sector (as well as the public sector), especially small specialist providers like domestic abuse/violence against women services.*** Women supported by our membership often face multiple discrimination and disadvantages based on their identities and life experience, including unemployment, low pay, housing problems, poverty or mental health issues. Women with severe and multiple disadvantage value women-only services to help them build resilience and recover from abuse or other adverse childhood experiences. The WEN Wales Women and Multiple-Disadvantage Survey (2015) – completed by 47 organisations and projects across Wales that support disadvantaged women – identified “a bleak picture of a worsening situation in which the cumulative effects of austerity, decreased funding, public sector cuts and welfare reform are contributing to disadvantage.”⁵ Successive evidence demonstrates the added value small specialist services can provide, and it is predominantly voluntary sector organisations that hold many of the values, ideas and approaches that will equip Wales to deliver innovation and transformation. Yet balancing demand against income is increasingly difficult; this is particularly marked in Wales where only 38% of charities think they will be able to continue doing this in the coming years.⁶

4.10 We welcome the intent to develop service delivery models which prevent or reduce the need for more costly state interventions, and we agree that innovation and service transformation is vital if we are to effectively prevent violence and abuse. However ***we also recommend investment should also 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 generate perverse situations where some of those in greatest need receive the least help. A government and public-sector led focus on interventions and co-ordination has also provided a distraction from the need to fundamentally reform existing systems:

“One solution that we like to generate is case coordination, where people are employed to help vulnerable individuals navigate the maze. This can reach surreal levels of inefficiency...The systems themselves aren’t required to change, they are just subject to the brokerage, advocacy and special pleading of professionals employed to champion the most disadvantaged. In other words, we employ one set of workers to try and persuade another set of workers to do the right thing”⁷

4.11 Nowhere is this more evident in systems set up to respond to domestic abuse. In many cases, survivors of abuse are being failed by systems that are created to serve agencies, and not improve the lives of survivors of abuse; a focus on risk has been accompanied by a reduction in needs-led responses, and a growing crisis of unmet need. 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

⁵ <http://www.wenwales.org.uk/news/women-and-multiple-disadvantage-survey-summary-of-key-findings/>

⁶ Lloyds Bank Foundation (2015) Expert yet Undervalued and on the Frontline
http://www.lloydsbankfoundation.org.uk/assets/uploads/Expert_Yet_Undervalued_-_Grantee_Opinion_Survey_2015_WEB.PDF

⁷ Julian Corner (2013) Why Our Public Services Need System Change’, Lankelly Chase.

public authorities. To support a systems-change approach that transforms services **we recommend Welsh Government should ensure 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** (see appendix).

Welsh Government policies to reduce poverty and mitigate welfare reform

- 4.12 We support the vision for a more equal Wales, and action to tackle the causes and effects of poverty, the creation of cohesive communities where everyone has the support they need to live healthy, prosperous and independent lives.
- 4.13 However we recommend that **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.** Evidence shows that female lone parents and single pensioner households will experience the biggest drop in living standards as a result of cuts to public services compared to other households. This is in addition to analysis by the House of Commons library which shows that of the £16bn in savings announced since the 2015 general election, three quarters will come directly from women⁸.
- 4.14 As one of several examples of how women as survivors of abuse are particularly impacted by welfare reform, the spare room subsidy has potentially life-threatening implications for women whose homes have been fitted with ‘sanctuary schemes.’ A judicial review was recently launched by a woman whose council home had been fitted with a secure room to protect her from a violent ex-partner and who was set to lose £11.65 a week from her benefits because she was deemed to have a spare room.⁹ This followed evidence last year that revealed 1 in 20 households across England using the sanctuary scheme had been affected by the spare room subsidy.¹⁰ We do not want women in Wales to face the same dangerous situation.

Impact of the Welsh Government’s legislative programme and whether its implementation is sufficiently resourced

- 4.15 Positive steps have been taken in Wales to introduce the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015. It is anticipated that improvements to identifying violence against women by public services (as outlined above) will lead to increased demand on specialist services without addressing the geographical and funding gaps in provision of services.
- 4.16 At a time when the demand for refuges and other specialist services is expected to increase still higher, it is deeply worrying that such lifesaving services do not have sustainable funding to protect and support the most vulnerable women and children in Wales.

‘We feel this would result in adding further strain to an already busy service both refuge and drop in /community.’ (specialist domestic abuse service)

⁸ Women’s Budget Group response to spending review, 2015.

