

Y Pwyllgor Cyllid

Lleoliad:

Ystafell Bwyllgora 2 – y Senedd

Dyddiad:

Dydd Iau, 2 Hydref 2014

Amser:

08.30

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



I gael rhagor o wybodaeth, cysylltwch â:

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Agenda – Dogfennau Ategol

Ymateb i'r Ymgynghoriad –

Cyllideb Ddrafft y Llywodraeth Cymru 2015–16

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

Ymateb i'r ymgynghoriad

Cyllideb Ddrafft y Llwodraeth Cymru 2015–16

Gweld [tudalen yr Ymgynghoriad ar y wefan](#)

- FIN(4) – 15–16WGDB01 Association of Voluntary Organisations in Wrexham (Saesneg yn Unig)
- FIN(4) – 15–16WGDB02 ICE Wales Cymru (Saesneg yn Unig)
- FIN(4) – 15–16WGDB03 Training Federation Wales (Saesneg yn Unig)
- FIN(4) – 15–16WGDB04 Comisiynydd Pobl Hŷn Cymru
- FIN(4) – 15–16WGDB05 University and College Union Wales (Saesneg yn Unig)
- FIN(4) – 15–16WGDB06 UCAC
- FIN(4) – 15–16WGDB07 Care and Repair Cymru (Saesneg yn Unig)
- FIN(4) – 15–16WGDB08 Cardiff University (Saesneg yn Unig)
- FIN(4) – 15–16WGDB09 Federation of Small Businesses Wales (Saesneg yn Unig)
- FIN(4) – 15–16WGDB10 Brecon Beacons National Park Authority (Saesneg yn Unig)
- FIN(4) – 15–16WGDB11 Sustrans (Saesneg yn Unig)
- FIN(4) – 15–16WGDB12 Community Housing Cymru Group (Saesneg yn Unig)
- FIN(4) – 15–16WGDB13 The Welsh NHS Confederation (Saesneg yn Unig)
- FIN(4) – 15–16WGDB14 Higher Education Wales (Saesneg yn Unig)
- FIN(4) – 15–16WGDB15 Wales Council for Voluntary Action (Saesneg yn Unig)
- FIN(4) – 15–16WGDB16 Dathlu'r Gymraeg
- FIN(4) – 15–16WGDB17 Diffyg Buddsoddi yn y Gymraeg ac ar y Gymraeg
- FIN(4) – 15–16WGDB18 Carers Trust Wales (Saesneg yn Unig)
- FIN(4) – 15–16WGDB19 WLGA (Saesneg yn Unig)

Comments in relation to the questions outlined in your letter July 2014.

1. The significant reduction of funding to Local Authorities has meant that at a local level services are being cut at a dramatic rate heading towards a position where only Statutory Services will be provided. At a time of severe budget pressures it is acknowledged that there would be a need for cuts and reconfiguration. It is however unclear whether the rapid change is something that could be avoided by having more timely announcements of strategic budget setting.

It is also unhelpful when 'reviews' are being undertaken that bear little resemblance to what is happening on the ground which results in various funding streams being merged or rebadged giving the impression of 'new' money. An example of this was the previous Communities Facilities and Activities Programme funding to the Third Sector. The reconfiguration of the grant scheme took place with no consultation.

2. Again it appears that LAs and other Public Sector bodies are due to have cuts which following a period of year on year is not going to enable Wales to progress as a nation. Investment in services and support should be a priority when there is evidence of the likelihood of additional investment from the private sector. The indicative budget is again going to show that there will be less service provision on the ground. There is also no indication where the costs for any potential mergers are going to come from as this is going to run into many millions of pounds. Are more cuts going to be required to feed the pace of change. The lack of clarity on funding leading to an election year is very concerning as planning for the future becomes very restrictive.
3. Our own organisation is currently working on a 4.5% cut in core funding this is following a year that had 8.5% cut. We shall be adopting a flexible approach but will need to seek additional outside funding or contracts to maintain a robust base on which to build for the future.
4. Local Health Board – the perpetuation of deficit budgets is a real worry as this is clearly having to be drawn down from other areas of the public purse. At a time when the demographics in society are changing there is a need for a radical rethink of the funding mechanism for Health and Social Care.

Preventative:

There are significant opportunities for the community sector to take on services and reconfigure existing provision – PROVIDED that there is adequate time to prepare. Change management cannot occur over night and a suitable lead in period is vital to ensure some form of sustainability- failure to invest in upfront time will only result in failure.

The impact of the recommendation of the Williams committee is just being sidelined and at present there is no incentive to see county mergers—or indeed any inducements to make this happen. A failure to act upon this with a clear steer over the next few months will be one of the biggest failures since the National Assembly was formed. There is a need for decisive leadership that is not restricted to assuming the status quo can be perpetuated. Change is inevitable just get on and do it with appropriate Guidance.

Equalities—this is an area which is only taken seriously in a tokenistic fashion – if everyone was able to access everything at a time and location to meet their needs in a suitable format then the country would grind to a halt as it is currently unachievable. The public should have

greater say in how equality duties are implemented and what at a local level is actually happening during this period of service closures.

Sustainability- from an environmental perspective lots of schemes are being developed that require very large sums of subsidy/incentives – true sustainability should be developed without the need for massive cash injections but to be self-financed during the life of the project.

The above is personal perspective and not necessarily endorsed by the whole of the Third Sector in Wrexham.

Regards

John Gallanders

Chief Officer

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Enterprise and Business Committee 16 October 2014

Purpose

To inform Committee of ICE Wales Cymru's position in respect of the Scrutiny of Welsh Government draft budget proposals for 2015–16

1 Background

2 The Institution of Civil Engineers Wales Cymru has been invited to provide written response to the Finance Committee's consultation on the draft budget.

3 Consultation questions:

4 ***What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?***

5 The infrastructure of Wales needs continuing investment, from a consideration of the draft budget it is unlikely that there are sufficient financial resources available to maintain the various infrastructure assets to the necessary levels.

6 Infrastructure is vital to society – our quality of life depends on it functioning effectively and our reliance becomes painfully evident when infrastructure systems fail. Wales' ability to compete in the global race and to generate and sustain economic growth depends on infrastructure networks that provide predictable energy generation and distribution, water supply, waste management and the transportation of people and essential goods into and around the Wales by rail, road, sea and air.

7 ***Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?***

8 The Institution of Civil Engineers produces its Flagship State of the Nation reports on relevant topics each year. The State of the Nation Report 2014¹ considered Infrastructure and the condition of the main sectors: Transport, Flood Management, Water, Waste and Energy. As most of infrastructure is a devolved matter, ICE Wales Cymru produced a Wales Briefing Sheet considering the issues relevant to this country².

9 ICE Wales Cymru welcomed the progress since 2010 in improving infrastructure and positioning it as a core enabler of economic growth. However more is still needed to be done to deliver resilient, fit for purpose infrastructure.

¹ Institution of Civil Engineers State of the nation Report Infrastructure 2014.

² Institution of Civil Engineers Wales Cymru Briefing sheet Infrastructure 2014.

10 **Considering each sector individually:**

11 **Transport**

11.1 Future capital and revenue streams for transport, particularly road infrastructure and for buses appear likely to be inadequate to maintain and improve the network. Issues exacerbated by severe weather will require continuing focus. Local authority and Welsh Government revenue budget cuts are affecting asset management strategies with a drive to ensure that a low maintenance approach is integral to new infrastructure, whilst impacts on existing transport infrastructure will become more evident.

11.2 The highways network continues to merit ongoing improvements and investment, and while local roads have benefitted from a boost in funds in recent years, severe weather conditions over the winter of 2013/14 have affected many of Wales' roads – particularly the local network in rural areas. In south Wales, the major problem remains with the M4 around Newport and we look forward seeing effective and timely action to resolve these serious capacity problems. The recent announcement by the Welsh Government that this scheme will progress is welcomed.

12 **Flood Management**

12.1 Wales' Flood Management infrastructure raises less concern. This sector has shown improvement and I welcome the attention and investment. Flood Management has benefitted from major Welsh Government funding boosted by European Funds, much of Wales is safer as a result of these works, but continued attention and maintenance is required.

13 **Water**

13.1 The Water sector in Wales is strong with good resilience in the drinking water network. Wales has plentiful rainfall and can position itself to attract business, but we must also consider water security and periodic scarcity. We support the proposed Welsh Government water strategy that aims for a water resource that is resilient, sustainable and manages the environment.

14 **Energy**

14.1 The Energy sector is only partially devolved and continued investment is required by both UK and Welsh governments. The Welsh Government's policies for more sustainable forms of energy are welcomed and sufficient funds to enable these proposals are therefore necessary.

15 **Waste**

15.1 The Waste sector has continued to improve with a strong strategic lead

from the Welsh Government; there is good progress with evidence of collaboration and collective partnerships.

16 ***What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?***

17 ICE Wales Cymru acknowledges that there are difficult decisions to make as funds are limited and public expectations must be managed. ICE Wales Cymru respectfully advises that it takes considerable time to train Professional Civil Engineers, peaks and troughs in spending causes challenges to the availability of the necessary skills and suitable forward programmes with a degree of certainty is needed. The development of the Wales Infrastructure Investment Plan (WIIP) linked to firm programmes will assist in this area.

18 ***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?***

19 ***Preparation for the Wales Bill.***

20 ICE Wales Cymru offers no comments on this specific issue.

21 ***Local health board financial arrangements.***

22 ICE Wales Cymru offers no comments on this specific issue.

23 ***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).***

24 Infrastructure assets require continued investment to maintain their condition. A suitably funded asset management programme linked to adequate funds ensures that the assets do not deteriorate such that reconstruction is required – which needs considerable finance or the abandonment / closure of the asset.

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

26 ICE Wales Cymru offers no comments on these specific issues.

27 ***Scrutiny of Welsh language, equalities and sustainability.***

28 ICE Wales Cymru offers no comments on these specific issues.

29 **Conclusion**

30 There is an established link between the condition of the Infrastructure and the economy of Wales and continued investment and improvements to the infrastructure of Wales will assist in economic growth of Wales.

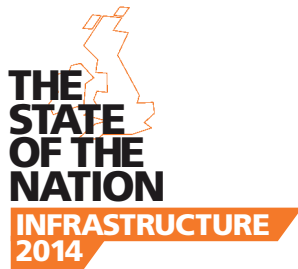
31 ICE Wales Cymru recognises that there is never going to be enough money to build what is wanted. Infrastructure is an enabler; it enables other things to happen. It should not be viewed as job creation itself but as an enabler for economic growth. The role of government or governments is fundamental to infrastructure; it always bears the ultimate risk of failure. The building of infrastructure is a political process, decisions must be made in a timely and proper manner, taking due consideration of the competition for scarce financial resources.

Keith Jones Director, Institution of Civil Engineers Wales Cymru

1st August 2014

Notes:

- The Institution of Civil Engineers (ICE) was founded in 1818 to ensure professionalism in civil engineering. It represents over 80,000 civil engineers in the UK and across the globe and has over 3500 members in Wales.
- ICE has long worked with the government of the day to help it to achieve its objectives, and has worked with industry to ensure that construction and civil engineering remain major contributors to the UK economy and UK exports.
- For further information visit: www.ice.org.uk and www.ice.org.uk/wales



INFRASTRUCTURE 2014

Infrastructure in Wales requires continued attention to ensure that it is fit for purpose and contributes to the economic growth, social well-being and environmental vibrancy of Wales and the UK.

UK OVERVIEW

Infrastructure is vital to society – our quality of life depends on it functioning effectively and our reliance becomes painfully evident when infrastructure systems fail.

The UK's ability to compete in the global race and to generate and sustain economic growth with appropriate quality of life depends on infrastructure networks that provide predictable energy generation and distribution, water supply, waste management and the transportation of people and essential goods into and around the UK by rail, road, sea and air.

State of the Nation is ICE's flagship report on the current state of the UK's infrastructure. The 2014 State of the Nation Infrastructure report assesses the performance, capacity and condition of the UK's economic infrastructure networks, and determines the actions required in order to improve and enhance performance, and importantly, to ensure that our infrastructure is resilient when faced with the many challenges ahead – from climate change to population growth.

The overall responsibilities for the sectors assessed in this report vary in degrees of devolution. In most cases the sectors require coordination across a range of bodies, including the public and private sector. It is important the interdependencies of infrastructure and the communication among those responsible for its maintenance and operation are clear and coherent.

Resilience of all infrastructure sectors is key to the delivery, maintenance and operation of

infrastructure networks. Impacts of climate change and demand pressures from population growth will add to the pressures already exerted on these networks. These challenges should be faced head on.

The Institution of Civil Engineers Wales Cymru is keen to work with governments, local government and the private sector to ensure that timely action is taken now.





TRANSPORT

INTRODUCTION

Clear strategic leadership is required for transport infrastructure and services. However, the Welsh transport strategy is outdated and control of most of the network by twenty-two local authorities militates against integration.

The focus on investment to aid economic growth in city regions and Enterprise Zones provides some useful direction. However, further development of governance structures is required before this approach can be properly implemented.

The continued evolution of the Wales Infrastructure Investment Plan should assist in updating Wales transport strategy and plan, and in developing the forward plans around skills and capacity for delivery.

Future capital and revenue streams for transport, particularly road infrastructure and for buses, appear likely to be inadequate to maintain and improve the network. Maintenance issues exacerbated by severe weather will require continuing focus.

ROADS

The Welsh highway network continues to merit ongoing investment to support economic growth. While the condition of local roads has benefited in recent years there are ongoing issues and a backlog of maintenance work, worsened by the very poor weather conditions over the winter of 2013/14.

In south Wales, the major problem remains with the M4 around Newport, as it is the primary road entry for the south Wales economy. In north Wales, the lack of diversionary routes means A55 is also vulnerable. The failure to deal with the impacts of increased rainfall has affected the resilience of many of Wales' roads - particularly the local network in rural areas - and some parts of the rail network.

Local authority and Welsh Government revenue budget cuts are affecting asset management strategies with a drive to ensure that a low maintenance approach is integral to new infrastructure, whilst impacts on existing transport infrastructure will become more evident.

RAIL

Wales' rail network is limited by low line speeds as a result of outdated signalling. Capacity has been increased by double-tracking on the South Wales mainline and passing loops on the Aberystwyth line but the Marches line remains restricted.

Reading station's upgrade and the electrification of the Great Western route from London to Swansea is critical. However, difficulties around the electrification of the Valleys lines must be resolved to ensure delivery of effective rail connectivity. Capital costs must be controlled and responsibility for them resolved. Rolling stock also needs to be secured shortly to allow an adequate service.

ACTIVE TRAVEL

The Active Travel (Wales) Act 2013 should make it easier for people to adopt healthier transport modes in their day to day activities. Wales is the first country in the UK to enable such pioneering legislation, which requires local authorities to assess, plan and deliver improved walking and cycling infrastructure.

CASE STUDY

M4 CORRIDOR AROUND NEWPORT (I.E. M4 RELIEF ROAD / NEW M4 PROJECT)



The M4 is the main transport artery for south Wales and beyond. However, it has serious capacity and resilience problems around Newport - journey times are unreliable and congestion occurs, particularly at peak times. Major disruption to the highway network results, with implications felt across the region and problems are likely to worsen in the future.

ICE Wales Cymru has called for improvements for many years¹ and consider that a new motorway link is essential. The Welsh Government has recently consulted on proposals for a new motorway south of Newport, with complementary measures including reclassification of the existing M4 as a non-motorway trunk road and cycling and walking friendly infrastructure.

This would provide a long term, sustainable solution, enabling economic growth and benefits across much of Wales. The combination of an enhanced M4 with the Cardiff City Region Metro will deliver the holistic transport network that Wales needs and deserves.

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TRANSPORT

RECOMMENDATIONS

The Welsh Government should update its transport strategy in the context of the Wales Infrastructure Investment Plan for Growth and Jobs

Effective and timely resolutions by the Welsh and UK governments to the challenges and problems of congestion on the M4 around Newport are required

Further cost effective rail electrification should be implemented throughout Wales to bring economic benefits and lay the foundations for an integrated transport system

1. Institution of Civil Engineers Wales Cymru (2013) State of the Nation: Transport Briefing, p1; Institution of Civil Engineers Wales Cymru (2013) State of the Nation: Infrastructure 2010 Briefing, p3; Institution of Civil Engineers Wales Cymru (2013) State of the Nation: Defending Critical Infrastructure Briefing, p1



FLOOD MANAGEMENT

INTRODUCTION

Wales' flood and coastal risk management infrastructure is in good condition overall and significant investment has been made over the last few years, but there is concern about long term funding and maintenance requirements. The predicted impacts of climate change and an increasing asset base mean that continued and increased investment will be needed to minimise the impacts of flooding. Improvements to long term asset management are required, and more can be done in working with the natural environment.

STRATEGIC LEADERSHIP

The EU Floods Directive, the Flood and Water Management Act (2010) and Pitt Review have all driven collaboration among Flood Risk Management authorities. Dŵr Cymru Welsh Water, Natural Resources Wales and the Lead Local

Flooding Authorities are seeking synergies in their work to improve collaboration, efficiency and effectiveness. Legislation and government reviews have increased the awareness of surface water flooding.

Catchment management could be used more effectively for Flood Risk Management. Lead Local Flooding Authorities and Dŵr Cymru Welsh Water should coordinate their efforts through their flood risk plans and the AMP period to optimise flood management opportunities. These could be aligned to identify similar issues, drive joint solutions and improve effectiveness.

RESILIENCE

Since 2010 communities have a better understanding of Flood Risk Management resilience and how they can contribute to it due to the Lead Local Flood Authority plans. There remains an issue regarding reinstatement of

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FLOOD MANAGEMENT

RECOMMENDATIONS

Ongoing funding of and planning for maintenance is required, particularly in the medium to long term

'Soft engineering' opportunities for managing water in different ways to reduce flooding problems, such as Water Sensitive Urban Design or upland management, need to be utilised to complement the hard engineering projects

Welsh government and Natural Resources Wales should put resilience at the centre of the flood management policy

CASE STUDY

THE LOWER SWANSEA VALLEY FLOOD SCHEME



The £7 million flood scheme in Swansea uses a range of measures to increase the river's capacity and reduce flood risk. 284 businesses and 16 homes are at risk of flooding from the River Tawe in the Lower Swansea Valley, an important area for Swansea's economy, and was last flooded in 1998. The consequence of a flood could be very serious, with high river levels and fast flowing water travelling across 2km from the river. To tackle this, flood banks along 4km of the river were raised at low spots and three low bridges that had risked restricting flood flows were removed. A new bridge was installed above the level of flood flows for cyclists and pedestrians. Upstream there is now more space for water to flow after the old flood banks were removed and new banks constructed away from the river channel. This has also created 6 hectares of wetland wildlife habitat and community space. Other community amenity improvements include the upgrade of approximately 3km of cycle path, forming part of the national cycle network.

The project also improved flood warning, community flood awareness and piloted a multi-agency flood plan. This scheme has already proved its worth, successfully preventing flooding in October last year. The project is supported by European Regional Development Fund and Welsh Government.

flooded properties to a pre-flood state. Properties should be made more resilient in a post-flood event and insurance companies should provide incentives for households and business to undertake such work.

Legislation has helped to identify interdependencies with other sectors. The water sector has a better understanding of its assets at risk from flooding. Roads have also improved; however, there are still drainage asset issues. Local resilience forums and the partner organisations have made good progress with the coordination of resilience, response and preparedness for flooding; however concerns exist regarding the capacity and resources across all organisations to address widespread or prolonged flooding across Wales.

ECONOMIC AND SOCIAL

The wider economic benefits of Flood Risk Management are not always effectively communicated or understood. Investment in flood projects returns an average benefit to cost ratio of 8:1. This generous return on investment should be highlighted and disseminated to attract private investors. There will be a new round of EU funds available soon and in order to win this funding Flood Risk Management projects will have to illustrate the wider social, economic and environmental benefits.



WATER

INTRODUCTION

The Welsh Government is developing a water strategy with consultation processes underway. These will consider how water resources are managed to support communities and drive green growth. The aim is for a water resource that is resilient, sustainable and managed in a way that optimises the benefits for Wales. In addition the Welsh Government is developing a draft Environment Bill. The main challenges to protecting the aquatic environment in Wales relates to legacy mining issues and diffuse pollution from agriculture.

The current administrative boundaries do not reflect the area resource management plans. Single Integrated Plans could make better use of resources; however, the administrative boundary issue will have to be addressed. The current structure does not allow for the most appropriate body to deliver the services required. The Williams Review² has sought to address this.

The relationship between the natural and built environments is important to the resilience and future proofing of the sector. Catchment management is an important part of the overall hydrological cycle and best practice in catchment management can provide benefits across the built environment. It also reduces the level of pollutant treatment that water companies need to undertake and can be used to manage flood risk management. It also helps to manage diffuse pollution from rural and urban sources.

The ecological status of some water courses are failing against EU Directives both in terms of quality and quantity.

There are some strategic issues that require attention. Parts of Wales, e.g. Pembrokeshire, are considered water deficit zones. Leakage and ageing infrastructure in these areas exacerbates this deficit. In order to manage and improve these issues it would be useful to understand the various demands on water resources, so that users can be incentivised to use water more effectively.

ECONOMIC AND SOCIAL

The Welsh Government recognises the link between good water supplies and economic growth. Currently, Wales has plentiful rainfall and can position itself to attract business but must also consider water security and possible periodic scarcity. Maintaining the quality of Wales' water

sources is important, particularly for tourism. Continued economic growth and population increase requires water companies and consumers to consider their use of water, reducing consumption and carbon. Demand management practices, such as metering, should be extensively implemented to drive behaviour change and increase understanding of the importance of water use.

RESILIENCE

There is good resilience in the drinking water network across Wales although both the natural and built environment need future proofing. Some areas of Wales will be more impacted than others by climate change e.g. Pembrokeshire. Ongoing leakage and ageing infrastructure issues must continue to be addressed.

There is a significant challenge in establishing which organisation and/or individual owns and has responsibility for underground assets. This has become particularly challenging during the period of funding cuts as organisations have to make difficult strategic choices.

The continuing establishment and updating of asset registers and records is important if we are to continue to understand where underground assets and structure exist and the number of them. There has been an improvement in the knowledge of underground assets since the Flood and Water Management Act 2010 was enacted.

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WATER

RECOMMENDATIONS

The Welsh government should progress its water strategy to promote the economic, social and environmental benefits of water resource management

Greater partnerships are required including all sectors, agencies and other groups such as land owners to deal with diffuse pollution to improve the aquatic environment

Devolved governments and regulators should introduce metering, complemented by social and discretionary tariffs, throughout the UK. This will enable water and sewerage companies to monitor leakage more accurately, and more effectively incentivise water conservation, without adversely impacting low income households

The use of geospatial technology to map and capture these underground assets could be effective. This will provide a much clearer understanding of where and how many underground assets exist and which of these assets are vulnerable. Mapping is undertaken as part of the development process.



Placing the time capsule in Coed Dolwyd Service Reservoir foundations

2. <http://wales.gov.uk/newsroom/improvingpublicservices/2013/130614-commission/?lang=en>



CASE STUDY

COED DOLWYD SERVICE RESERVOIR



Welsh Water has invested £9million constructing a brand new above ground storage reservoir at Coed Dolwyd in north Wales. The brand new facility, recently completed in 2014, will store enough clean water to fill nine Olympic size swimming pools, will provide 70,000 customers living in the Colwyn Bay and Llandudno area with additional security of supply. This is the first site of its kind that has been built in north Wales since 1995 and it will be particularly important during the busy tourist periods when additional pressures are placed on the drinking water network and in the face of any future population growth in the area. Work on this large scale engineering scheme began in October 2012 and was recently commissioned.

CASE STUDY

GREENER GRANGETOWN



Before



After

Greener Grangetown is an exciting collaboration between Dŵr Cymru Welsh Water, Cardiff City Council and Natural Resources Wales that will retrofit a variety of surface water management techniques. This is aimed at reducing the amount of surface water entering the combined sewer system in the Grangetown area whilst also enhancing local amenities, improving the perception of the area and increasing network resilience to climate change for the local area. Greener Grangetown provides an ideal opportunity to test the application of the ecosystems approach to a large scale environmental project that is being delivered in an urban environment in order to maximise the benefits delivered to the environment, local economy and wider community. This project will provide the exemplar scheme for other projects in Wales and the UK.



ENERGY

INTRODUCTION

The Silk Commission³ has recommended to the UK Government that there should be devolution of planning powers to approve energy projects of up to 350 megawatts. This would give Wales greater flexibility over its generation mix and could enable it to take greater advantage of its renewables potential, as has been the case in Scotland.

EMR is important in supporting a diverse energy mix and secondary legislation to enact it should be completed in the current Westminster Parliament.

RESILIENCE

The UK has a mature and reliable electricity network⁴ with sufficient generation capacity (77.9GW) to meet expected peak demand (58GW).⁵ In the near-term, these margins are expected to tighten as existing generation assets are retired and ongoing political uncertainties delay investment in new generation capacity, risking the security and reliability of our supplies. Two new gas stations have opened since 2010, but market uncertainties have delayed further investment across the UK in new gas plant. Wales is also expected to benefit from investment in a new nuclear facility at Anglesey when the existing reactor is closed in 2015. Alongside the Hitachi investment at Oldbury

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ENERGY

RECOMMENDATIONS

Government needs a more determined approach through policies, behaviours and technologies that actively drive energy demand management. It should look to bolster the attractiveness and pace of existing schemes such as the Green Deal and smart metering

Parliament should enact the secondary legislation to implement Electricity Market Reform (EMR) by the end of this Parliament, establishing long-term investor confidence and entrenching cross-party support for electricity decarbonisation

The Office of Gas and Electricity Markets (Ofgem) should have its remit for resilience strengthened to factor in future demands on energy capacity from other infrastructure sectors and to improve resilience against interruptions caused by extreme weather events

CASE STUDY

LV NETWORK TEMPLATES (WESTERN POWER DISTRIBUTION)

The largest Low Voltage (LV) monitoring project in the UK; funded through the Ofgem Low Carbon Network Fund (LCNF).



This project has successfully monitored over 800 distribution transformers and 3600 voltage points on associated LV cable ends throughout South Wales, in order to gain better visibility of the LV Network and how it is affected by the introduction of new low carbon technologies.

Using the monitored data in conjunction with The Welsh Government's ARBED data, The University of Bath have been able to analyse the Electricity Network in detail with the following findings:

- 10 distinct individual templates have been created to clearly illustrate network behaviour
- Voltage analysis has shown that there is scope to reduce voltage levels in South Wales (and potentially the UK). Resulting in energy, cost and carbon savings for customers

PV installation analysis has identified approximately 20% additional headroom available for domestic Solar PV installations.

The project was completed on 31st October 2013 and WPD are now actively implementing the findings for the benefit of all their affected customers. This was considered to be an example of good practice.

this should provide opportunities for enhanced engineering skills and economic benefits. Wales has good capacity to increase output from wind farms both on and off-shore, with other sources being developed e.g. tidal stream energy generation and the proposed tidal-range projects. The West Coast interconnector, which is due to be operational by 2016, will enhance power flows between Scotland, Wales and England. National Grid is also seeking to improve the interconnections with new offshore energy sources through a coordinated design approach.⁶

ENERGY EFFICIENCY

Major savings in energy consumption and carbon emissions can be achieved through better insulated buildings, the uptake of smart technologies and changes in the way that we consume energy. Reducing our energy consumption can also help cushion the impact of rising energy costs and address concerns associated with fuel poverty, while reducing carbon emissions.

Existing government-backed schemes, such as the Energy Company Obligation and Green Deal, are currently failing to promote demand management sufficiently. A more determined approach is required to attract uptake of the Green Deal by consumers and achieve the transformation of energy efficiency in the built environment.

3. <http://commissionondevolutioninwales.independent.gov.uk/debate/energy-a-case-for-change-or-not/> 4. <http://www.nationalgrid.com/recorded-system-availability-of-99.999999%> 5. Royal Academy of Engineering (2013) GB electricity capacity margin 6. <http://investors.nationalgrid.com/~media/Files/NN/National-Grid-IR/factsheets/interconnectors130214-v12.pdf>



WASTE

INTRODUCTION

In 2010, the Welsh government provided a strong strategic lead with Towards Zero Waste⁷, a framework setting out resource efficiency and waste management principles, outcomes and targets, explicitly promoting the closed loop recycling essential in moving to a circular economy. The aim - zero waste by 2050 - is to be achieved by ambitious (but statutory) targets of recycling or composting 58% of municipal solid waste (MSW) by 2015/16 and 70% by 2024/25. Good progress is being made: in the UK, Wales is leading the way recycling 52% of MSW compared to 42% in England⁸.

In a move the Welsh government said would save it £158 million over a decade, Natural Resources Wales (NRW) was created in 2013 by merging three agencies. These included Environment Agency Wales, which had responsibilities around waste regulation⁹. Under the upcoming Environment Bill, NRW would be granted more powers – specifically over extending segregation and collection, and enforcing bans on materials such as wood and textiles from landfill and energy from waste (EfW)¹⁰.

CONDITION AND CAPACITY

Despite, Wales' progressive waste policies, it still has a high landfill rate - 41% compared to 34% in England¹¹. It is estimated the remaining landfill sites have a maximum of 10 years life¹² and, as the Zero Waste regulations mean new landfill sites are very unlikely, Wales will need to increase its EfW capacity.

At present, little Welsh waste is processed through EfW - only 5% in 2012/13 compared to 22% in England¹³. At present, there are no large-scale EfW facilities in Wales however two are planned.

Virador's Trident Park EfW plant, located at Splott, Cardiff is part of Prosiect Gwyrdd a sub-regional partnership comprising Cardiff Council and neighbouring authorities. The plans are for a combined heat and power incinerator, capable of processing 350,000 tpa of waste. It would have an electricity generation capacity of 30 MW and provide heat for up to 50,000 homes via district heating¹⁴. However, the proposals have not been without opposition – it first received planning consent in 2010 but in March this year was subject to a (failed) judicial review.

GRADE

B

WASTE

RECOMMENDATIONS

A move from waste to resource management and a circular economy should be at the centre of government policy across the UK

The Welsh government must continue its strong clear strategic leadership, and be supported by Natural Resources Wales working with other bodies, to maintain ongoing improvements in the waste sector

The Welsh government should focus on creating a policy, regulatory and commercial environment that encourages private investment in infrastructure. At the centre of this should be improved waste data in the commercial and industrial (C&I) sector

The second proposal, the North Wales Residual Waste Treatment Project, is a five local authority partnership that intends to submit a planning application for an EfW plant near Connah's Quay this year. While plans are yet to be finalised, it is expected the facility would process up to 200,000 tpa¹⁵.

RESILIENCE

If both proposed EfW facilities operate at capacity, they will account for around a third of the MSW currently produced in Wales and, as such, should adequately counterbalance the planned closure of landfill sites.

Both plants will be operated commercially on 25 year contracts, which would take their period of operation beyond 2025, the target date for recycling/composting 70% of MSW.

Whether increased recycling and EfW would result in over-capacity, is unclear due to the current paucity of data around C&I waste. While the Welsh government should be commended for commissioning its first C&I review since 2007¹⁶ (carried out in 2012 but, to date, not published), as it is based on voluntary survey of sites, it is likely to be less accurate and up-to-date than the annual reporting of MSW.

CASE STUDY

CB ENVIRONMENTAL, ABERYSTWYTH



The scheme enables waste management companies to demonstrate to potential customers that they comply with PAS : 402 2013. This publicly available BSI specification requires the company to produce an 8 section annual report which includes, inter alia, recovery rates for material streams. Under the Green Compass scheme this report is independently inspected each year by a UKAS Accredited inspection body, with the purpose of giving customers greater confidence in the recovery rates of their waste. CB Environmental of Aberystwyth is typical of the 38 waste management companies that have been successfully inspected to date.

KEY TO WALES GRADES

- A** FIT FOR THE FUTURE
- B** ADEQUATE FOR NOW
- C** REQUIRES ATTENTION
- D** AT RISK
- E** UNFIT FOR PURPOSE

View the full report online at
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Firstly, may I take the opportunity to introduce the organisation I work for the National Training Federation Wales (NTfW)? NTfW is the membership organisation which represents the views and opinions of all those involved within the education and training sector within Wales. At present we have over 100 member organisations which include independent training providers, colleges of further education, unitary authorities, awarding organisations and more. Members of NTfW play an important part in developing the skills of those within the Welsh workforce, and more increasingly, those looking to enter the Welsh workforce.

I am writing to you to outline our intent to provide written evidence to the Finance Committee as they begin their scrutiny of the 2015-16 Draft Budget Proposals. You may well be aware, that within this year's Budget, there has been a £7M reduction in the Apprenticeship and Young Recruits Programmes (£5M and £2M respectively) Furthermore, we are led to believe that further cuts (circa £20M) will follow in 2015-16, and as an organisation, we feel that this will have a significant impact on the future career prospects of thousands of young people in Wales.

We are in the process of obtaining data from our members in order to identify the scale of impact, and will write to you shortly to outline our concerns. It is our intent to meet the 10th September deadline, but as I am reliant on others submitting information to me before collation, we might miss it. However, we will be submitting information in due course.

Should you wish to discuss our initial concerns, please feel free to call/email.

Finally, could I ask that you confirm receipt of this email by reply?

Many thanks in advance.

Kind regards/Cofion gorau

Jeff

Jeff Protheroe

Operations Manager / Rheolwr Gweithrediadau

Training Federation for Wales/Ffederasiwn Hyfforddiant Cenedlaethol Cymru

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Older People's Commissioner for Wales
Comisiynydd Pobl Hŷn Cymru

Ymateb oddi wrth Gomisiynydd Pobl Hŷn Cymru

i

Ymholiad Pwyllgor Cyllid Llywodraeth Cymru i Gynigion y Gyllideb Ddrafft

ar gyfer 2015-16

Medi 2014

Am fwy o wybodaeth ynglŷn â'r ymateb hwn, cysylltwch â:

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

Ynglŷn â'r Comisiynydd

Llais annibynnol ac eiriolwr pobl hŷn ledled Cymru yw Comisiynydd Pobl Hŷn Cymru, yn sefyll eu cornel ac yn siarad ar eu rhan. Mae hi'n gweithio i sicrhau bod y rhai sy'n fregus ac ar risg yn cael eu cadw'n ddiogel, ac mae'n sicrhau bod gan bobl hŷn lais a wrandewir arno, bod ganddynt ddewis a rheolaeth, nad ydynt yn teimlo'n unig neu y gwahaniaethir yn eu herbyn a'u bod yn derbyn y gefnogaeth a'r gwasanaethau maent eu hangen. Mae gwaith y Comisiynydd yn cael ei arwain gan yr hyn y mae pobl hŷn yn ei ddweud sy'n bwysig iddynt hwy, a'u lleisiau hwy sydd wrth galon yr oll a wna. Mae'r Comisiynydd yn gweithio i wneud Cymru yn wlad dda i dyfu'n hŷn ynddi - nid dim ond i rai, ond i bawb.

Mae Comisiynydd Pobl Hŷn yn:

- Hybu ymwybyddiaeth o hawliau a buddiannau pobl hŷn yng Nghymru.
- Herio gwahaniaethau yn erbyn pobl hŷn yng Nghymru.
- Annog arferion gorau yn y ffordd y mae pobl yn cael eu trin yng Nghymru.
- Adolygu'r gyfraith sy'n effeithio ar fuddiannau pobl hŷn yng Nghymru.

Cynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-16

1. Fel Comisiynydd Pobl Hŷn Cymru rwy'n croesawu'r cyfle i ymateb i Ymholiad Pwyllgor Cyllid Llywodraeth Cymru i Gynigion y gyllideb ddrafft ar gyfer 2015-16¹. Byddaf yn ymateb i'r cwestiynau fel eu gosodwyd yn y ddogfen ymgynghori.

Beth yn eich barn chi, fu effaith cyllideb 2014-15 Llywodraeth Cymru?

2. Mae'r effaith wedi bod yn sylweddol ac wedi effeithio ar bobl hŷn mewn nifer o ffyrdd. Fel yr amlinellais yn fy ymateb i gyllideb ddrafft², 2014-15, roeddwn yn croesawu'r cyhoeddiad i ddyrannu £570m ychwanegol ar gyfer iechyd a gofal cymdeithasol dros y tair blynedd nesaf, yn cynnwys £150m yn rhagor ar gyfer 2014-15.
3. Roeddwn yn croesawu hefyd y cyhoeddiad o £50m i greu Cronfa Gofal Canolraddol i Gymru, adnodd pwysig i gefnogi byw yn annibynnol a gwell integreiddio rhwng iechyd, gofal cymdeithasol a thai. Fodd bynnag, er gwaethaf y camau positif hyn yn ystod y flwyddyn ariannol, mae'r cynnydd yng ngofal canolraddol ac integredig ar risg o'i gollu oherwydd natur tymor byr y ffrwd gyllido hon. Mae angen i Lywodraeth Cymru sicrhau bod cyllid yn parhau ar gyfer y rhaglenni a'r rhwydweithiau hyn sydd wedi eu cynnal gan y Gronfa Gofal Canolraddol er mwyn sicrhau na chollir eu heffaith.
4. Yn llai positif oedd y setliad ariannol ar gyfer llywodraeth leol. Mae gwasanaethau cyhoeddus a ddarperir gan Awdurdodau Lleol yn hanfodol i iechyd, annibyniaeth a llesiant pobl hŷn. Mae diogelu a gwella gwasanaethau cymunedol, adnoddau a seilwaith yn flaenoriaeth yn fy Fframwaith Gweithredu 2013-17³.

¹ <http://senedd.assemblywales.org/documents/s29438/Consultation%20letter.pdf>

² http://www.olderpeoplewales.com/en/news/news/13-10-08/Statement_on_Welsh_Government_Draft_Budget_2014-15.aspx

³ http://www.olderpeoplewales.com/en/Publications/pub-story/13-05-23/Framework_for_Action.aspx

Yn aml, disgrifir y gwasanaethau hyn fel 'rhaffau achub', ac fel yr amlinellais yn fy adroddiad⁴ 'Pwysigrwydd ac Effaith Gwasanaethau Cymunedol yng Nghymru', dylid eu gweld fel asedau cymunedol hanfodol, yn hanfodol i gyflenwi blaenoriaethau cenedlaethol yn ymwneud ag atal, canolbwyntio ar y dinesydd a chydnerthedd cymunedol, ymatal y costau ar wasanaethau statudol a chynnal iechyd ehangach yr economi.

5. Fel y mae adroddiad ddiweddar Swyddfa Archwilydd Cymru yn amlygu⁵, mae Awdurdodau Lleol wedi gallu cwrdd eu heriau ariannol a chyflenwi eu cynllun cyffredinol, fodd bynnag bydd angen trefniadau mwy cadarn fel bo pwysau ariannol yn cynyddu. Mae Awdurdodau Lleol wedi rhedeg gwasanaethau rheng flaen ar ddiffyg o £250m yn y gyllideb ar y cyd, a thra rwy'n cydnabod y pwysau anferth ar gyllideb a bod rhaid gwneud penderfyniadau anodd ar wariant a chynilion, rwyf wedi ei gwneud yn eglur na all pobl hŷn fforddio i golli'r asedau cymunedol hanfodol hyn. Daw'r angen am greadigrwydd ac arloesedd wrth gyflenwi gwasanaethau cyhoeddus i bobl hŷn ac i eraill, mewn un ffurf neu'r llall, yn llawer mwy pwysig.

Gan edrych ar y dyraniad cyllideb ddangosol ar gyfer 2015-16, a oes gennych chi unrhyw bryderon, o safbwynt strategol a chyffredinol, neu ynglŷn ag unrhyw feysydd penodol?