⁹ <http://www.theguardian.com/society/2014/nov/18/panic-room-woman-challenges-bedroom-tax>

¹⁰ <http://www.theguardian.com/news/datablog/2014/mar/14/bedroom-tax-domestic-violence-protection-scheme>

‘Refuge is a resource that is already oversubscribed,— for example just today we had 6 requests from women for a refuge room which would accommodate one woman and 3 children, including by women accessing our drop in service.’ (specialist domestic abuse service)

- 4.17 We urgently need consistent national and local commitment by funders, to sustain specialist services that work to prevent domestic abuse and other forms of violence against women in Wales. ***The recent legislative commitment by the Welsh Government must now be accompanied by a commitment to sufficiently fund the protection and support of survivors of domestic abuse, sexual violence and other forms of violence against women.***

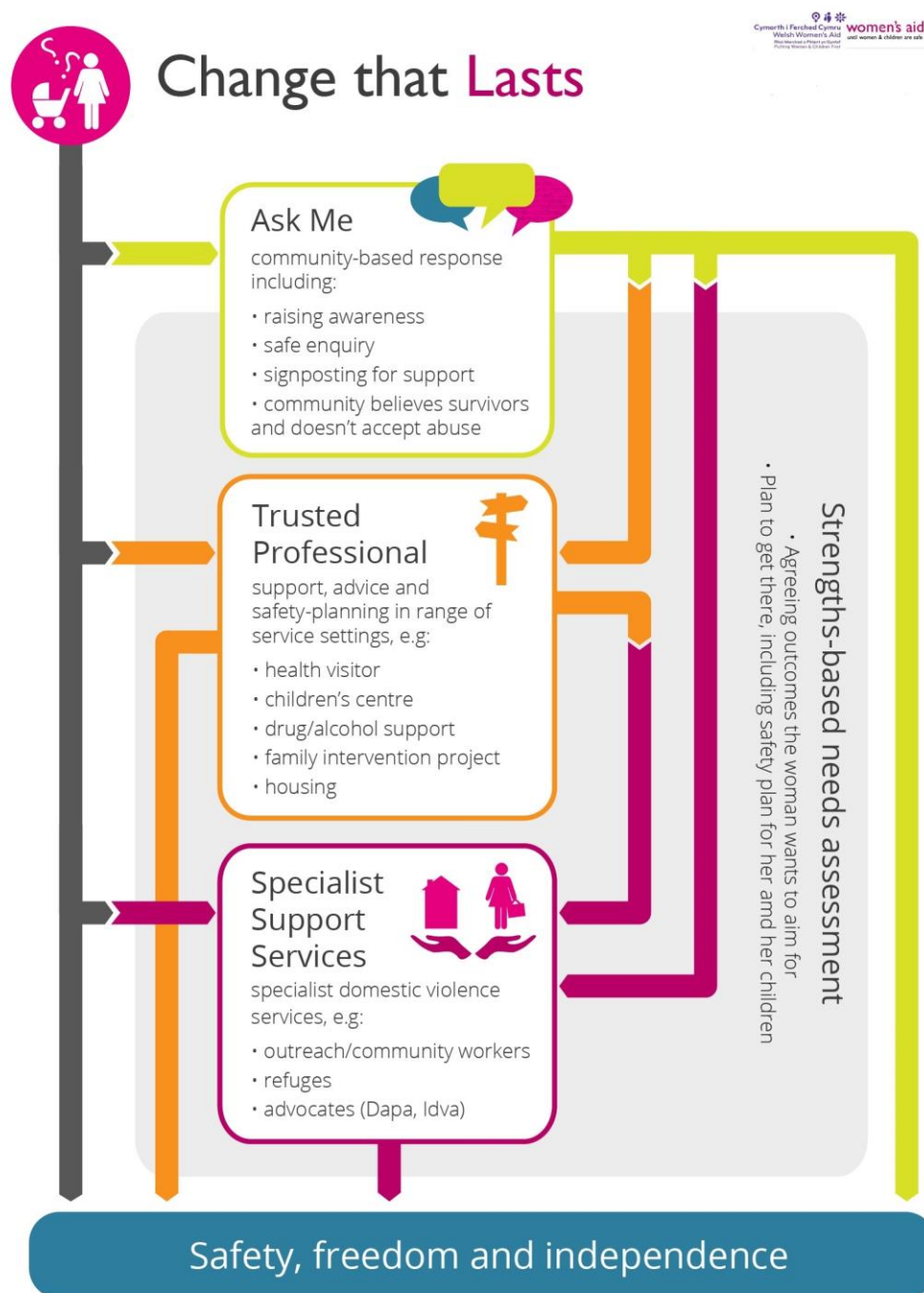
Welsh language, equalities and sustainability