6. Fel yn y blynyddoedd blaenorol, disgwyliaf weld tystiolaeth o fabwysiadu dull clir a chyson ar lefelau lleol, rhanbarthol a chenedlaethol. Mae'r dyraniadau dangosyddol ar gyfer 2015-16, fel eu hamlinellwyd yn adroddiad Cyllideb Derfynol Llywodraeth Cymru ar gyfer 2014-15⁶, i raddau helaeth yn dilyn y rhai o'r flwyddyn flaenorol. Tra fy mod yn croesawu'r ychydig gynnydd yn y cyllid ar gyfer lechyd a Gwasanaethau Cymdeithasol, rwy'n pryderu am y gostyngiadau yng nghyllid

⁴ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

⁵ http://www.wao.gov.uk/system/files/publications/694A2013_Meeting%20the%20financial%20challenges_Final.pdf

⁶ <http://wales.gov.uk/docs/caecd/publications/131206explanatoryen.pdf>

meysydd eraill a'r effaith cronnus a deimlir gan bobl hŷn. Yn benodol:

- **Cymunedau a Threchu Tlodi:** Mae amcangyfrif o 84,000 o bobl hŷn yng Nghymru yn byw mewn tlodi, gyda 50,000 ohonynt yn byw mewn tlodi⁷ 'difrifol'. Ymhellach, amcangyfrif bod oddeutu 140,000 o ddeiliaid tai yng Nghymru yn byw mewn tlodi tanwydd⁸. Er bod incwm nifer o bobl hŷn wedi aros yn sefydlog, mae pwysau cynyddol ar eu cyllid yn y blynyddoedd diweddar oherwydd nifer o ffactorau, yn cynnwys y codiad ym mhpris nwyddau hanfodol, a chyfraddau llog hanesyddol isel ar gynilion. Mae cyni yn effeithio'n sylweddol ac mewn nifer o ffyrdd ar bobl hŷn yng Nghymru, ac mae gofyn i Lywodraeth Cymru gael cyllid cadarn i drechu tlodi, yn cynnwys tlodi ymhlith pobl hŷn. Yn anffodus, ychydig iawn o gyfeiriadau at bobl hŷn sydd yng Nghynllun Gweithredu Trechu Tlodi⁹, ac rwyf nawr yn gweithio gyda Llywodraeth Cymru a phartneriaid allweddol eraill i weld beth ellid ei wneud i wella ar y nifer o bobl hŷn sy'n derbyn hawliau ariannol.
- **Economi, Gwyddoniaeth a Thrafnidiaeth:** Fel y pwysleisiais yn fy adroddiad Gwasanaethau Cymunedol, er bod cyflwyno teithio ar fws am ddim i bobl hŷn wedi bod yn llwyddiant ysgubol, ychydig iawn o werth i bobl hŷn yw cael cerdyn bws am ddim pe byddai rhai o'r llwybrau bws yn diflannu. Rwy'n arbennig o bryderus am y gostyngiadau yn ad-daliadau teithio rhatach ar fws i weithredwyr, gostyngiadau a allai arwain at hyd at 30% o ostyngiad yn y gwasanaethau¹⁰. At hynny, rwy'n bryderus am yr ariannu annigonol ar gyfer Cynlluniau Cludiant Cymunedol yng Nghymru, sy'n hynod o boblogaidd ymhlith pobl hŷn, ond cynlluniau sy'n methu ymdopi â'r galw oherwydd cefnogaeth ariannol annigonol. Caiff gostyngiadau pellach yn y gyllideb goblygiadau anferth i bobl hŷn ledled Cymru, yn

⁷ <http://www.ageuk.org.uk/cymru/professional-resources/publications/life-on-a-low-income/>

⁸ <http://wales.gov.uk/docs/dhss/publications/130521olderpeoplestrategyen.pdf>

⁹ <http://wales.gov.uk/docs/dsijg/publications/socialjustice/120625tackpovplanen.pdf>

¹⁰ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

effeithio ar ddarpariaeth gwasanaeth a gostwng argaeledd trafndiaeth gyhoeddus sydd wir ei angen.

- **Addysg a Sgiliau:** Mae gan ddysgu ystod o fuddiannau i bobl hŷn. I rai pobl hŷn, mae dysgu yn rhywbeth i edrych ymlaen ato, rhywbeth sy'n eu cadw'n weithgar yn gorfforol ac yn feddyliol, ac yn cyfrannu tuag at eu llesiant. I bobl hŷn eraill, mae dysgu oedolion yn hanfodol i ganiatáu iddynt ennill sgiliau newydd er mwyn aros neu gael ail-fynediad i'r farchnad lafur. Gydag effaith y dirywiad economaidd ar y model ymddeol traddodiadol, mae gan Gymru nifer dychrynlyd o bobl hŷn sydd ddim mewn addysg, hyfforddiant na chyflogaeth: amcangyfrifir bod dros 1 allan o bob 3 o bobl rhwng 50 ac oed Pensiwn y Wladwriaeth, dros 200,000 o bobl, yn ddi-waith. Rwy'n arbennig o bryderus am y gostyngiadau i'r cyllid ar gyfer dysgu oedolion yn y gymuned (gostyngiad o 37.5% yn 2014-15), a chyllid ar gyfer addysg bellach rhan amser (gostyngiad o 33%)¹¹. Mae prinder arian ar gyfer dysgu oedolion yn rhwystro rhagolygon cyflogaeth pobl hŷn a datblygu cwricwlwm ar gyfer bywyd hwyrach, yn cynnwys sgiliau digidol ac ariannol sydd wir eu hangen, yn ogystal ag addysg byw'n iach. Mae'r effaith cronus o ostwng mynediad at drafndiaeth gyhoeddus yn golygu y bydd pobl hŷn yn llai tebygol o gael at gyflogaeth, cyfleodd dysgu a sgiliau sydd wir eu hangen, a'u rhoi ar fwy o risg o dlodi, unigrwydd ac arwahanrwydd.
- **Tai ac Adfywio:** Er mwyn gostwng dibyniaeth pobl hŷn ar becynnau gofal iechyd statudol, mae Llywodraeth Cymru angen rhoi cymaint â phosib o gefnogaeth ariannol i addasu cartrefi, rhaid iddo ddefnyddio'r adolygiad parhaus i fyw'n annibynnol fel cyfle i ddiwygio'r system cymhorthion ac addasiadau er mwyn galluogi system deiliadaeth ddall sy'n gyson ar draws Awdurdodau Lleol ac sy'n hawdd cael ati a'i llywio. Mae'r gost o ddarparu addasiadau a chadw annibyniaeth pobl hŷn yn gymharol fychan o'i gymharu â'r straen ariannol ychwanegol ar

¹¹ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

wasanaethau iechyd o ganlyniad i (ail)dderbyn pobl i'r ysbytai; am bob £1 o wariant ar addasiadau (trwy Raglen Addasiadau Brys), fe arbedir £7.50 gan y sector iechyd a gofal cymdeithasol statudol¹².

7. Ynglŷn â setliad cyllid y dyfodol ar gyfer llywodraeth leol, rwy'n ymwybodol fod Cymdeithas Awdurdod Lleol Cymru (Calc) wedi dweud¹³ y dylai Awdurdodau Lleol ddarparu am hyd at 4.5% o ostyngiadau pellach, ac y gallai Awdurdodau ledled Cymru fod yn rheoli diffyg posib yn y gyllideb o hyd at £900m. Mae effaith cronrus y fath ostyngiadau yn y gyllideb yn sylweddol, ac fel defnyddwyr cyson ar wasanaethau cyhoeddus rwy'n pryderu y bydd yr effaith yn disgyn yn anghymesur ar bobl hŷn. Mae pobl hŷn ledled Cymru wedi dweud wrthyf eu bod yn bryderus iawn am ddyfodol eu gwasanaethau 'rhaffau diogel, y gwasanaethau y maent yn dibynnu arnynt i gynnal eu hiechyd, eu hannibyniaeth a'u llesiant, sef bysys a thrafnidiaeth gyhoeddus, toiledau cyhoeddus, seddi cyhoeddus, llyfrgelloedd, cyfleusterau hamdden, canolfannau gofal/cymunedol, gwasanaethau 'pryd ar glud' a chynlluniau cyfeillio.
8. Bydd gostwng y darpariaethau anstatudol hyn yn effeithio ar iechyd corfforol a meddyliol pobl hŷn, a'u rhoi ar risg o unigrwydd, iselder ac arwahanrwydd cymdeithasol. Goblygiadau'r ddarpariaeth ostyngedig hon yw y bydd mwy o bobl hŷn yn cael eu rhoi ar becynnau cyllideb iechyd a gofal cymdeithasol statudol, ac felly'n cynyddu'r pwysau ar gyllidebau iechyd a gofal cymdeithasol sydd eisoes dan straen yng Nghymru. Gyda phoblogaeth sy'n heneiddio a'r peryglon o ddarparu annigonol, amcangyfrifir y gallai gwariant refeniw ar iechyd godi o 42% yn 2010-11 i tua 57% o gyllideb refeniw'r Llywodraeth erbyn 2024-25¹⁴. Mae darparu seilwaith digonol i deithio a chael mynediad at wasanaethau cymunedol eraill yn gostwng dibyniaeth ar eraill a chostau iechyd hirdymor;

¹² http://www.careandrepair.org.uk/uploads/Publications/Theres_no_place_like_home_E.pdf

¹³ <http://www.wlga.gov.uk/press-archive/more-deep-cuts-will-decimate-local-public-services>

¹⁴ <http://www.walespublicservices2025.org.uk/wp-content/uploads/2013/09/Mark-Jeffs-WPS2025-Full-Report1.pdf>

amcangyfrifir y byddai gostwng nifer y bobl hŷn a gaiff eu derbyn i ysbyty yn arbed £2bn y flwyddyn¹⁵ i'r gwasanaeth iechyd.

Pa ddisgwyliadau sydd gennych o gynigion cyllideb ddrafft 2015-16? Pa mor barod yn ariannol yw'ch sefydliad ar gyfer y flwyddyn ariannol 2015-16, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd sydd i ddod?

9. Fy nisgwyliadau yw bod anghenion, pryderon a blaenoriaethau pobl hŷn yn cael eu cyfeirio ar draws penawdau cyllidebol. Mae gwreiddio llesiant pobl hŷn wrth galon gwasanaeth cyhoeddus yn flaenoriaeth yn fy Fframwaith Gweithredu. Nid yw'r cysyniad o lesiant wedi'i ddeall yn ddigonol hyd yma a'i adlewyrchu wrth gynllunio, datblygu a chyflenwi gwasanaethau cyhoeddus o ddydd i ddydd. Mae sicrhau bod gwerth, ystyr a phwrpas i fywydau pobl hŷn yn gofyn am gefnogaeth ariannol ddigonol ar draws adrannau: nid yw anghenion pobl hŷn yn gyfyngedig i iechyd a gofal cymdeithasol.
10. Ar ôl cyfrifo am gostau mewn perthynas â phensiynau, lles ac iechyd, mae pobl hŷn werth dros £1b y flwyddyn i economi Cymru trwy, er enghraifft, wirfoddoli a gofal plant. Mae eu cyfraniadau yn cynnal yr economi ehangach ac yn cyfyngu'r pwysau ar wasanaethau cyhoeddus eraill yng Nghymru. Gall pobl hŷn gyfrannu'n sylweddol at gymdeithas ac at yr economi ehangach, ac maent eisiau gwneud hynny. Fodd bynnag, maent angen gwasanaethau digonol, adnoddau a seilwaith i ganiatáu iddynt wneud hynny. Dylai setliadau cyllideb y dyfodol ystyried sut i gefnogi pobl hŷn fel ased economaidd, a chynyddu eu cyfraniad o £1b i economi Cymru¹⁶.

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

¹⁵ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

¹⁶ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

- Trefniadau ariannol y byrddau iechyd lleol

11. Rwy'n croesawu bod Llywodraeth Cymru wedi cydnabod nad yw strwythur na darpariaeth bresennol ar gyfer iechyd a gofal cymdeithasol yn addas i gyflenwi ansawdd a chymhlethdod y gofal sydd ei angen ar gyfer pobl hŷn ledled Cymru, a bod camau'n cael eu cymryd i wella'r ffordd y cyflenwir gwasanaethau trwy integreiddio gwell.

- Dull gweithredu o ran gwariant ataliol a sut y cynrychiolir hwn wrth ddyrannu adnoddau (Gwarant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lleddfyr galw am wasanaethau yn y dyfodol drwy ymyrryd yn gynnar)

12. Nid yw'r dull gweithredu o ran gwariant ataliol yn ddigonol. Mae'r materion y cyfeiriais atynt yn flaenorol, yn cynnwys tai a gwasanaethau cymunedol, i gyd yn wasanaethau ataliol sy'n gwbl hanfodol i ostwng y pwysau ar wasanaethau iechyd a gofal cymdeithasol. Gyda phoblogaeth sy'n heneiddio, mae'n hanfodol ein bod yn cynllunio ymlaen, yn datblygu gwasanaethau iechyd sy'n addas i sialensiau 21 ganrif, a chymaint ag sy'n bosibl, gostwng yr angen am becynnau gofal iechyd statudol a derbyniadau i ysbytai .

13. Er gwaethaf yr hwb o £570m i gyllid iechyd a gofal cymdeithasol dros a thair blynedd nesaf, awgryma adroddiad diweddar y bydd bwllch o £2.5bn yng nghyllid GIG yng Nghymru erbyn 2025-26¹⁷; felly, mae cynlluniau gwariant ataliol sy'n hyrwyddo heneiddio egniol ac iach yn hanfodol. At hynny, cyhoeddodd Archwilydd Cyffredinol Cymru'n ddiweddar ei fod wedi cymhwyso cyfrifon tri bwrdd iechyd oedd wedi methu cyflawni eu targed statudol o gynnal eu gwariant o fewn eu dyraniad o adnoddau ¹⁸.

14. Rwyf felly'n croesawu bod Llywodraeth Cymru wedi cydnabod nad yw strwythur a darpariaeth bresennol iechyd a

¹⁷ http://www.nuffieldtrust.org.uk/sites/files/nuffield/publication/140617_decade_of_austerity_wales.pdf

¹⁸ <http://wales.gov.uk/about/cabinet/cabinetstatements/2014/8917720/?lang=en>

gofal cymdeithasol yn addas i gyflenwi ansawdd a chymhlethdodau'r gofal sydd ei angen ar gyfer pobl hŷn ledled Cymru, a bod camau'n cael eu cymryd i wella'r ffordd y cyflenwir gwasanaethau trwy integreiddio gwell.

- **Effaith rhaglen ddeddfwriaethol Llywodraeth Cymru ac a oes digon o adnoddau ar gyfer ei rhoi ar waith**

15. Mae'r rhaglen ddeddfwriaethol 2014-15¹⁹ yn effeithio ar lesiant pobl hŷn mewn nifer o ffyrdd. Bydd y Bil Llywodraeth Leol yn dechrau ar y broses o ddiwygio llywodraeth leol yng Nghymru. Er bod y ddadl wedi canolbwyntio'n helaeth ar nifer a maint Awdurdodau Lleol, rhaid i unrhyw ddiwygiad ganolbwyntio ar y defnyddiwr, yn cynnwys pobl hŷn.
16. Fel y pwysleisiais yn fy nhystiolaeth i'r Comisiwn ar Lywodraethu a Darparu Gwasanaeth Cyhoeddus²⁰, dylai mwy o bwyslais gael ei roi ar ganlyniadau ac ar yr effaith mae gwasanaeth yn ei gael ar fywyd person hŷn. Er bod consensws clir am newid cam ym mherfformiad a darpariaeth gwasanaethau cyhoeddus yng Nghymru, rhaid i Lywodraeth Cymru fod yn sicr fod yr amserlen arfaethedig ar gyfer diwygio yn portreadu gwerth am arian. Mae hyn yn digwydd ar amser pan fo cyllidebau Awdurdodau Lleol yn wynebu sialensiau na welwyd eu math erioed o'r blaen wrth gyflenwi gwasanaethau rheng flaen er budd pobl hŷn ac eraill; mae Cymdeithas Llywodraeth Leol Cymru (CLILC) yn rhagweld y gallai diwygio gostio hyd at £200m²¹.
17. Yn cael ei yrru gan y Bil Cynllunio, gallai Llywodraeth Cymru gynorthwyo i gefnogi a gwella bywydau pobl hŷn trwy flaenoriaethu stoc dai wedi'u dylunio yn addas ac yn hygyrch a datblygu cymunedau oed gyfeillgar, a blaenoriaethu'r Rhaglen Heneiddio'n Dda yng Nghymru (rhaglen partneriaeth genedlaethol sy'n cynnwys Llywodraeth Cymru fel partner

¹⁹ <http://wales.gov.uk/legislation/programme/2014-2015/?lang=en>

²⁰ <http://wales.gov.uk/docs/dpsp/publications/psgd/140120-psgd-full-report-env2.pdf>

²¹ <http://www.bbc.co.uk/news/uk-wales-25816599>

allweddol ac mae'n ymroddedig i wella llesiant pobl 50+), sy'n sicrhau bod yr amgylchedd a adeiladwyd yn diwallu anghenion pobl hŷn. Mae galluogi pobl hŷn trwy annog cymunedau lleol i gyfrannu'n weithgar i lunio cynlluniau datblygu lleol yn hanfodol hefyd, ac rwy'n cefnogi pob ymdrech i gynnwys pobl hŷn yn y broses penderfynu trwy'r Bil Cynllunio a deddfwriaethau eraill.

18. Fel yr amlinellwyd yn fy ymateb i ymgynghoriad Llywodraeth Cymru, mae llawer i'w groesawu yn y cynigion am Fil Iechyd y Cyhoedd²². Yn arbennig, rwy'n croesawu cyflwyno safonau ar gyfer maeth bwyd mewn cartrefi gofal, mynediad gwell at ofal a chefnogaeth integredig a gwasanaethau gofal sylfaenol sy'n canolbwyntio ar unigolyn, a chydabod toiledau cyhoeddus fel asedau cymunedol, yn cael eu cynnal trwy roi dyletswydd ar bob Awdurdod Lleol i ddatblygu strategaeth ar gyflenwi a sicrhau mynediad at doiledau i'w defnyddio gan y cyhoedd yn eu hardal hwy²³. Disgwyliaf i'r cynigion hyn dderbyn cefnogaeth ddigonol er mwyn gwella bywydau pobl hŷn ledled Cymru.

- Craffu ar y Gymraeg, cydraddoldeb a chynaliadwyedd

19. Fel Comisiynydd Pobl Hŷn Cymru, rwy'n cydnabod y sialens sy'n wynebu Llywodraeth Cymru wrth ddyrannu'r adnoddau cyfyngedig sydd ar gael yn ei gyllideb ar gyfer 2015-16. Ar adeg pan fo'r gofyn am wasanaethau yn tyfu'n gyflym, mae cyllideb Llywodraeth Cymru'n wynebu toriad o £1.68bn erbyn 2015/16 o'i gymharu â 2010/11²⁴. Byddaf yn edrych am sicrwydd na fydd pobl hŷn yng Nghymru yn dioddef yn anghymesur o ganlyniad i benderfyniadau a chamau a gymerir gan Lywodraeth Cymru i gwrdd â'r pwysau cyllidebol.

²² <http://wales.gov.uk/docs/phhs/consultation/140402consultationen.pdf>

²³ [http://www.olderpeoplewales.com/en/news/news/14-03-](http://www.olderpeoplewales.com/en/news/news/14-03-31/Commissioner_strongly_welcomes_proposals_to_improve_access_to_public_toilets_in_Wales.aspx)

[31/Commissioner_strongly_welcomes_proposals_to_improve_access_to_public_toilets_in_Wales.aspx](http://www.olderpeoplewales.com/en/news/news/14-03-31/Commissioner_strongly_welcomes_proposals_to_improve_access_to_public_toilets_in_Wales.aspx)

²⁴ [http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-](http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx)

[25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx](http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx)

20. Fel yr amlinellwyd yn flaenorol, pan fydd dyraniadau'r gyllideb ddangosol yn arwain at yr angen i newid natur darparu gwasanaeth neu newid i fynediad at wasanaethau, yna byddaf yn chwilio am dystiolaeth mewn tri maes allweddol:

- Ymgysylltiad gweithredol â phobl hŷn wrth ddatblygu cynigion gwasanaeth cyn a thrwy gydol y broses ymgynghori ffurfiol.
- Gwybodaeth mewn fformatau hygyrch, a phan fo'r gofyn, mynediad at wasanaethau eirioli annibynnol i esbonio a chynghori ar effaith unrhyw newidiadau arfaethedig i wasanaethau.
- Asesiad cadarn o effaith unrhyw newidiadau arfaethedig i wasanaethau ar bobl hŷn, fel yn ofynnol i gyrrff cyhoeddus dan Ddeddf Cydraddoldeb 2010²⁵.

21. Pan fydd ar gael, byddaf yn ystyried digonolrwydd asesiad effaith Llywodraeth Cymru ei hun ar ei gyllideb ddangosol (yn cynnwys asesu 'oed' fel nodwedd warchoddedig) a chyhoeddi fy nghanfyddiadau ar ddyddiad yn y dyfodol. Hoffwn wybod mwy am sut mae Llywodraeth Cymru wedi ymgysylltu â phobl hŷn i gyrraedd at ei gynigion ar gyfer y gyllideb. Rwy'n disgwyl y bydd Asesiad Llywodraeth Cymru o'r Effaith ar Gydraddoldeb ar gyfer 2015-16 yn ategu fersiwn 2014-15²⁶ ac yn pwysleisio unwaith eto bod 'angen clir i ddiogelu pobl hŷn yng Nghymru ac mae penderfyniadau gwariant Llywodraeth Cymru yn adlewyrchu hyn'

22. Fel y soniwyd yn flaenorol, er bod y penderfyniad i ddiogelu cyllidebau iechyd i'w groesawu, nid yw anghenion pobl hŷn wedi'u cyfyngu i ofal iechyd. Yn anad dim, byddaf eisiau sicrhau bod pobl hŷn yn cael eu trin yn deg, ac na fydd toriadau yng ngwasanaethau cyhoeddus yn effeithio'n anghymesur arnynt.

²⁵ <http://www.legislation.gov.uk/ukpga/2010/15/contents>

²⁶ <http://wales.gov.uk/docs/caecd/publications/131008draftbudgeteia.pdf>

Sylwadau Cloi

23. Wrth ddarparu cyllideb 2015-16, rhaid i wasanaethau cyhoeddus yng Nghymru, yn cynnwys Llywodraeth Cymru beidio canolbwyntio ar gytbwysedd ariannol, effeithlonrwydd a mesurau proses yn unig, ond hefyd ar yr effaith y mae gwasanaethau yn ei gael ar ansawdd ffordd o fyw pobl hŷn yn gyffredinol. Rhaid i'r ffocws fod ar sicrhau fod pobl hŷn yn teimlo'n ddiogel, eu bod yn cael eu gwranddo a'u parchu, yn gallu gwneud y pethau sy'n bwysig iddynt hwy, yn gallu cael cymorth pan fyddant ei angen i gadw'n ddiogel ac annibynnol, a bod y llefydd a'r cymunedau maent yn byw ynddynt yn cefnogi eu ffordd o fyw.
24. I gyflawni hyn, rhaid i wasanaethau cyhoeddus wella'n sylweddol yr ehangder maent am gydweithio a gwranddo ar bobl hŷn. Golyga hyn gynnwys pobl hŷn wrth ddylunio, datblygu a chyflenwi gwasanaethau a sicrhau fod gofal a chefnogaeth i unigolion wedi'i deilwra i'w anghenion a'u dymuniadau penodol hwy. Efallai i ostwng neu dynnu gwasanaethau yn ôl, fel canolfannau cymunedol/dydd, addasu cartrefi a thrafnidiaeth gyhoeddus, gael eu gweld fel blaenoriaethau is, fel gwasanaethau 'llaith' ac yn arwain at gynilion gwariant yn y tymor byr, fodd bynnag gall eu colli fod yn ddinistriol i bobl hŷn sy'n dibynnu arnynt.
25. Gallai cynnal y gwasanaethau hyn, ac yn ei dro cynnal iechyd, annibyniaeth a llesiant pobl hŷn, arwain at gostau diangen pellach i'r pwr cyhoeddus yn y tymor canolig i'r tymor hir. Fel yr amlinellwyd yn flaenorol, rwy'n pryderu y bydd yr effaith cronus o ostwng gwasanaethau cyhoeddus anstatudol yn rhoi pobl hŷn ar fwy o risg o unigrwydd ac arwahanrwydd, materion sydd heb eu cydnabod yn llawn hyd yma fel peryglon mawr i iechyd cyhoeddus²⁷.

²⁷ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

26. Llesiau pobl hŷn fydd, a rhaid iddynt fod, y prawf eithaf ar ba mor effeithiol yw Llywodraeth Cymru a'n holl wasanaethau cyhoeddus, a bod y newid maent ei eisiau a'i angen, yn cael ei roi ar waith.

Thank you for the invitation to respond to the call for information on the Welsh Government draft budget proposals for 2015-16.

Please find attached copy of UCU's policy on the funding of further and higher education, which I hope will help to inform the Finance Committees scrutiny, from the perspective of the University and College Union.

I would like to draw attention to the 'six tests' on page six of the document. The union has devised the questions to act as a basic test for new policy or funding initiatives. The questions look at whether proposals are fair for all students, will be able to attract and retain staff, improve research facilities and offer the broadest possible choice of courses.

The six tests to be applied by UCU to any policy or funding initiatives are:

1. Will the proposal make it easier for people to reach their full potential?
2. Will the proposal increase our academic capacity and research base?
3. Will the proposal make the UK a more attractive place for academic staff to work?
4. Will the proposal make it less costly for individuals to study, whether young or old?
5. Will the proposal broaden the range of subjects available for study?
6. Will the proposal lead to higher quality and reduced fragmentation in the sector?

Kind regards

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The funding of further and higher education

May 2014

This paper looks at UCU's policy on funding and gives an overview of the overall picture of funding for further and higher education within each of the four nations.

BACKGROUND

The way in which further and higher education is funded varies widely across the UK, as do the social and political contexts within which decisions are made. As a union active in each of the devolved nations, it is important that members of the University and College Union (UCU) are equipped to deal with different political environments and policy announcements from devolved administrations, while also maintaining a consistency of message across the union.

UCU was therefore tasked by its members in late 2013 to examine some of the key differences in the funding environments and propose a means by which new policy announcements might be judged. This paper looks at UCU's policy on funding and gives an overview of the overall picture of funding for further and higher education within each of the four nations. It goes on to set out some of the main areas for political debate, and finishes by proposing a set of 'six tests' by which different initiatives and funding policies can be judged.

UCU'S POLICY ON FUNDING FOR POST-COMPULSORY EDUCATION

A number of motions have led to the union adopting a general policy on funding for education, centring on the following key principles:

- support for increased public investment in education, in particular to address the OECD funding gap (estimated at £4.9 billion in 2008)
- opposition to fees and other private contributions towards tuition costs
- support for targeted interventions to encourage access and participation, such as the Education Maintenance Allowance (EMA)
- support for reform of the current mechanism for funding research, and
- support for a broad curriculum.

THE CURRENT FUNDING PICTURE

UCU asked HM Treasury to undertake some analysis of relative levels of public spending in each of the four nations. *Table 1* sets out the figures spent by each administration on higher education (HE) and further education (FE), as well as examining the spending ratio between FE and HE in each part of the UK.

Table 1

Public spending on post-16 education 2012/13				
	Higher Education (£m)	Further Education (£m)	All (£m)	HE/FE spending ratio
England	10,967	8,745	19,712	1.25:1
Northern Ireland	597	173	770	3.45:1
Scotland	1,597	550	2,147	2.90:1
Wales	398	579	977	0.69:1
All UK	13,559	10,047	23,606	1.35:1

Source: HM Treasury analysis of PESA data (COFOG 9.2 and 9.4) by nation

The figures show that in England, for every £1 of public spending on further education (FE), there is £1.25 spent on higher education (HE). In Scotland and Northern Ireland, the figures are significantly higher at £3.45 and £2.90 respectively, indicating that HE is more heavily prioritised than FE in those nations. In Wales, by contrast, spending on FE is some 30% higher than on HE.

Table 2 looks at the outcomes of investment in education in each country using the range of qualifications held across the working population as a base measure.

Table 2

Range of qualifications held, aged 16-64, population aged 16-64, year to December 2012 (%)					
	No qualifications	GCSE A-C or equivalent	GCE A Level or equivalent	HE qualification below degree	First degree or above
England	9.5%	22.8%	23.1%	8.4%	26.1%
Northern Ireland	18.4%	22.3%	23.9%	8%	19.8%
Scotland	10.7%	17.9%	24.9%	14.4%	24.4%
Wales	11.4%	24.7%	23.8%	9.3%	21.5%
All UK	9.9%	22.5%	23.3%	8.9%	25.6%

Source: NOMIS Annual population survey (excluding 'other qualifications')

Table 2 shows some interesting contrasts, some of which clearly relate to differing socio-economic conditions. Northern Ireland has by far the largest proportion of people with no qualifications and the lowest proportion with a first degree or higher. While England and Scotland lead on the latter measure, Scotland also has a significant proportion of people with an HE qualification below degree level. Wales, which has the heaviest comparative investment in further education, has the highest combined proportion of people with GCSE A-C and GCE A-Level or equivalent.

Table 3 looks at the same measures for the youngest cohort of the working age population beyond normal university leaving age. Using Level 3 and above as a proxy for an educated workforce, Scotland leads the way with 71.3% of 25-29 year olds holding at least this level of qualification. England (65.6%) is close behind but Northern Ireland (61.8%) and Wales (60.8%) lag behind.

Table 3

Range of qualifications held, population aged 25-29, year to December 2012 (%)					
	No qualifications	GCSE A-C or equivalent	GCE A Level or equivalent	HE qualification below degree	First degree or above
England	6.6%	19.1%	22.1%	6.1%	36.7%
Northern Ireland	10.6%	20.1%	25.3%	6.8%	29.7%
Scotland	5.9%	15.9%	20.6%	14.6%	36.1%
Wales	8.4%	22.8%	23.3%	6.3%	31.2%
All UK	6.8%	19%	22.1%	6.8%	36.2%

Source: NOMIS Annual population survey (excluding 'other qualifications')

Table 4 looks at the ratios between figures for the 25-29 age group and overall working age population in each of the nations, thus giving an indication of the impact which policies might have had on qualification level over time.

Table 4

Range of qualifications held, ratio 25-29:16-64, year to December 2012					
	No qualifications	GCSE A-C or equivalent	GCE A Level or equivalent	HE qualification below degree	First degree or above
England	0.69:1	0.83:1	0.96:1	0.81:1	1.41:1
Northern Ireland	0.57:1	0.91:1	1.05:1	0.85:1	1.5:1
Scotland	0.55:1	0.89:1	0.83:1	1.01:1	1.48:1
Wales	0.74:1	0.92:1	0.98:1	0.68:1	1.45:1
All UK	0.69:1	0.84:1	0.95:1	0.76:1	1.42:1

Source: NOMIS APS figures listed in tables 2 and 3 of this paper

The figures in *Table 4* show that progress in reducing the number of people with no qualifications has been good in all nations, but best in Scotland and Northern Ireland where 25-29 year olds are now over 40% less likely to have no qualifications than the working-age population as a whole.

Elsewhere, the different spending priorities adopted by some of the nations have been reflected in the figures. While every nation has made broadly uniform progress with regard to attainment of a first degree or above (the younger cohort are around 40% more likely to hold a degree than the working-age population as a whole), there is a significant difference at sub-degree level between Scotland and others. Younger Scots remain as likely to hold a sub-degree level qualification as the whole population, while the numbers for the younger cohorts in other nations have fallen substantially.

Table 5 looks at the 2011/12 undergraduate intake in all four nations to see if there are significant differences in participation by class or school background:

Table 5

Widening participation 2011/12 undergraduate intake		
	% from SC 4,5,6,7	% from state schools
England	32.8	89
Northern Ireland	38	99.1
Scotland	26.2	86.9
Wales	31.2	92.5
United Kingdom	32.3	89.3

Source: HESA, UKPIs: widening participation of under-represented groups 2012/13

As can be seen, despite having the worst record with regard to those with no qualifications, Northern Ireland does best with nearly 40% of undergraduate entries made up of those from the lowest class backgrounds. This compares favourably to all the other nations with Scotland surprisingly the worst performing. The same pattern is shown for state schools too with Northern Ireland by far the best and Scotland again narrowly the worst performing.

There is of course a significant divergence of policy between the nations with regard to student contribution and support. In FE, for example Scotland, Northern Ireland and Wales all provide an Education Maintenance Allowance (EMA) for 16-18 year old college attendees while this allowance has been abolished in England. Similarly, England is thus far the only nation to have introduced further education loans, initially for those aged 24 and up.

In higher education, the picture is increasingly complex with distinct systems in place in each nation as *Table 6* shows:

Table 6

HE tuition fees by home and nation studied				
Home region	Location of university or college			
	England	Scotland	Wales	NI
England	Up to £9,000	Up to £9,000	Up to £9,000	Up to £9,000
Scotland	Up to £9,000	No fee	Up to £9,000	Up to £9,000
Wales*	Up to £3,575	Up to £3,575	Up to £3,575	Up to £3,575
NI	Up to £9,000	Up to £9,000	Up to £9,000	Up to £3,575

Note: *Net effect shown after taking account of grant. WA policy for 2013/14 is that no Welsh student shall pay more than £3,575.

There are also significant differences in available support for HE students as shown in *Table 7*.

Table 7

Summary of available support				
	Maintenance Loan	Maintenance Grant	Bursary	Other
England	Max £5,500 (£7,675 London)	Max £3,354 (family income below £42,611)	Institution level	National Scholarship Programme (ending in 2015)
Northern Ireland	Max £4,840	Max £3,475 (family income below £41,065)	Institution level	–
Scotland	Max £5,500	–	Max £1,750	Supplementary grants to lone parents, those with dependents etc
Wales	Max £5,150	Max £5,161 (Assembly Learning Grant)	–	Supplementary grants to lone parents, those with dependents etc

CURRENT POLICY DEVELOPMENTS

It is fair to say that the funding of FHE in all home nations is a subject for continuing political debate. *Table 9* seeks to summarise the current position in each nation:

Table 9

Current policy debates	
England	<ul style="list-style-type: none"> • Some vice-chancellors are arguing for higher fees (eg Oxford) • The student number cap has been lifted, with a likely increase of 30,000 student places in England in 2014-15 and more in future years • Labour is looking again at the HE graduate tax, possible two year degrees and employer contributions • The coalition is committed to further expansion of apprenticeships and traineeships • All Parties increasingly focused on direct help for young unemployed • Qualification reform continues apace
Northern Ireland	<ul style="list-style-type: none"> • Department for Employment and Learning (DEL) is launching an expanded apprenticeship programme • The wage gap between NI and the rest of the UK is a subject for debate • A 10% budget squeeze is likely between now and 2018
Scotland	<ul style="list-style-type: none"> • HE is playing a major role in the independence debate, especially around fees and research funding • College funding has been cut significantly in recent years, although they have a key role in the provision of sub-degree HE courses • There is an increasingly public debate about Scotland's comparatively poor record on widening participation
Wales	<ul style="list-style-type: none"> • Wales has the lowest PISA ratings of all the home nations • The Welsh Government has stated that breaking the link between poverty and attainment is a priority • Universities have expressed concern about losing students to England following the lifting of the student number cap

RESPONDING TO CHANGING POLICY: THE 'SIX TESTS'

In order to enable its members to respond to new proposals or political debates more consistently and effectively in each of the home nations, UCU has compiled a series of 'six tests' against which new and existing initiatives can be judged. These are:

For example:

- Will the proposal make it easier for people to reach their full potential?
- Will the proposal increase our academic capacity and research base?
- Will the proposal make the UK a more attractive place for academic staff to work?
- Will the proposal make it less costly for individuals to study, whether young or old?
- Will the proposal broaden the range of subjects available for study?
- Will the proposal lead to higher quality and reduced fragmentation in the sector?

UCU believes that these tests provide a sensible framework for assessing whether policies are of benefit to students and educators in the post-compulsory education system.

APPENDIX 1 – UCU POLICY ON THE FUNDING OF FURTHER AND HIGHER EDUCATION

Policy Area	Agreed policy	Source
UK funding gap	Congress therefore calls on all like-minded organisations to join the union's funding campaign and to endorse as a minimum target an increase in UK funding to the average OECD level (the closure of a current funding gap of £5 billion).	Motion 1 2013 UCU Congress
Importance of public funding	Congress welcomes the union's campaign for public investment in tertiary education. It believes that the future welfare of the country depends on the reversal of the catastrophic cuts in education funding imposed by this government and the investment of additional funding in our educational infrastructure.	Motion 1 2013 UCU Congress
Benefits of F/HE	As well as its intrinsic benefits to individuals, public investment in tertiary education is immediately beneficial economically and socially as well as being an essential precondition for the creation of a socially just, equal and inclusive society.	Motion 1 2013 UCU Congress
Impact of cuts	Congress notes the government cuts to benefits, EMA, FE funding, the increase in HE tuition fees, and the introduction of FE loans are an attack on the poorest and most vulnerable members of society. Such cuts not only impact on incomes and living standards, but help to stymie educational aspiration within all our communities, particularly in the poorest ones.	Motion 4 2013 UCU Congress
Research funding	HE27 (2010) instructed HEC 'to build a campaign against the REF's terms of operation, and its implementation in its current form', and 'campaign for a boycott of the REF in its current form'. Conference reaffirms those commitments to an alternative funding regime and to academic freedom; our profession's definition of research as the scholarly use of resources allowing and encouraging intellectual endeavour to push back the boundaries of knowledge.	Motion 12 2013, HESC
FE funding	Conference continues to support UCU's campaigns to increase FE funding and opposition to FE loans so that every young person or adult studying is able to access comprehensive high quality learning programmes.	Motion 15 2013 FESC; Motion 17 2013 FESC

FE funding	<p>Conference continues to support UCU's campaigns to increase FE funding and opposition to FE loans so that every young person or adult studying is able to access comprehensive high quality learning programmes.</p> <p>Conference: vows to campaign vigorously against funding cuts and calls on the government to invest in post-compulsory education; reasserts its vehement opposition to student tuition fees and demands their withdrawal; demands that the government reverse their policy to introduce loans in FE; demands that the government reintroduces the Educational Maintenance Allowance.</p>	<p>Motion 15 2013 FESC Motion 17 2013 FESC</p>
Student contribution	<p>Congress calls on UCU to work with other trade unions, students' organisations and appropriate campaign groups to defend and restore public education, including a broad campaigning strategy behind a manifesto in defence of education as a universal public good, free at the point of delivery at all levels, where the benefits of the relationship between education and society in terms of the economy, critical citizenship, democracy and social wellbeing are clearly named.</p>	<p>Motion 2 2012 UCU Congress</p>
F/HE curriculum	<p>Congress reaffirms UCU's commitment to defend access for all to a broad curriculum reflecting the wider role of post-16 education to promote community cohesion as well as to prepare people for work.</p> <p>Congress re-affirms its opposition to tuition fees generally in both FE and HE, believing that education should be a right not a privilege.</p>	<p>Motion 4 2012 UCU Congress Motion 5 2012 UCU Congress</p>

Ymateb UCAC i ymgynghoriad y Pwyllgor Cyllid ar y Gyllideb Ddrafft 2015-16

Medi 2014

UCAC | yr undeb sy'n diogelu athrawon a darlithwyr Cymru

Ymateb UCAC i ymgynghoriad y Pwyllgor Cyllid ar y Gyllideb Ddrafft 2015-2016

1. Beth, yn eich barn chi, fu effaith cyllideb 2014-15 Llywodraeth Cymru?

Os mai un bwriad Cyllideb Derfynol 2014-15 oedd dangos 'y camau mae'r Llywodraeth yn ei gymryd i ... dorri'r cysylltiad rhwng tlodi a chyrhaeddiad addysgol', cred UCAC yw nad oedd y buddsoddiad cyffredinol a wnaed mewn addysg yng Nghymru yn ddigonol yng nghyllideb 2014-15 i sicrhau hyn.