- 4.18 We welcome the commitment made to continue to resource Welsh language provision amongst key services, and also welcome the Government’s commitment to delivering Equality legislation duties.
- 4.19 Violence against women and girls is a human rights violation. One in every three women worldwide experiences physical and/or sexual violence at least once in their lives, usually by an intimate partner. United Nations (UN) Secretary–General Ban Ki-moon has proclaimed the elimination of violence against women as a top priority of the UN’s work and achieving “gender equality and empowering women and girls” is one of the Goals of *Agenda 2030 for Sustainable Development*, adopted by the 193 member states of the UN during the annual General Assembly (25 September 2015). One of the important targets of the goal is the elimination of all forms of violence against women and girls and the need for specialist women’s services to support survivors.
- 4.20 Black and minority organisations that support survivors of violence and abuse are most vulnerable to cuts and closure, even though they are well known in the communities they serve and have the highest numbers of women approaching them directly, rather than being referred on by police, social workers or others. Bigger, more generic services are rarely able to achieve this profile or these ‘self-referrals’. In work to eliminate violence against women, particular attention should be given to the rights and needs of women and girls facing multiple forms of discrimination, including women of ethnic minorities and with immigrant and/or refugee status, survivors of trafficking, women living in poverty, disabled women, LGBT+ women. In every case the inclusion of women’s voices is imperative in efforts to prevent or mitigate such violence.
- 4.21 We urge Welsh Government, through its budgetary processes and associated legislative and policy frameworks, to commit to contributing to the realization of equality between women and men and to the elimination of all forms of violence against women, which will transform the lives of women and girls in Wales. To achieve this, ***we recommend Welsh Government should ensure budgets deliver sufficient specialist women’s refuge spaces in Wales to meet the needs of women and children and a national network of independent specialist women’s services to support women and children to achieve independence and freedom from abuse.***

Any comments or questions regarding our response can be directed to:
Alice Moore – Campaigns and Communications Officer

Appendix One: Change that Lasts service model to achieve early intervention and prevention

Welsh Women’s Aid and Women’s Aid (England) have worked in partnership to develop a new, cross sector model response to domestic abuse and violence against women: Change that Lasts. In partnership with services and key national stakeholders from many related fields, we have reviewed current approaches and the systems in place and have developed a cross-sector common approach that places the survivor at the heart and builds responses around her needs and the strengths and resources available to her. **Change that Lasts is a strengths-based, needs-led model that supports domestic violence survivors and their children to build resilience, and leads to independence.**



Change that Lasts Case study (domestic abuse): Yasmin's journey

The true story of a domestic violence survivor, and what could have been, with needs-led intervention.

This is what actually happened.

Yasmin has always suffered from OCD and depression. She meets her partner in 2012 and moves in soon after. After 4 months the abuse starts when she discovers he is a heroin addict. After the first violent instance she attends Accident and Emergency.

At this point there was an opportunity for needs-led intervention, for someone to ask and act, for a referral to specialist support and help. Instead Yasmin is sent home with painkillers.

He beats her regularly. She sees A&E every fortnight. She calls the police more than 50 times but doesn't find their responses helpful. **The total cost of this is £102,938.**

Eventually she is referred to the local housing team. She is housed near the perpetrator **at a cost of £5,300**. He regularly breaks in until she agrees to move back in with him. After she moves back in, the violence starts again and he begins injecting her with drugs against her will. He tries to burn down the house with her inside. She escapes; at this point the perpetrator's behaviour assessed as 'high risk'. A MARAC meeting, **costing £11,900**, considers her case and decides to move her temporarily and put panic alarms in a new property. The cost of rehousing her and adding the alarms **is £5,752**.

He breaks in and the downstairs alarm fails. He holds her hostage, repeatedly raping and injecting her. After 5 days she makes it upstairs, and sets off the alarm upstairs. He is arrested but escapes a custodial sentence.

She is moved and now lives in supported housing at a cost **of £47,323.50 a year**, because she cannot live independently; her mental health has deteriorated and she is addicted to prescribed and other drugs she was forced to take. She cannot contact friends or family in case they lead him to her.

The total fare for Yasmin's journey is £2,018,943.

With needs led intervention at A & E the story could have been different.

When Yasmin first attends A & E, staff call the police and a nurse refers her to the Domestic Abuse Support Worker from the local specialist domestic abuse service, co-located in A&E at **a cost of £648**.

She is kept safe in hospital overnight until she can be moved to a women's refuge. The overnight stay **costs £1,779**.

The refuge helps her talk about the abuse she experienced, and because she's in a safe place she also speaks about abuse as a child. They help her with counselling and mental health support. Her stay at the refuge advocacy and mental health support **costs £11,160**.

After 6 months she moves into private housing where she regularly sees family and friends.

The total fare for **Yasmin's journey could have been £13,700**.



Cymorth i Ferched Cymru Welsh Women's Aid

Rhoi Merched a Phlant yn Gyntaf
Putting Women & Children First