Wrth gydnabod y wasgfa sydd ar y Gyllideb, ac yn gwerthfawrogi'r cyhoeddiadau ar ddiogelu cyllidebau ysgol; yr 1% ychwanegol yn flynyddol i'r gyllideb, yn ogystal â'r Grant Amddifadedd Disgyblion, y gwirionedd yw bod cyllidebau ysgolion wedi crebachu'n sylweddol. Mae costau yn cynyddu wrth reswm ac mae unedau fel ysgolion yn cael eu heffeithio'n fawr. Erys amheuan am drosglwyddo ariannol effeithiol gan awdurdodau i ysgolion, er y croesawn yr ymrwymiad a wnaed gan y Gweinidog Addysg a Sgiliau i sicrhau fod monitro llawn yn digwydd i'r perwyl hwn mewn llythyr dyddiedig 3 Mawrth 2014 i UCAC.

Y gwirionedd yw nad yw cyllideb 2014-15 yn dyfarnu arian digonol er mwyn sicrhau'r addysg gorau i bawb, beth bynnag eu cefndir yn ysgolion ein gwlad. Gwelwyd effaith mawr ar ysgolion, athrawon a disgyblion wrth gynllunio at Fedi 2014. Mae newid mawr wedi bod o ran y galw am weithwyr yn y sector, a gwelwyd sawl enghraifft o dorri oriau aelodau eleni, a chynnydd yn y niferoedd yn cael eu diswyddo. Mae meintiau dosbarthiadau wedi codi, gan effeithio ar y sylw mae pob disgybl yn ei dderbyn a chyrhaeddiadau gwirioneddol. Yn sgil hyn, rydym eisoes wedi gweld effaith mawr ar lwyth gwaith aelodau. Mae ystod y pynciau sydd yn cael eu darparu mewn ysgolion uwchradd yn lleihau ac mae cwestiynau amlwg ynghylch cynnaladwyedd sawl ysgol ac adnodd.

Mae ariannu ôl-16 i ysgolion yn parhau i beri gofid mawr i UCAC. Mae'r system ariannu yn creu cystadleuaeth afiach o fewn awdurdodau rhwng ysgolion unigol, a heb gymryd i ystyriaeth sefyllfa ddeinamig o ran niferoedd myfyrwyr a llwyddiant ysgolion o gwbl. Yn wir, yn hytrach na sicrhau'r profiad addysgol orau i'n myfyrwyr, profiad sawl aelod yw gweld lleihad yn y ddarpariaeth gwricwlaidd i fyfyrwyr yn Medi 2014, sy'n cael effaith ar lwybr addysgol unigol myfyriwr ac ar ddatblygiad proffesiynol aelodau. Mae cynnaladwyedd Dosbarthiadau Chweched Dosbarth yn y fantol yn hyn o beth a chwestiynir yn aml os mai dileu darpariaeth mewn ysgolion yw'r nod yn y pen draw.

Mae pryder gwirioneddol gan UCAC nad yw anghenion cyffredinol ôl-16 yn cael eu diwallu. Mae hyn yn ofid mawr o ran cludiant a'r bygythiad sylweddol i ddilyniant ieithyddol a ddaw yn sgil toriadau ariannol. Mae nifer o Awdurdodau Lleol yn codi am gludiant bellach, a chai hyn gryn effaith ar fyfyrwyr nad oes ganddynt ddewis ond teithio ar drafnidiaeth ysgol er mwyn derbyn addysg cyfrwng Cymraeg. Mae gofid mawr y byddai hyn yn cyfrannu ymhellach at y nifer o NEETs. Mae UCAC yn galw am gyllid digonol i sicrhau fod cysondeb ar draws Cymru o ran cludiant, ac nad oes gwahaniaethu yn erbyn unrhyw gyfrwng.

Maes arall lle sydd gan UCAC bryderon o ran Cyllideb 2014-15 yw Cymraeg i Oedolion. Lle bu gofidiau ynglŷn â'r 7% o doriad a gyhoeddwyd yn wreiddiol, mae'r toriad o 8% sydd newydd ei gyhoeddi yn siomedig iawn. Mae'r disgwyl i'r toriadau gael eu gweinyddu o fis Medi 2014, a hynny er bod y cyrsiau i gyd yn eu lle a'r recriwtio wedi'i wneud. Eto, ceir effaith mawr ar ddarpariaeth a swyddi a hynny'n mynd yn erbyn polisïau a strategaethau'r Llywodraeth ynghylch hybu a hwyluso'r defnydd o'r Gymraeg. Mae UCAC o'r farn y byddai gwneud cysylltiad cryfach rhwng darpariaeth Cymraeg i Oedolion a chynllunio ieithyddol amrywiol gweithluoedd (addysg, iechyd, gofal plant, gofal cymdeithasol) yn ffordd posib ymlaen yn hyn o beth.

2. Gan edrych ar y dyraniadau cyllideb dangosol ar gyfer 2015-16, a oes gennych unrhyw bryderon o safbwynt strategol a chyffredinol, neu ynglŷn ag unrhyw feysydd penodol?

3. Pa ddisgwyliadau sydd gennych o gynigion cyllideb ddrafft 2015-16? Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2015-16, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer y blynyddoedd sydd i ddod?

Yn amlwg, gan fod sefyllfa niferodd ysgol yn ddeinamig; mae profiad blaenorol yn dangos bod pwyslais polisiol yn newid yn gyson a'r ffaith fod anghenion a dulliau asesu yn parhau i fod yn annelwig, mae sicrhau ariannu digonol i ymdopi â'r newidiadau hyn yn angenrheidiol. Nid yw'r gyllideb am alluogi i'r Adran Addysg a Sgiliau drawsnewid y sefyllfa bresennol dros nos heb roi gormod o bwysau ar athrawon ac ysgolion. Yn wir, gofynnir a yw'r gyllideb am alluogi i'n hysgolion barhau â'r ddarpariaeth y disgwylir iddynt ei gynnig, fel y gwelir uchod.

4. 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?

O edrych ar Raglen Ddeddfwriaethol y Llywodraeth, a safle'r Gymraeg, rydym yn awyddus i dynnu eich sylw at bryderon UCAC ynghylch y Papur Gwyn am Anghenion Dysgu Ychwanegol (ADY). Pryderon penodol sy'n deillio o'r diffyg cyfeiriadau at y Gymraeg a'r pryder mai ar Gydlynwyr ADY ysgol y bydd y baich gwaith yn syrthio. Bydd angen buddsoddi i sicrhau lefelau priodol o hyfforddiant, rhyddhau o ddysgu i ymgymryd â'r gwaith (yn enwedig os oes disgwyl gweithio'n rhyngasiantaethol), a hwyluso'r defnydd o'r Gymraeg yn y broses er mwyn lliniaru'r pryderon hyn. Bydd angen cyllido digonol felly, er mwyn sicrhau'r egwyddor sylfaenol a sefydlir yn Mesur y Gymraeg (Cymru) 2011, na ddylid trin y Gymraeg yn llai ffafriol na'r Saesneg yn cael ei dilyn.

Gwyddom ar hyn o bryd bod diffygion sylweddol iawn yn y ddarpariaeth cyfrwng Cymraeg ar gyfer plant a phobl ifanc gydag ADY, a hynny'n aml oherwydd diffyg capasiti/arbenigedd o fewn y gweithluoedd perthnasol. Cred UCAC yn gryf y dylai bod hawl gan unrhyw blentyn, person ifanc a'u teuluoedd i dderbyn y ddarpariaeth a'r gwasanaeth priodol drwy eu dewis iaith - boed yn Gymraeg neu'n Saesneg. Fodd bynnag, mae'r ddadl yn gryfach eto wrth ymdrin â phlant o deuluoedd Cymraeg eu hiaith nad ydynt eto wedi dod i gysylltiad sylweddol â'r iaith Saesneg, ac sydd i bob pwrpas yn uniaith Gymraeg. Byddai unrhyw asesiad o blentyn uniaith, neu unrhyw ddarpariaeth ar ei gyfer yn gorfod bod yn y Gymraeg i fod yn ystyrion. Ymhellach, rhaid sicrhau hawl y plant/pobl ifanc a'u teuluoedd i gael trafod Cynllun Datblygu Unigol (CDU); apelio a chydweithio'n aml-asiantaeth yn y Gymraeg. Mae angen i'r rhain fod yn rhagweithiol ac nid yn bethau y mae'n rhaid i deuluoedd fentro i'w fynnu - hyn er mwyn sicrhau darpariaeth arbenigol cyfrwng Cymraeg (0-25 oed) a sicrhau dilyniant ieithyddol.

Mae UCAC yn gryf iawn o'r farn y dylid rhoi hawl i ddarpariaeth drwy gyfrwng y Gymraeg ar wyneb y Mesur arfaethedig. Bydd angen cyllido er mwyn sicrhau fod unrhyw ddeddf yn rhoi'r sylw dyledus i'r mater allweddol hwn.

Mae gan UCAC bryder sylweddol y bydd y baich o ran llunio a gweithredu CDUau yn cwmpo ar ysgolion, a Chydlynwyr ADY yn arbennig. Mae cwestiynau mawr yn codi ynghylch capasiti ysgolion i allu delio ag anghenion plant a phobl ifanc ag ADY ar hyn o bryd - yn enwedig gyda'r pwyslais ar gynnwys cymaint â phosib ohonynt mewn darpariaeth brif ffrwd. Mae perygl y bydd y sefyllfa'n gwaethygu'n sylweddol gyda'r cynigion hyn, ac mai ar ysgolion y bydd y bai yn cwmpo am unrhyw fethiannau. Hyn o gofio fod cymaint â 103,791 o ddisgyblion ag Anghenion Dysgu Ychwanegol yn ysgolion Cymru.

Bydd angen i'r ystyriaethau uchod fod yn gwbl glir ar wyneb y Mesur, a bod arian yn ei le i sicrhau hyn.

Medi 2014



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INDICATIVE BUDGET 2015/16- WRITTEN EVIDENCE FOR FINANCE COMMITTEE

1. INTRODUCTION

1.1 This is the response from Care & Repair Cymru to the call for information on Welsh Government indicative budget proposals for 2015/16, issued in July 2014. It is provided from the specific perspective of the work of Care & Repair in Wales-services for older people to help keep them independent, safe and warm in their own homes, consequently reducing demand in the NHS through reduced A&E admissions, speeding up safe transfers of care, and reducing the need for expensive residential care by helping older people live independently in their own homes in safety and warmth (where most older people tell us they want to be)

1.2 **Care & Repair in Wales- who we are and what we do:** Care & Repair Cymru (CRC) is the national body for Care & Repair in Wales, and the "Older People's Housing Champion". We are a third sector, charitable organisation and actively work to ensure that all older people have homes that are safe, warm and appropriate to their needs. There are 22 Care & Repair Agencies covering the whole of Wales. Each agency provides a wide range of services and support for older and vulnerable people, helping them to remain living independently in their own homes and communities. Care & Repair Cymru is committed to improving the health & wellbeing of older people by providing advice and assistance with home improvements, adaptations and general repairs. We work in partnership with a number of organisations including the Welsh Government, Local Government Housing and Social Care Teams, NHS, Occupational Therapists, other third sector organisations, the Older People's Commissioner, and Housing Associations to ensure that older people have access to a range of housing and social solutions that enable them to live in housing that meets their individual needs.

1.3 The 22 Care & Repair Agencies in Wales provide housing services to some 40,000 older people every year. Agencies are part funded by the Welsh Government and attract funding from local government, local health boards, housing associations and other sources. The types and scale of services provided annually are:

Core Care & Repair service:

- Approximately 30,000 older people helped every year with core casework service, and tailored solutions to their housing problems.
- Average client age 75 years of age
- 60% self referrals- i.e not currently clients of any of the statutory services
- £2.5 million increased household income and benefits
- £500,000 raised on behalf of 475 clients from charitable funds to pay for repairs or adaptations
- £11million repairs and adaptations facilitated
- 2500 older people helped make their home more affordable to heat
- £1.8m privately funded work (counters fear of/ use of cowboy builders and substandard work)
- 1800 helped with improvements to home energy efficiency

Rapid Response Adaptations Programme

Care & Repair operates the Rapid Response Adaptations Programme (RRAP) on behalf of the Welsh Government. RRAP was introduced by the Welsh Government in 2002. The scheme, invented in Wales has since been replicated in England. The programme facilitates an immediate response to specific needs by providing minor adaptations such as ramps and handrails, to enable people to return safely from hospital to their own homes, or to prevent the need for admission to hospital or residential long term care. The programme is a fast response initiative and requires jobs to be completed within a maximum of 15 working days. It is widely regarded as best practice in delivering small adaptations, and provides direct benefits to Health in terms of prevention (reducing demand) and Delayed Transfer of Care (helping speed up safe discharges). Annually, the Rapid Response programme achieves:

- Average time enquiry to completion 8 days, average cost £118
- 13,000 older people helped....
- 4200 of whom helped return home from hospital
- 8800 of whom had works that helped prevent hospital admission

For every £1 spent on RRAP, we have estimated reduced demand and savings of £7.50 for Health and Social care.

2. WHAT, IN YOUR OPINION, HAS BEEN THE IMPACT OF THE WELSH GOVERNMENT'S 2014/15 BUDGET?

LOOKING AT THE INDICATIVE BUDGET ALLOCATIONS FOR 2015-16, DO YOU HAVE ANY CONCERNS FROM A STRATEGIC, OVERARCHING PERSPECTIVE, OR ABOUT ANY SPECIFIC AREAS?

WHAT EXPECTATIONS DO YOU HAVE OF THE 2015-16 DRAFT BUDGET PROPOSALS? HOW FINANCIALLY PREPARED IS YOUR ORGANISATION FOR THE 2015-16 FINANCIAL YEAR, AND HOW ROBUST IS YOUR ABILITY TO PLAN FOR FUTURE YEARS?

- 2.1 The above 3 questions are addressed in the following comments:
- 2.2 The indicative budget for 2015/16 under the Housing and Regeneration MEG, gives a standstill figure for Care & Repair revenue and capital. Following the 10% budget cut to Care & Repair this financial year (2014/15), we have embarked on a rigorous and proactive journey of change, specifically reconfiguration of Care & Repair through series of mergers which will reduce the number of Agencies from 22 down to 12 or 13, (broadly in line with the Williams recommendations for local government in Wales). The aim of our mergers is to reduce management and overhead costs so that the impact of this year's 10% cut is minimized to front line services we provide for older people. Our "Framework for Change" also includes wider reform which seeks to improve governance and promote innovation and more diverse income streams for Care & Repair services.
- 2.3 The process of mergers and organizational change we have embarked upon is extremely time consuming and resource intensive. The challenge over the past 9 months has been difficult, and the major process of change will continue for the next 12 months or more, due to the complexities of changing legal and governance structures, financial due diligence, TUPE and other issues, including physical

relocation of some organisations, and cultural change of 2 different staff groups joining together.

- 2.4 Having engaged positively in the merger agenda, the big concern for the 2015/16 budget is that further budget cuts before change within Care & Repair has been finalised, and before the new organisations have bedded in, will hamper the change process and ultimately reduce front line service delivery. Consequently, while we would ideally like to see increased investment in Care & Repair's core budget (not least as this would save money in other budgets as outlined in detail below), we believe that we need at least a flat-line budget in 2015/16 to enable us to effectively deliver the mergers and change we have embarked on.
- 2.5 Our other major concern, for which written and verbal evidence was provided to Finance Committee last year, is that the cuts already seen in Care & Repair's budget in reality mean cuts in **preventative serves** for older people that increases demand for highly pressurised NHS and Social Care services (and ultimately costs more to the public purse). This is discussed in detail in 3. below.
- 2.6 The Intermediate Care Fund £50m in the 2014/15 budget, is an excellent approach to creating greater integration of services for older people and achieving greater preventative spend in the budget. The ICF clear intention to create a more joined up approach between Housing, Health and Social Care, and statutory and third sectors is welcomed. We believe it will be successful in helping individuals live independently, and relieving pressures across public services, (e.g. preventing admissions to A&E), and helping speed up safe transfers of care).
- 4.5 In terms of actual service delivery and outcomes, it is too early to comment on the impact of ICF to older people. However, from Care & Repair's perspective, overall the process of being engaged and involved in developing ICF proposals has so far been positive on the whole, and we would welcome its continuation as a cohesive long term approach to prevention, and integration of work across public and third sector services.

3. 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?

APPROACH TO PREVENTATIVE SPENDING AND HOW IS THIS REPRESENTED IN RESOURCE ALLOCATION (PREVENTATIVE SPENDING = SPENDING WHICH FOCUSES ON PREVENTING PROBLEMS AND EASES FUTURE DEMAND ON SERVICES BY INTERVENING EARLY)

- 3.1 Care & Repair services have a huge preventative impact helping older people retain their independence at home. It is important to distinguish the 'type' of prevention we provide with prevention such as healthy eating campaigns. Our view is that making an older person's home accessible, safe, and warm produces an instant effect rather than cost saving years down the line. For example, a timely housing adaptation can have the immediate outcome of helping keep an older person out of a residential care home; a new fuel efficient boiler and loft insulation will prevent many incidences of respiratory and circulatory disease, reduce excess winter deaths, and make life comfortable and more affordable; a timely, well placed grab rail and repairs to broken steps will stop a fall and serious injury, followed by longer term residential care

placement due to the negative cycle created by falls in older people. **The following details the work we do that has a preventative effect in terms of early intervention, and easing future and more expensive demand:**

3.2 Looking firstly at **falls prevention**, every year in Wales it is estimated by Age UK that around 30% of people over 65 and 50% of over 80's will have a fall in their home, many of which are preventable. The effect of falls to older people in Wales was estimated in Shelter Cymru's publication "The Real Cost of Poor Housing" to directly cost the NHS in Wales £56 million per year.

3.3 According to **Public Health Wales**, in 2009 there were 1102 deaths, 41,817 hospital admissions and at least 444,274 Emergency Department attendances due to injury, incurring direct costs of at least £25.9 million. The leading cause of death from injuries was falls (23%). Falls also account for 48% of injury inpatient admissions. Inpatient injury admissions led to 309,844 bed days, an average of 7.4 bed days per admission. The direct medical costs of these injuries in Wales were **£25,944,352** (related to inpatient admissions and emergency department visits.) The leading cause of death and in-patient admission in Wales, due to injury, is falls.

Fall death rates are low in all age groups until 70 years when they start to rise, from 9.7 per 100,000 (males) and 7.2 (females), to 138.7 (males) and 120.8 (females) by age 85+. Serious fall injuries mainly affect older people.¹ Amongst older people falls are extremely common; 30 to 60% fall each year and 15 to 30% fall more than once. This high incidence means that fall injury incidence and serious fall injury incidence is high; 2-6% of falls lead to serious injury and 1% lead to hip fracture². The average cost of a fall at home which results in a hip fracture is nearly £29,000, over 100 times the cost of installing hand and grab rails in an average home. Hip fractures are also the trigger for entry into residential care in up to 10% of cases.

3.4 The majority of falls occur at home³. The cause of a fall at home is often multi-factorial, involving both environmental hazards and an underlying medical condition. Environmental hazards are largely preventable. Care & Repair agencies complete a home safety check with clients to assess their home for hazards and then help to make the necessary modifications, adaptations and repairs to improve safety in the home.

3.5 **The impact of Home improvements and Adaptations.** Home repairs and adaptations make performing tasks easier, reduce accidents, and support independent living. Adaptations and repairs range from low-cost to more expensive work. They include repairs such as improved wiring (to eliminate the need for dangerous extension cords), repairing broken and missing steps, repairing uneven paths, fixing loose stair treads and removing hazards (e.g. clutter, throw rugs). Adaptations include adding special features or assistive devices (e.g. grab rails, ramps), moving furnishings, adaptation to enable a change where activities occur (e.g. sleeping on the first instead of second floor) and conventional adaptations such as stair-lifts and walk-in showers.

¹ Gribben, J. et al (2009). Incidence and mortality of falls amongst older people in primary care in the United Kingdom. Quarterly Journal of Medicine 102:pp.477-83.

² Rubenstein, L.Z. and Josephson, K.R. (2002). The epidemiology of falls and syncope. Clinical geriatric medicine 18:pp.141-58.

³ 2. DEPARTMENT OF TRADE AND INDUSTRY. Home accident surveillance system: 24th annual report. London: DTI, 2002

- 3.6 Home modifications and adaptations can reduce the demands of the environment while making the home safer and more supportive. A review⁴ by the Office of Disability Issues of the outcomes and costs of adaptations stated *“For older and disabled people, the choice between adaptations and other options is a choice between independence and dependence.”*
- 3.7 Prevention of falls and injuries has been a major focus of research, stimulated by ageing populations and by growing awareness of the mortality and morbidity resulting from falls. Reviews of falls prevention interventions have concluded that interventions are successful; including assessment of hazards at home and modifications of the environment, such as adaptations.⁵ Reviews have concluded that home improvement and adaptations reduced the risk of falls, particularly for those discharged from hospital and for those with a history of falling.
- 3.8 A recent trial of falls prevention of older people who were determined at high risk of falling found that those who received falls prevention, such as improving home safety, were significantly less likely to fall than a control group.⁶ Another trial specifically looking at environmental factors found that home safety assessments reduced the risk of falling by up to 39% in those who were at high risk.⁷
- 3.9 A report by the Wales Audit Office *Lean and systems thinking in the Public Sector in Wales, January 2010* considered NPT Council’s Lean review of Disabled Facilities Grants (DFG), and reported that postponing entry into residential care saves an average of £19,760 per year per person. It also concluded that a timely DFG can postpone entry into residential care by 4 years, giving a cost saving of £72,000 for each person, net of the average £7000 DFG cost. The report commented *“Clearly, by providing appropriate DFG at the appropriate time people can be sustained within their own accommodation, not only reducing residential care costs but arguably delivering considerable emotional and community benefits to service users. Nevertheless, the impact of timely DFG service could go beyond delaying admission into residential care, for example to alleviate costs in the home care service or to discharge existing clients from residential care”*
- 3.10 **Cost effectiveness.** The Office for Disability Issues⁸ found in a review of current evidence that provision of housing adaptations and equipment for disabled people increased people’s quality of life and independence. Such provision also produced savings to health and social care budgets in four major ways;
- Reducing or removing an existing outlay – residential care and home care
 - The prevention of an outlay that would have been incurred – prevention of hip-fractures and other care costs
 - The prevention of waste – delay in supply of adaptations
 - Achieving better outcomes for the same expenditure – improving quality of life.

⁴ Heywood, F. and Turner, L. Better Outcomes, lower costs. Implications for health and social care budgets of investment in housing adaptations, improvements and equipment; a review of the evidence. Office for Disability Issues 2007

⁵ Gillespie LD, Gillespie WJ, Robertson MC, Lamb SE, Cumming RG, Rowe BH. Interventions for preventing falls in elderly people. Cochrane Database Syst Rev 2003;(4):

⁶ Logan, PA., Coupland, CAC., Gladman, JRF., Sahota, O., Stoner-Hobbs, V., Robertson, K., Tomlinson, V., Ward, M., Sach, T., Avery, AJ. Community falls prevention for people who call an emergency ambulance after a fall: randomised controlled trial BMJ 2010;340:c2102

⁷ Clemson L., Mackenzie L., Ballinger C., Close JCT., Cumming RG. Environmental interventions to prevent falls in community-dwelling older people a meta-analysis of randomized trials. J Aging Health 2008;20:954-71.

⁸ Heywood, F. and Turner, L. Better Outcomes, lower costs. Implications for health and social care budgets of investment in housing adaptations, improvements and equipment; a review of the evidence. Office for Disability Issues 2007

- 3.11 All evidence indicates that adaptations and basic repairs/home improvements are cost effective methods in preventing falls for older and disabled people. The review conducted by the Office of Disability Issues⁹ stated; ‘The evidence from the review is that, unless the cost of the adaptation is very high compared with the life expectancy of the person concerned, adaptation (and independence) will always be the better value option.’
- 3.12 **Cold Homes and fuel poverty.** According to Age Cymru in 2013, fuel poverty affects 30% of households in Wales – 386,00 households - with three main factors determining if a household is fuel poor; income, energy prices and energy efficiency. The last Living in Wales survey in 2008, estimated the total number of fuel poor households as 332,000 or 26% of all households. The figure for pensioners were that they represent 26% of all households in Wales, and of these 140,000 (42%) were in fuel poverty.
- 3.13 The Older People’s Wellbeing Monitor for Wales 2009 indicated 1 in 5 households containing someone aged 60 or over as fuel poor, twice the rate of all households.
- 3.14 BRE research for Shelter Cymru “The Real Cost of Poor Housing” 2011, reported the following from the Living in Wales Survey 2008:
- At least 29% of Wales homes had at least 1 category 1 hazard (under the Housing Health and Safety Rating System, HHSRS), failing the current minimum standard for housing in Wales and England.
 - The most common category 1 hazards are accidents/falls, excess cold and damp.
 - Older people are more likely to live in housing with category 1 hazards, and over 75’s are more likely to live in housing where there is excess cold.
 - 25% households over 80 live in damp homes
- 3.15 In 2010/11, there were 1960 excess winter deaths amongst older people in Wales. 79% of these were to people aged over 65, 68% were people aged 75 and over. These deaths are higher than the average for the UK and linked to respiratory disease, circulatory disease, and hypothermia, all exacerbated by cold, damp housing conditions. Winter illness figures, linked to cold, damp homes are difficult to find, but it is clear given the mortality rates that countless thousands more older people will present to local GP surgeries and A&E Departments with illness brought on or exacerbated by their poor living conditions and inability to keep warm at home.
- 3.16 Care & Repair’s overall proposition is that a greater focus on prevention within public services (including social care and health services) will reduce A&E admissions (unscheduled care), residential care places and speed up safe transfers of care. Targeted investment in preventative services that improve housing conditions would improve the wellbeing of the people of Wales, whilst saving public funds.
- 3.17 The above information aims to demonstrates the cost effectiveness of investing in preventative services, and in particular Care & Repair, and we would like to see

⁹ Heywood, F. and Turner, L. Better Outcomes, lower costs. Implications for health and social care budgets of investment in housing adaptations, improvements and equipment; a review of the evidence. Office for Disability Issues 2007

greater direct investment in our services so that we can deliver more services that improve the quality of life of older people, and deliver greater preventative spend.

- 3.18 As mentioned above, we also believe that the Intermediate Care Fund £50m (£15m capital and £35m revenue), is an excellent approach to creating greater integration of services for older people and achieving greater preventative spend in the budget and would welcome it's continuation.

Chris Jones
CEO, Care & Repair Cymru
September 2014

Deputy Vice-Chancellor
Professor Elizabeth Treasure
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Finance Committee
National Assembly for Wales
Cardiff Bay
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Ref: ET/EK/JB

10 September 2014

Dear Sir/Madam

Welsh Government Draft Budget Proposals for 2015-16

Please find enclosed Cardiff University's response to the call for information to inform the National Assembly's scrutiny of the Welsh Government's 2015-16 draft budget proposals. The University welcomes the opportunity for engagement on the expectations of the 2015-16 budget and the consideration of the impact of the 2014-15 budget.

Cardiff University's mission is to be a world-leading, research-excellent, educationally outstanding university. With approximately 28,000 students from more than 100 countries, Cardiff is the 12th largest university in the UK in terms of student numbers with a total estimated income for 2013/14 of £460M. One of the University's objectives, as outlined in our strategic plan 'The Way Forward', is that Cardiff University will be recognised as an international university that is of benefit to Wales. In order to achieve these objectives the University needs to be operating in a sustainable and international competitive sector.

Universities in Wales are central to the country's economic future and to achieving the Welsh Government's 'over-riding priorities' of jobs and the economy, as identified in its Programme for Government. The benefits of investing in higher education go beyond the experiences of the students and institutions at which they study. Investing in higher education is critical for a buoyant economy in Wales and there is great potential at this point to drive future economic growth and the creation of opportunities and jobs through prioritising such investment. The 2013 Business Innovation and Skills (BIS) report '*The relationship between graduates and economic growth across countries*' notes that the increase in graduate skills in the UK economy between 1982 and 2005 contributed around 20% of GDP growth over this period. The Higher Education Wales June 2013 '*The Economic Impact of Higher Education in Wales*' report explored the impact of higher education on the wider economy and concluded that Welsh higher education has a significant economic importance to Wales bringing immediate benefits to the country in terms of output generated and jobs created.

Our enclosed responses to the specific questions should therefore be read in the context of the wider benefits of higher education and that more can be realised by the higher education sector if further sustainable resources were provided.

1. What, in your opinion has been the impact of the Welsh Government's 2014-15 budget?

The impact of the Welsh Government's 2014-15 budget on Cardiff University will be that the University will be able to continue to deliver its core services and contribute to the priorities of the Welsh Government. However, it is important to note that 2013-14 saw the end of a number of funding streams, including funding for widening access, innovation and engagement and the support for expensive STEM subjects. The overall University budget will therefore be under pressure in 2014-15 as it tries to maintain, where possible, the activities previously provided by these funding streams within a smaller funding allocation. Any further removal of funding for higher education in 2014-15 would pose additional complications for Welsh institutions as there is little or no capacity for absorbing further reductions without potentially damaging provision. We appreciate that difficult decisions have to be made where funding is limited and welcome the protection that the Welsh Government has been providing for research funding. Cardiff University is internationally recognised as a successful, research-intensive university; the changeable funding regime however provides an increasing challenge as the University aims to enhance its position in an increasingly competitive international stage. The continued protection of research funding is essential to maintain research excellence and sustainable investment is crucial in the development and maintenance of cutting-edge facilities and equipment.

Further investment in 2014-15 would have enabled the University to expand, support and drive forward its activities in areas such as research, STEM provision, innovation, postgraduate studies and knowledge transfer - activities which would have a significant long-term positive effect on the economy.

2. Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

We recognise that the Welsh Government is working with a very challenging settlement given the severe budget cuts and the likelihood that public expenditure will continue to be constrained. However, investment in higher education is critical for a buoyant economy in Wales and there is great potential at this point to drive future economic growth and the creation of opportunities and jobs through prioritising such investment.

Higher education also contributes significantly to the Welsh Government's social justice agenda. Access to a university education has always been an important springboard to better living standards in Wales for individuals and families. For many people in Wales a degree has helped to advance their careers, broaden their horizons and raise their aspirations. We firmly believe that higher learning is one the most important ways in which social mobility can be advanced.

The government's investment in student loans doesn't necessarily benefit Welsh higher education institutions as students may study anywhere in the UK. A by-product of the current tuition fee policy is that the Welsh Government is effectively funding English universities at the expense of supporting Welsh universities (estimated at £77.8M flowing to institutions outside Wales in 2014/15 HEFCW Circular W14/18HE). We have estimated that, by 2015/16 (as the number of students in the new fee regime reaches steady state), up to £91M of Welsh Government money could be flowing into English institutions per annum as a result of this policy.

We are concerned that additional resource for high-cost subjects such as Science, Technology, Engineering, Medicine and Dentistry has been removed. The support of these subject areas is essential if we are to compete at a UK, European and Global level in terms of the student experience, providing future workforce to the NHS in Wales and generating new innovative ideas that boost the economic outputs of Wales. The cost of teaching Medicine and Dentistry far exceeds the maximum new higher fee of £9,000 per annum (it is estimated that the true cost of teaching Medicine and Dentistry amounts to around £18,000 - £19,000 per full-time student per annum). For Science, Technology and Engineering in 2014/15, there is a negative funding gap with England of £1,500 per student (HEFCE Circular 2014/06). The equivalent negative funding gap with England for Medicine and Dentistry is £10,000 per student. Therefore it is clear that under the new fee regime the competitiveness of Wales for these high cost subjects is at risk.

Whilst it is essential that Welsh HEIs deliver for Wales, it is important to remember that Welsh HEIs operate within a global environment. Investment in higher education needs to be considered in the context of an increasingly competitive international environment. The Welsh sector needs to be able to compete at a UK and European level for research funds (both public and private), industry contracts and student recruitment (both home and international). A lack of investment in higher education in Wales, especially in comparison to other UK and European countries, will mean that Welsh HEIs are less able to compete. This will impact adversely on their ability to bring sources of funding into Wales and also to bring spending power into Wales. Specific issues that concern the University that could constrain its ability to compete at UK and European level are; the Welsh fee grant and the, as yet unknown, impact on Wales from the lifting of the student number cap in England. We would also reiterate the points made above about protecting investment in Research Excellence and the need to sustain this investment post-REF 2014.

3. What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?

The University has recently submitted financial forecasts to HEFCW and they were prepared on the assumption that there would not be any significant changes to funding over this period. Any unforeseen changes that do occur would cause significant difficulties for us and make it even more difficult to compete with our Russell group peers.

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
 - 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)
 - Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced
 - Scrutiny of Welsh language, equalities and sustainability

With regards to the preparation for the Wales Bill we would like to highlight that any financial implications of regulatory change need to be sufficiently resourced as to not inadvertently pose financial risks to the higher education sector.

Yours sincerely



Professor Elizabeth Treasure
Deputy Vice-Chancellor

FSB Wales

Welsh
Government's
Draft Budget
2015/16

10th September 2014





Welsh Government Draft Budget 2015/16

FSB Wales

FSB Wales welcomes the opportunity to present its views to the Finance Committee on the Welsh Government's draft budget proposals. 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.

Introduction

As the Wales Bill passages through the Westminster Parliament the opportunity for a re-evaluation of the budgeting process between the Welsh Government and National Assembly for Wales presents itself. In this respect, FSB Wales welcomes the Finance Committee's recent inquiry into the budget process and its subsequent recommendations. FSB Wales would like to take this opportunity to reiterate its concerns around the lack of economic data available to Welsh Government and the obvious impact this has on the budget process. This is becoming even more important as we move towards budgets that actively manage tax revenues as well as departmental expenditure limits.

At present, the budget process is difficult to decipher with a focus on departmental spending lines providing little detail to external organisations seeking to analyse Welsh Government's priorities. Furthermore, the timeframe for budget allocations (with the notable exception of the Wales Infrastructure Investment Plan) is very short term, with longer-term budgetary trends going largely unanalysed. FSB Wales therefore welcomes conclusions four, five and six of the Finance Committee's inquiry into the budget process and would like to see coordinated action between the Welsh Government and National Assembly to deliver an improved process¹.

Young Recruits Programme

FSB Wales warmly welcomed the additional funding provided to SMEs through the Young Recruits Programme. This included substantial support for administration costs for small firms hiring an apprentice as well as an increased wage subsidy to employers. Initial anecdotal evidence suggests that this has been successful with a large number of our members making inquiries as to how best to take on an apprentice via the Young Recruits Programme.

¹Finance Committee 2014. *Best Practice Budget Processes Inquiry* [Online]. Available at: <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs/cr-ld9872-e.pdf?langoption=3&ttl=CR-LD9872%20-%20Report%20of%20the%20Finance%20Committee%27s%20-%20Best%20Practice%20Budget%20Processes> (accessed 10th Septmeber 2014). p.6



FSB Wales is therefore concerned that the budget proposals do not at present make provision for the continuation of the expanded Young Recruits Programme. This was initially funded via a £20m per year additional allocation and FSB Wales would like to see this continue in order to continue to encourage SMEs to take on and up-skill apprentices in Wales. Furthermore, in response to the Welsh Government's recent co-financing of skills consultation, FSB Wales stated that support for co-financing measures would be dependent on sufficient support continuing to be made available for apprenticeship programmes at level three and below, via the Young Recruits Programme².

M4 relief road

The Welsh Government recently committed to the 'black route' as its preferred strategy for dealing with the congestion problems on the M4 around Newport. While FSB Wales does not agree with this course of action, it is crucial that the budget clearly identifies how the spending commitments, which at present are at least £1bn, are to be met. The current indicative budget has no budget line allocated to the repayment of capital spending accrued through the UK Government's advance borrowing powers. FSB Wales believes the repayments on this finance should be clearly identified and should include the cost of borrowing to meet the scheme's proposals.

Crucially, this would allow decision makers to be clear about what resources are being reallocated to meet the expenditure need of the M4 relief road policy. At present, the EST department's budget for rail and road capital investment stands at around £150m per annum³. Looking at the period 2015-2025 when both the M4 Relief Road and Cardiff Capital Region Metro projects are due to be implemented, a total of £2.24bn is expected to be spent according to respective Welsh Government business plans on the two projects⁴. Over the same 10 year period at present prices around £1.5bn would be available to the Welsh Government (assuming all other transport capital projects such as the Bontnewydd Bypass and improvements to the A40 west of St Clears were removed from the Wales Infrastructure Investment Plan transport section). This potentially leaves a shortfall of £740m over this period, only £500m of which could be covered by newly devolved borrowing powers. Presumably, this gap would be funded by reallocating funding from other sections of the capital budget.

²FSB Wales. 2014. *Co-investment in Post-19 Adult Skills: Consultation Response* [Online]. Available at: <http://www.fsb.org.uk/policy/rpu/wales/images/final%20co-investment%20in%20skills.pdf> (accessed 10th September 2014).

³ Welsh Government Final Budget 2014/15. [Online]. Available at: <http://wales.gov.uk/docs/caecd/publications/131206explanatoryen.pdf> (accessed 1st September 2014).

⁴ Welsh Government. 2014. *M4 Corridor Around Newport: The Plan* [Online]. Available at: <http://www.m4newport.com/assets/the-plan---english.pdf> (accessed 1st September 2014).

Welsh Government. 2013. *A Cardiff Capital Region Metro* [Online]. Available at: <http://wales.gov.uk/docs/det/publications/131126-metro-impact-study-main-report-en.pdf> (accessed 1st September 2014).



Therefore, FSB Wales believes that the decision to pursue the black route could potentially undermine a large portion of existing projects in the Wales Infrastructure Investment Plan, including in departments such as health and education. Without clarity around how the black route is to be funded, there is also potential for the investment case of the Cardiff Capital Region Metro to be undermined. FSB Wales believes the budget should include a longer term outlook in order to clearly set the black route decision into its proper context.

Devolution of NDR

The Welsh and UK Governments have agreed a target date of April 2015 for the full devolution of non-domestic rates to the National Assembly for Wales⁵. This is a major shift in the Welsh Government's budget with around £1bn of revenue raised from the business community for the first time allocated to the Welsh Government to manage and spend as they see fit. This is also by far the largest of the taxes to be devolved following the Silk Commission process, until a referendum is held on whether to devolve income tax powers to Wales.

FSB Wales therefore believes that the next budget should contain clear guidance on how much the Welsh Government expects to raise in terms of non-domestic rates review and how its policy in this area is likely to influence departmental expenditure limits. For instance, the Scottish Draft Budget 2014/15 included an analysis of how much revenue will be raised by non-domestic rates and the Scottish Government's policy in this area⁶.

⁵Welsh Government. 2014. *Financial Reform and Tax Policy* [Online]. Available at: <http://wales.gov.uk/funding/financereform/?lang=en> (accessed 10th September 2014).

⁶Scottish Government. 2013. *Scottish Budget: Draft Budget 2014-15* [Online]. Available at: <http://www.scotland.gov.uk/Resource/0043/00433802.pdf> (accessed 10th September 2014) P.157



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The Federation of Small Businesses Wales

The FSB Wales is non-profit making and non-party political. The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 200,000 members across 33 regions and 194 branches. FSB Wales currently has around 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees meaning FSB Wales is in constant contact with small businesses at a grassroots level in Wales.

Lobbying

From the Press and Parliamentary Affairs Office in Cardiff, FSB Wales campaigns with AMs, MPs and MEPs in Cardiff Bay, Westminster and Brussels in order to promote our members' interests. FSB Wales also works closely with local, regional and national media outlets to highlight our members' concerns. Development Managers work alongside members in our regions to further FSB Wales influence at a regional level. More widely, the FSB has Press and Parliamentary Offices in Westminster, Glasgow, Belfast and Brussels to lobby the respective Governments.

Member Benefits

In addition, Member Services is committed to delivering a wide range of high quality, good value business services to members of the FSB. These services will be subject to continuing review and will represent a positive enhancement to the benefit of membership of the Leading Business organisation in the UK.

Vision

A community that recognises, values and adequately rewards the endeavours of those who are self employed and small business owners within the UK.

The Federation of Small Businesses is the trading name of the National Federation of Self Employed and Small Businesses Limited. Our registered office is Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE. Our company number is 1263540 and our Data Protection Act registration number is Z7356876. We are a non-profit making organisation and we have registered with the Information Commissioner on a voluntary basis.

Associate Companies

We have three active subsidiary companies, FSB (Member Services) Limited (company number 02875304 and Data Protection Act registration number Z7356601), FSB Publications Limited (company number 01222258 and Data Protection Act registration number Z7315310) and FSB Recruitment Limited. (company number 07836252 and Data Protection Act registration number Z3131666).



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Clerk to the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

10th September 2014

Dear Bethan

Response to the Finance Committee consultation on the Welsh Government Draft Budget Proposal for 2015/16

In response to your request for comments on the 2015/16 draft budget proposals, I hope you find the observations below helpful.

1. What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?

For the National Park Authority, the cuts in 2014/15 and proposed further reductions in 15/16 together total close to 1/8 of 13/14 approved revenue expenditure. The principal impacts have been on staff resources and financial risks.

Staff resources

Cuts made to balance the budget have principally impacted on staff numbers as posts were left vacant and redundancies implemented. This has been a catalyst for change in some areas; new ways have been found to deliver services in partnership with other public bodies, volunteers and community groups. Services have been bought in from external contractors. However, gaps are opening up in the capability of the Authority to fulfil the broad and ambitious scope of its statutory functions and objectives. The Park has a full-time equivalent staff of just over 100, often specialists in their field, and many services are run by one or two individuals. Areas impacted by staff reductions and extended vacancies to date include:

- Information to visitors (publications and websites) cannot be updated as frequently (loss of information/interpretation capacity – graphic designer/information officer)
- Essential environmental management and public access maintenance reduced (reduction in National Park wardens)
- Built asset and land resource management expertise (loss of in-house surveyor).
- Reduction in experienced planning officers
- Removal of transport provision for park visitors.



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Mae'r Awdurdod yn croeso i gŵnbleith yn y Gymraeg neu'r Saesneg
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The Authority welcomes correspondence in Welsh or English



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Loss of core staff capacity in the current year and next potentially reduces the Authority's ability both to deliver on its statutory purposes and duty and to respond effectively to grant funding opportunities such as the EU Interreg programme and the WG Nature Fund and to plan for sustainable delivery of its purposes in the medium term.

Financial Risk

As all areas of budgets are curtailed, the ability of the Authority to respond to contingencies has been substantially reduced. The Authority's General Reserve is estimated to be less than £440,000 by the end of 2014/15. Unforeseen but essential costs, such as a recent protracted prosecution case, or the need to fund substantial termination costs can dramatically eat into this reserve, leaving the Authority at risk of insolvency. Financial planning within very tight margins would be easier in the absence of uncertainty surrounding WG-controlled funding, such as future budget settlements and one-off grants like the Nature Fund, the in-year revenue funding cut, and retrospective cost increases by the Wales Audit Office.

2. Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

The Authority's ability to contribute to sustainable and cost-effective delivery of key WG objectives

The Authority has a proven track record of supporting WG policy objectives in key areas such as sustainable development, social inclusion, education and outdoor learning opportunities, training and jobs for young people, healthy living and access to the outdoors and promoting vibrant rural communities. The benefits of much of this work in promoting well-being and strengthening the local economy as well as attracting income into the Park area supports the work of other public bodies in health, education and economic development. Funding has successfully been obtained from a wide range of sources to supplement core funding in delivering these outcomes.

However, as baseline funding continues to drop, the Authority must devote an increasing share of expenditure to core statutory functions and compliance with other statutory requirements, often designed for much larger bodies. These core and highly regulated areas include:-

- development control and enforcement
- strategic planning,
- statutory provisions re the democratic representation and governance of the Authority arising from the Environment (Wales) Act
- compliance with statutory requirements in relation to the Accounts and Audit legislation (in England, National Park Authorities are now classed as 'smaller authorities and subject to lighter



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touch audit requirements). In Wales, the National Park Authorities are treated as Local Authorities for Accounts and Audit purposes.

- Data Protection
- Freedom of Information
- Welsh Language
- Equality

The Authority would benefit from a review of the regulatory framework in which it operates to ensure that the burden of compliance and reporting is commensurate with its net expenditure, projected to be below £4m in 2015/16.

3. *What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?*

The Authority produces a three-year budget annually which seeks to allocate resources to its priorities as established by Welsh Government, statute, the National Park Management Plan and Business Improvement Plan. Strategic decisions which make efficient use of resources in the medium term are not always possible because funding can only be predicted for a single year ahead and unallocated reserves are at a minimal level.

The Authority has been increasingly successful in obtaining other sources of funding for significant projects such as EU and HLF and continues to pursue funding actively but issues arise around the requirement to match-fund grant income and the lengthy claim period for EU grants. Some match funding for EU projects has been available from the WVG but this is not receivable until up to 12 months after the expenditure has taken place.

Until the uncertainties surrounding the planning function and governance arrangements for the Welsh National Park Authorities are resolved, proposals for joint working with other bodies, restructuring and cuts to services cannot be properly evaluated or confidently pursued.

The Authority has been impacted by factors outside its control in a number of areas during the current year, principally:-

- The protracted enforcement prosecution action
- The in-year budget cut
- Retrospective increases in Wales Audit Office fees
- The review of Remuneration of elected Members

The additional resources required to address these issues among others have helped to create a budget shortfall in 2014/15 which will need to be addressed on top of any budget reductions for 2015/16. The Authority had yet to balance its projected budget for 2015/16 before these further pressures, so difficult



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decisions will need to be made to produce a sustainable balanced budget for 2015-2018. There can be little confidence in the financial assumptions and projections being made for 2016-2018 however, until more concrete information on future core funding and the post-Williams governance framework is available.

Yours sincerely

John Cook
Chief Executive
Brecon Beacons National Park Authority



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A call for information: Welsh Government draft budget proposals for 2015-16

Sustrans submission to Welsh Assembly Finance Committee consultation

September 2014

Introduction

We welcome this opportunity to comment on the indicative budget proposals of the Welsh Government for 2015-16. Sustrans is a leading UK charity enabling people to travel by foot, bike or public transport for more of the journeys we make every day. We work with families, communities, policy-makers and partner organisations so that people are able to choose healthier, cleaner and cheaper journeys, with better places and spaces to move through and live in.

In particular, we are keen to explore the issues of supporting legislation (notably the Active Travel (Wales) Act); preventative spending; and our own readiness for 2015-16 to be able to actively support the Welsh Government's aims and outcomes. We will also touch on how the 2014-15 Budget has impacted on public transport, cycling and walking.

Impact of 2014-15 Budget and budgetary plans for 2015-16

When the fourth Welsh Government was formed after the 2011 elections, it produced an ambitious Programme for Government, providing a clear framework for dealing with many of the stark economic, social and environmental challenges facing Wales today.

Full implementation of the Government's promises, in relation to transport planning and other interlinked education and health policies, contained within the Programme for Government 2011-2016, had the potential to revolutionise Welsh life and rival the systems of the Netherlands and Denmark where sustainable transport plays a key part in economic, social and environmental policy and practice.

In particular, the Programme for Government stated:

"Prioritise the objectives of the National Transport Plan to ensure that existing transport funding is used effectively, the level of resources enhanced and that future investment decisions are made against these overarching strategic priorities"

It is against this statement that Sustrans Cymru looks to analyse the impact of the budget and future spending plans. However, it is also worth noting that in transport in particular there is significant structural change taking place, following the ending of funding for the Regional Transport Consortia and the ongoing development of the City Regions centred on the Cardiff and Swansea areas.

The 2014/15 budget saw:

- a 47.2% increase in the capital budget for Motorway and Trunk Road Network Operations

- a real terms cut in capital road safety budgets
- an almost 8% real terms cut in revenue for Sustainable Travel projects.

Notably, the draft proposals for 2015/16 continue along these lines, with plans to increase the motorway and trunk road budgets while sustainable travel budgets come under increasing pressure. Additionally, the Welsh Government has now committed itself to funding an M4 Relief Road, at an estimated cost of £1billion; the impact of this decision on the budget is as yet unknown.

In contrast to the increasing capital spend on road schemes, there is a complete contrast for the bus network, where changes in the Bus Service Operator Grant has seen further routes cut, resulting in a legal challenge to the Welsh Government from operators in relation to re-imbursing concessionary fares.

As the Sustrans 2011 study into transport poverty in Wales¹ highlighted, bus travel is a particularly important mode of transport for young people, those on low incomes, those seeking work and older people – and the impact of these reductions in bus services is likely to be felt hardest by these groups.

While the Welsh Government is to be commended for stepping in to save some key routes (for example in Ceredigion) and providing greater investment into services such as Bwcabus and TrawsCymru, overall Sustrans believes that current funding plans are likely to make bus travel less viable for many people across Wales, with a further cut to the Revenue Budget for Sustainable Travel proposed for 2015/16.

The Welsh Government does recognise this issue; the Equalities Impact Assessment (EIA) of the 2014-15 budget prominently features transport and access to employment, education and other services.

Sustrans particularly welcomed the EIA's acknowledgement of low levels of car ownership in many parts of Wales and therefore the resultant need to deliver a reliable and affordable transport system that provides equality of opportunity.

However, the impact of budget decisions means at best only slow progress is being made towards a transport system that will deliver these aims.

In addition to the recently announced M4 Relief Road, Transport Minister, Edwina Hart, also indicates support for the South Wales Metro, a package of measures to improve and enhance public transport in and around the Cardiff Capital Region. Given the size of the Welsh budget, there are legitimate questions about how both schemes can be funded; currently there is no transparency on this.

The Sustrans Cymru Access Denied report², examines how many of the communities in Wales most impacted by transport poverty are in south Wales and the Valleys. In some authorities, over 30% of households don't have access to a car. Improvements to public transport would open up increased opportunities in education and employment, which are currently limited by lack of transport options. If the M4 Relief Road does go ahead (as is the Government's intention), future budgets need further clarity as to how funding will be made available for the South Wales Metro, and how other areas of Wales will be impacted by funding these two major schemes.

How robust is our ability to plan for future years

Welsh Government transport budget streams related to our work - Safe Routes in Communities and Local Transport Fund - run on an annual funding cycle. This limits local authorities and Sustrans ability to plan for the future; and can limit the effectiveness of projects and also restricts which capital projects can be taken forward.

For example, the new Local Transport Fund (which succeeded the regionally administered transport grants via the Transport Consortia) is an annual budget, and relies on all schemes being completed within the financial year. However, many schemes (even cycle routes of a short distance) require pre-works, land negotiations, and community consultation, which make them difficult to take from concept to completion in a year. Larger, more complex projects pose an even greater difficulty with the annual funding cycle significantly limiting those schemes that can be taken forward. In our opinion the requirements of the new Active Travel Act will necessitate a longer term funding approach in order to deliver well planned networks and bring about change.

Annual funding cycles also pose Sustrans a challenge in delivering our smarter choices programmes. Although programmes like our schools work are set up on a three year basis, recently they are only renewed annually within the three years. This poses significant operational challenges and potentially limits the outcomes of the work as projects take time to become embedded to be fully effective, this is more difficult to achieve if we are not aware, often until February or March, whether the project will continue from April. In other situations, significant budget alterations have been experienced during the contract term, significantly altering the original scope of the project. Annual funding uncertainty also effects staff morale and retention, with corresponding breaks in continuity of project delivery if people leave.

A package of Welsh Government funded sustainable travel promotion projects come to an end during the 2014-15 financial year and there is no clarity over their continuation. Schemes such as Personalised Travel Planning (which has been run in Cardiff, Pontypridd, Caerphilly and Mon a Menai) have shown successful results³ in reducing single occupancy car journeys while increasing levels of public transport use, cycling and walking, meeting Programme for Government ambitions. The proposed cuts to the sustainable travel revenue budgets leave programmes like this facing an uncertain future, despite their low-cost and effectiveness.

Other projects currently funded but with no indication of whether this will continue in the 2015-16 budget include support for schools and workplaces to promote and encourage sustainable transport.

It would be useful to have greater transparency about future funding programmes (particularly sustainable transport revenue projects) as without this it is difficult for Sustrans to plan our resources and capacity for making grant applications and subsequent project delivery. Gaps between programmes also mean that skilled and experienced staff are lost to the organisation – being a charity we do not have funds to retain staff to bridge these gaps.

In summary, annual funding cycles provide challenges both to operational functionality, staff retention, project planning and achieving outcomes.

Supporting legislation

In October 2013, the Welsh Government passed world first legislation in the Active Travel (Wales) Act; placing a legal duty on local authorities in Wales to plan and deliver a comprehensive network of routes for cycling and walking – providing the safe space necessary to encourage people to leave the car behind for everyday journeys; while providing an improved transport network for those without access to a private car.

Duties relating to the Act have – at the date of this submission – not yet been commenced. However, through the 2014-15 Local Transport Fund £300,000 of preliminary funding has been made available towards helping local authorities produce their Existing Route Maps as required by the Act.

Currently the Welsh Government spends around £10million a year on schemes which largely feature infrastructure changes benefitting conditions for walking and cycling. This equates to £3.30

per head of population – and this has remained consistent with the new Local Transport Fund replacing the previous regional funding arrangements that were delivered through the Regional Transport Consortia. Countries that see high levels of active travel such as the Netherlands and Denmark have spent between £15 and £20 per head per annum, over the course of a generation. This is a mixture of capital funding and revenue funding, from both national and local government. The Get Britain Cycling report from the All Party Parliamentary Group on Cycling at Westminster⁴ recommended in 2013 that funding is increased to £10 per head of population and this should continue to increase towards £20 per head of population over 10 years. In Wales the £10 per head of population would equate to approx. £30million a year, a threefold increase on current funding levels. The ambitions of the Active Travel Act are challenging and therefore need significant and sustained investment. Successful implementation will bring long term financial rewards, as we outline below under the preventative spending heading.

The draft budget proposals for 2015-16 do not show a shift towards reprioritising capital transport spending towards sustainable and active travel. Sustrans view is that the new legislation will improve arrangements by virtue of the processes in network planning that Local Authorities are required to undertake, however, to reach its full potential a shift in funding priorities to support walking and cycling is crucial. The cost of not investing in a cycling nation will be most starkly borne out in health spending, where tackling obesity costs the Welsh NHS £73million a year⁵ and diseases linked to physical inactivity cost even more. Diabetes UK Cymru estimates type 2 diabetes will cost the Welsh NHS £1billion a year by 2025.⁶

A mix of capital and revenue funding will be needed to fully support the legislation, with the ‘duty to promote’ a crucial part of maximising the potential of the legislation. The proposed cuts in revenue funding for Sustainable Travel are, therefore, a concern for funding these schemes going forward. It is difficult to see how the overarching aim of the Government, to create a cycling nation where Wales has “some of the best cycling infrastructure in Europe” can be realised without a significant increase in funding levels.

Approach to preventative spending

The National Health Service in Wales spends over £1million a week on tackling obesity and health issues caused by obesity, and an even greater sum tackling preventable diseases caused by physical inactivity and sedentary lifestyles, for example Type 2 Diabetes. If delivered to its full potential over the next 20 years, we believe that the Active Travel Act could save the Welsh NHS half a billion pounds.⁷

In our response to the Welsh Government’s consultation on the Public Health White Paper, we highlighted the health benefits of spending on active travel.⁸ There is significant potential for change due to the number of shorter journeys made on a regular basis by people in Wales and the fact that currently only 34% of urban journeys 5 miles or under are made on foot or by bike⁹; and tackling our sedentary and physically inactive lifestyles will have significant health benefits.

However, currently the budget for active travel comes almost exclusively through the Economy, Science and Transport portfolio within Welsh Government, with very little through Health despite the clear health benefits.

The 2015-16 draft Budget sees a proposed freeze for Public Health and Prevention (a real terms cut). In England, public health spending (which has now been devolved to local authority level) has been used to fund initiatives designed to increase walking and cycling, for example a move to 20mph speed limits in Liverpool.¹⁰

We support the current Health Minister, Mark Drakeford, in his approach to prudent healthcare and recognise that there are spending pressures on the NHS. However, increased support for public health and prevention through the NHS will be necessary to ensure we are able to save significant money further down the line. This includes pooling funding across departments to support the ambitions and the delivery of the Active Travel (Wales) Act.

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¹ Access Denied: Transport Poverty in Wales, Sustrans Cymru 2011

http://www.sustrans.org.uk/sites/default/files/images/files/Access%20Denied_eng.pdf

² Ibid.

³ Between September 2011 and December 2012, we targeted 63,000 households in a Personalised Travel Planning project across Cardiff and Penarth. In total, more than 275,000 pieces of travel information were distributed. Interim results suggest an 8% decrease in single occupancy car journeys and a trebling in relative levels of cycling.

⁴ Get Britain Cycling: All Party Parliamentary Group on Cycling, 2013

<http://allpartycycling.files.wordpress.com/2013/04/get-britain-cycling1.pdf>

⁵ <http://www.itv.com/news/wales/2013-03-18/wales-cant-cope-with-obesity-crisis/>

⁶ National Assembly for Wales; Health and Social Care Committee

http://www.assemblywales.org/NAfW%20Documents/final_report-e-4.pdf%20-%2024062013/final_report-e-4-English.pdf

⁷ Jarrett et al; Effect of increasing active travel in Wales on costs to the National Health Service 2012

<http://www.ncbi.nlm.nih.gov/pubmed/22682466>

⁸ Sustrans Cymru submission to Welsh Government consultation on Public Health White Paper 2014

<http://www.sustrans.org.uk/sites/default/files/images/files/2014-05%20Public%20Health%20White%20Paper.pdf>

⁹

http://www.sustrans.org.uk/sites/default/files/images/files/policy/Key%20statistics/Key_Wales_Statistics_Data_Sheet_V1-31_07_2014.pdf

¹⁰ NHS Part Funds 20mph Limits in Liverpool

http://www.20splentyforus.org.uk/Press_Releases/NHS_Part_Funds_20mphlimits.pdf

Call for Information: Welsh Government Indicative Budget 2015/16

Community Housing Cymru Response

1. About Us

The Community Housing Cymru Group (CHC Group) is the representative body for housing associations and community mutuels in Wales, which are all not-for profit organisations. Our members provide over 155,000 homes and related housing services across Wales. In 2012/13, our members directly employed 8,000 people and spent over £1bn in the Welsh economy. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

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

Our vision is to be:

- A dynamic, action-based advocate for the not-for-profit housing sector.
- A 'member centred' support provider, adding value to our members' activities by delivering the services and advice that they need in order to provide social housing, regeneration and care services.
- A knowledge-based social enterprise.

In 2010, CHC formed a group structure with Care & Repair Cymru and the Centre for Regeneration Excellence Wales (CREW) in order to jointly champion not-for-profit housing, care and regeneration.

2. General comments

Community Housing Cymru (CHC) welcomes the opportunity to provide information to the National Assembly for Wales's Finance Committee in informing the deliberation of the Welsh Government's draft budget 2015/16. As the representative body for housing associations in Wales, we are keen to ensure that Welsh Government's budget allocation continues to support the invaluable work social housing sector undertakes directly in providing and managing homes but also the broader contributions to job creation and supporting the Welsh economy. CHC have the following general comments to contribute in response to this call for information:

The housing associations sector in Wales has a leading role to play in the provision, management and development of affordable housing, but more than this they are in a unique position to support employment, regeneration activities and tackling poverty. This has meant that our members are involved in a variety of budget areas including health, care, regeneration and energy.

Whilst we understand the pressure public sector budgets are under, we are disappointed to see a reduction in SHG indicated in the budget. Potential capital cuts in this area have proven to be unpopular in previous years and have been protected with good reason. SHG underpins the sector's ability to be so successful in delivery, not only in terms of meeting the demand for affordable homes, but in revitalising Welsh economies. The Housing Pact, launched in May 2014, demonstrates the appetite in the sector to deliver more and work towards ambitious targets (increasing the target of homes from 7,500 to 10,000), working in partnership with Welsh Government and in particular the Housing and Regeneration Minister. Moreover at a time where the private sector withdrew from developing homes in all but some pockets of Wales, the RSL sector has been willing to fill the gap and seek to increase delivery. Continuing the provision of affordable homes in areas of demand is key and capital investment through SHG is crucial to the sector.

We welcome further opportunities to innovate in partnership with Welsh Government, in line with what has been achieved this year through the Welsh Housing Bond. We view this type of innovation as something which will continue to define and complement our relationship with Welsh Government and Ministers.

3. Economic Impact

Through continued support, the sector has been, and will continue to be a substantial employer in Wales, employing 8000 people directly and supporting 20,000 jobs in the Welsh economy. The sector has the ability to offer employment in a wide range of disciplines in line

with its activity in terms of development, regeneration and care and support activity. Moreover the sector spends around £1 Billion annually, 80% of which is retained and spent in the Welsh economy housing 150,000 people. This substantial impact would not be possible without continued investment from Welsh Government. Cuts across these areas will greatly harm the ability of housing associations to continue to employ, train and up-skill at the rate it is currently able to do in the most deprived communities of Wales. The consequences of which will be felt in areas such as advice services, homelessness and the welfare system.

4. Supporting People Programme

Supporting People Programme has and will continue to play a vital role in providing person centred support, at an early stage, to prevent the need for individuals to require more serious, longer term interventions from health and social services. As the largest recipient of Supporting People funding, housing associations will continue to be at the centre of this work, and suffer the most when this funding is cut.

The cut indicated in the indicative budget would have a substantial impact on the ability of stakeholders involved in the programme to continue to deliver in line with demand. At a time when managing demand is absolutely vital, cutting a fund that endeavours to promote independence, increase employment, provide education and additional learning opportunities and promote community involvement seems counter-productive.

The added value provided through the programme can be found in employment, both in terms of sector staff and the initiatives to support people into employment, further education and gaining new skills. In addition through healthy eating projects, environmental work and exercise groups the public health agenda is strongly supported through the programme. The value of this work should not be underestimated against the bigger picture of pressure on the NHS, inflated waiting list and a need to manage chronic illnesses more effectively outside a hospital setting.

Last year we welcomed the £5.5 million package to reduce the cut to the Supporting People Programme. We are conscious that the reduction in the indicative budget for 2015/16 has been modelled on the 2014/15 budget. Through our continuing involvement with the programme we are concerned that consideration is being given to greater cuts that currently reflected in the indicative budgets. If this does come to be realised we feel that that the issues we have highlighted above in relation to the implications of cutting the programme would only be magnified further. We hope that a common sense approach is taken to considering how to protect the provision offered through the programme to the best of the ability of Welsh Government budgets at this time.

5. Intermediate Care Fund

The ICF has successfully promoted the advancement of collaborative projects between local authorities, housing associations, health boards, Care & Repair agencies and social services across various parts of Wales. Whilst it was made clear that projects that gained funding would need to become sustainable we do have some concern that this will definitely be the case. We feel that with no indicative budget to support the development of these projects further in 2015/16 some will fail to gain the required momentum towards becoming sustainable in over the long term.

6. Support for the Not for Profit Care Sector

An area which is of increasing relevance to many of our members is how to ensure that they can effectively sustain the high quality not for profit care they currently deliver through a wide range of services including; residential care, dementia care and homecare provision.

Of those who provide such services, albeit with a role in scheme management, care staff provision, or both – this element of their business is more often than not, subsidised through other income streams. It is key to consider this type of provision for two reasons – firstly the increase demand there is likely to be for housing associations to provide this type of service will increase in line with demographic projection Secondly, any decrease in funding will reduce the amount of preventative work done by the sector and will directly increase costs to health and social services budgets.

7. Conclusion

We hope that the above commentary around how the current drafting of the budget would have an impact on housing associations, tenants, communities and more broadly other public services in Wales is useful to the Committee in their scrutiny and discussions.

We further hope that we have put forward convincing arguments stating why cutting money to the social housing sector to prop up provision of health and social services can have a negative impact on their budgets and on the lives of individuals.

As a sector we will continue to consider how to deliver beyond the means that funding through the Welsh Government provides – recognising that “doing more” often requires innovation and a realistic understanding of pressure on Welsh Government budgets. We cannot stress enough however, that in order to continue to deliver, increase innovation and reach out across the public sector offering resources and opportunities to improve outcomes

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Community
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Group

for individuals that decreases in areas such as supporting people, housing and regeneration will only stifle and prohibit the growth and sustainability of the most deprived communities and economies in Wales.

Community Housing Cymru, September 2014.

	National Assembly for Wales Finance Committee
Purpose:	The Welsh NHS Confederation's response to the call for information into Welsh Government draft budget proposals for 2015-16.
Contact:	Helen Birtwhistle, Director, Welsh NHS Confederation Helen.birtwhistle@welshconfed.org Nesta Lloyd – Jones, Policy and Public Affairs Officer, Welsh NHS Confederation Nesta.lloyd-jones@welshconfed.org Tel: 02920 349857
Date created:	10 September 2014

Introduction

1. The Welsh NHS Confederation, on behalf of its members, welcomes the opportunity to respond to the Finance Committee's call for information into the Welsh Government's draft budget proposals for 2015-16.
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. Change is inevitable. On behalf of our members, 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.

Summary

8.
 - a. The NHS in Wales has a clear objective to offer high quality 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.
 - b. The NHS in Wales, along with other public services, continues to work in an extremely challenging financial climate. It is important to acknowledge the enormous achievements made by Health Boards and Trusts to make significant efficiency savings within the Welsh NHS. Health Boards have reduced costs by nearly £1bn from 2010/11 -2013/14, an average efficiency saving of 4.5% per year. While the efficiency savings are significant, the Welsh NHS Confederation has repeatedly said that there is a limit to the contribution that such savings can make. We know from the Wales Audit Officeⁱ report in July 2013 that even with efficiency savings there is still a funding gap of some £212 million as of April 2013 and the Nuffieldⁱⁱ report, published in June this year, estimates that growing pressures on the NHS in Wales mean it could face a funding gap of £2.5 billion by 2025/26.
 - c. The demand on the health service is growing and the rising cost of providing the service means that the NHS faces a significant funding gap at the same time as an understandable expectation of improving the quality and safety of services. This means that the NHS will not be able to continue to do all that it does now, and certainly not in the same way. Alongside debate over the amount of money the NHS has at its disposal, we have been trying to shift the debate to how that money is spent if we are to sustain the NHS in the future, including implementing the principles of 'prudent healthcare'.ⁱⁱⁱ The NHS must be able to prioritise, and change must take place right across Wales to ensure efficient, safe and sustainable services are provided within the resources allocated by Welsh Government.
 - d. Given the scale of the demands placed on the service – increasing numbers of older people who often have more than one illness or condition, new expensive drugs and technological advances – service change is an immediate priority and challenge for NHS Wales. 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.
 - e. Service change is a complex and sometimes difficult process. Health services need to work in an integrated and co-ordinated way with other public services to ensure joined-up care is provided to people who require a combination of health, housing and social care services.

The Committee's terms of reference

9. We note the specific questions the Committee has raised in respect of this consultation into the draft budget. While we are not responding to the specific questions posed we thought it would be helpful to give an overview, from the NHS perspective, of the budget challenges. We do welcome the commitment made by the Minister for Health and Social Services to work with the Minister for Finance to explore how further support for new models of care can be achieved to reflect the conclusions drawn by the recent Nuffield report.

Efficiencies made and 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. In the last three years there has largely been a flat cash settlement for the health service in Wales. As highlighted within the Nuffield report^{iv} funding for the NHS in Wales fell by an average of 2.5% a year in real terms between 2010/11 and 2012/13, while the demands on the service have been increasing in the ways outlined above.
11. Following an increase in 2013/14, funding is likely to continue to fall until 2015/16, when the total budget for the Welsh NHS is projected to be 3.6% lower in real terms than it was in 2010/11. The Welsh Audit Office report 'Health Finances 2012-13 and beyond'^v recognises that this presents a massive challenge for the NHS. The Nuffield report estimates that growing pressures on the NHS in Wales mean it could face an unprecedented funding gap of £2.5 billion by 2025/26 - worth over two-fifths of the current annual budget.
12. We welcome that the success in achieving these cost reductions has been acknowledged by the Minister for Health and Social Services in his statement^{vi} on the publication of the Nuffield Trust report and the acknowledgement that the NHS in Wales has successfully avoided cost increases through a combination of productivity, demand management, pay restraint and procurement / pricing strategies. However, we are frustrated that the success in delivering such savings is not more widely recognised. While the efficiency savings made by the NHS are significant, the annual achievement has been gradually diminishing year on year, a reflection that 'doing more of the same' will not deliver the level of cost reductions required to contend with the anticipated increased demands and costs of running NHS services going forward.
13. While the NHS continues to work in an extremely challenging financial climate, the National Health Service (Wales) Finance Act 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 report 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.

Growing pressures on the health service

14. Against the backdrop of significant financial pressures highlighted above 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. 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;
 - 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.

These have all had an impact on healthcare resources. The growing demand for health services and the rising cost of providing them mean that the NHS faces a significant funding gap, at the same time as improving the quality and safety of services.

15. 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. If the NHS continues to do the same things in the same way but with less money it will fail. 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, where and when these services are provided and that a 'prudent healthcare' approach is considered and implemented. In order to achieve such transformation not only generalised but specific support will be needed from NHS staff, the public and politicians. Clearly politicians have an important role to play in creating an environment in which such change is possible and achievable.
16. In order to address the continued austerity in NHS Wales and the challenge it brings, our overriding approach now must be for the NHS in Wales to adopt and implement universally a 'prudent healthcare' approach. This approach should become the norm in how the NHS tackles the dual aims of improving quality and reducing cost.

Patient outcomes

17. 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, and improve patient experience. 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 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 with this combined ambition in mind.
18. 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.
19. For these strategies to be successful, it requires a collective ambition and an acceptance that change in the way we deliver services will be inevitable. This could mean that following the conclusion of reviews within Health Boards and Trusts, services deemed to be fragile, unsustainable or unsafe will need to be removed and replaced by services that focus on improved outcomes for patients. This approach will inevitably take time to embed and we

welcome the Integrated Medium Term Plan as the means to express how we will forward plan for the changes required.

20. 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, financing and resources.

Service redesign

21. Part of the responsibility of the NHS in Wales, especially in these economically straitened times, is to be open about the difficult choices we face. Given the scale of the demands placed on the NHS, change is an immediate priority and challenge.
22. Of course the NHS can make the current model more cost-effective through efficiency by 'doing things right', 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. In parallel, the NHS needs to channel resources into new care pathways 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. In addition, service change must be driven by quality and safety, with a real focus on the individual.
23. 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. 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.

Capital Funding

24. 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 both in the secondary care sector but also in primary and intermediate care. The reduction in the availability of capital means that service change will be slower but importantly the NHS will need support to find alternative ways of investing in capital assets. We need to prioritise against strategic goals and benefits to ensure that what capital we have is used most effectively to enable service change and ensure that our aging infrastructure is safe.

Engaging with the public

25. 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. In the Welsh NHS Confederation's recent discussion document 'From Rhetoric to Reality - NHS Wales in 10 years' time'^{vii} we referred to the need to find a way of informing and building a new understanding of how the NHS should be used, embodied by an agreement with the public that would represent a shared understanding. In 'From Rhetoric to Reality' we highlighted the importance of working with the public to co-produce services and reduce demand, therefore releasing capacity in the system.

26. 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:
- Through the local development of services that allow patient activity to be brought back to a local area;
 - By developing new service responses to growing demand;
 - By creating patient-focused alternatives;
 - By shifting services and resources more appropriately to the community; and
 - Simply by continuing to focus on more patient activity and efficiency.

Integration

27. Integration across the whole public sector is important. The conversations need to be more than just arguments about who wins and who loses in financial terms. Budget cuts can create tensions between those in the public sector but good relationships are vital if we are to transform services. Local relationships need to be looking at the other side of the financial coin - at quality, outcomes and on reducing the demand for care more generally.
28. As 'From Rhetoric to Reality – NHS Wales in 10 years' time' highlighted, engagement with all our public service colleagues is necessary to take us all from an ill health service that puts unnecessary pressure on hospital services, to one that promotes healthy lives. *"Health and healthcare must be premised on how we best support people to maintain their health, with the aim of eliminating or reducing their potential to require NHS services, and we must work in an integrated way with all sectors across Wales"*.^{viii} In serving the public the NHS must consider its own success with regard not only to treating healthcare needs, but more importantly in relation to the ability of other sectors to impact on the quality of life for individuals.
29. All public bodies in Wales must, therefore, build on how we might improve our ability to work together and support our partners and colleagues in other sectors. We were pleased to see the announcement in the previous budget of funding for the new Intermediate Care Fund, specifically to progress the objectives for more joined-up care for people who need a combination of health, housing and social services.

Preventative spending

30. 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.

31. 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 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

32. The Welsh NHS Confederation does not underestimate the massive challenge of public service budget setting in a time of austerity.
33. 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.
34. 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. While healthcare changes and evolves all the time – mostly without comment or fanfare – some changes have proved very unpopular.
35. The fact is that, with funding very tight, the NHS has to make difficult decisions about the future shape of healthcare services and about priorities. To do this effectively, the input and support of the public, politicians and staff is vital.

ⁱ Wales Audit Office, July 2013, 'Health Finances 2012-13 and beyond'.

ⁱⁱ Nuffield Report, Adam Roberts and Anita Charlesworth, June 2014, 'A decade of austerity in Wales? The funding pressures facing the NHS in Wales to 2025/26'.

ⁱⁱⁱ Bevan Commission, Mansel Aylward, Ceri Phillips, Helen Howson, December 2013, 'Simply Prudent Healthcare – achieving better care and value for money in Wales – discussion paper'.

^{iv} Nuffield Report, Adam Roberts and Anita Charlesworth, June 2014 'A decade of austerity in Wales? The funding pressures facing the NHS in Wales to 2025/26'.

^v Wales Audit Office, July 2013, 'Health Finances 2012-13 and beyond'.

^{vi} Minister for Health and Social Services Oral Statement, 17 June 2014, 'A Decade of Austerity for Wales? The funding pressures facing the NHS in Wales to 2025-26 - a Nuffield Trust Report'.

^{vii} The Welsh NHS Confederation (January 2014), 'From Rhetoric to Reality – NHS Wales in 10 years' time'.

^{viii} The Welsh NHS Confederation (January 2014), 'From Rhetoric to Reality – NHS Wales in 10 years' time'.

Welsh Government draft budget proposals for 2015-16 A Response by Higher Education Wales

1. About Higher Education Wales

- 1.1. Higher Education Wales (HEW) represents the interests of universities in Wales and is a National Council of Universities UK. HEW's 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 following comments are provided in response to consultation of the Finance Committee of the National Assembly for Wales relating to the Draft Budget for 2015/16. In presenting our views we should emphasise at the outset that we currently operate in highly fluid environment and it is possible that our current assessment of requirements would need to be reviewed during the budget period.
- 2.2. We recognise that the Welsh Government will have challenging decisions to make about where to prioritise its funding. From the outset we should state our view that a robust, resilient and internationally competitive university sector brings widespread benefits to individuals, society and government in Wales. Universities provide the foundation for Wales' long term economic growth: countries with high levels of innovation on average tend to have a stronger track record of investment in higher education and higher proportions of graduates in their populations.¹ Long-run economic growth is above all determined by knowledge accumulation and technological progress.²
- 2.3. Universities also play a critical role in promoting social improvement and equality of opportunity, and in nurturing and safeguarding the unique cultural and linguistic heritage of Wales. Universities in Wales contribute more than half of all investment in research and development in Wales, and help to identify solutions to such diverse and complex issues as access to energy, environmental change and an ageing population and acting as a magnet for investment in Wales. High-quality teaching and learning environments are essential for all students to get the most out of their university experience. For future success, sufficient investment is needed to enable universities to grow the quality of provision, adapt flexibly to Welsh skills

¹ Universities UK, Higher Education in Focus: Driving Economic Growth, 2011.

² OECD, The OECD Innovation Strategy - Getting a head start on tomorrow, 2010.

requirements and to further improve outreach to and retention of widening access learners.

2.4. In particular,:

- Universities are major suppliers of the skilled workforce in Wales. More than 10,000 students from Welsh universities entered employment in Wales within six months of leaving in 2011/12 (i.e. around 62% of the 16,200 known to have entered employment across the UK).³
- An undergraduate degree increases an individual's chance of employment and increases marginal earnings by 27% on average compared to the possession of two or more A-levels. Higher levels of study bring even greater returns on learning.⁴
- Universities are major employers in their own right with over 16,000 full time members of staff. After taking into account the 'knock-on' effects of jobs being created in other industries linked to Welsh universities, recent research shows that the total employment generated in Wales is just under 39,000 (over 43,000 across the UK).
- Universities also play an extremely important role in leveraging additional resource into Wales, currently earning over £400m in much-needed export earnings through overseas revenue and international students coming to study in Wales.⁵
- With a total turnover of over £1.3bn, universities have an estimated impact of almost £2.6bn on Wales' economy, with this figure reaching £3.6bn once total off-campus spending by students is taken into account. Based purely on patterns of expenditure, for every £100m that is invested in higher education £103m is generated to the Welsh economy (a high 'multiplier effect').⁶

3. Question 1. What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?

3.1. Changes to the Welsh Government higher education budget have had a significant impact on universities in Wales as income shifted further away from grant-based funding to fee-based income for 2014/15, driven by the full-time fee grant settlement. As the full information which would allow the overall impact of the changes for net income up to 2014/15 to be identified is not yet available, HEW has welcomed the

³ Higher Education Statistical Agency (HESA), Destinations of Leavers from Higher Education 2011/12, HEIDI Report 2013.

⁴ BIS Research Paper 45, The Returns to Higher Education Qualifications, June 2011.

⁵ Kelly, McNicoll et al., The Economic Impact of Higher Education in Wales, June 2013, commissioned by HEW.

⁶ Ibid.

opportunity of working with the Higher Education Funding Council for Wales (HEFCW) over the coming year to develop a model which more clearly identifies the overall impact of the changes from 2012/13. The following paragraphs identify the current position as clearly as we can, and the main issues which relate to the current 2014/15 budget settlement.

3.2. The higher education budget of £362.5m for 2014/15 financial year was included in the Final Budget 2014-15,⁷ and was later increased to £362.7m in the First Supplementary budget.⁸ This amounted to a reduction of £20m compared to the budget of £382m for 2013/14. Over a five year period the budget for higher education fell from £452m for 2010/11 by £82m, around 20% in cash terms, before fee grant payments to students are taken into account. According to HEFCW's latest circular, £78m was expected to be paid from the HEFCW budget to students at institutions outside Wales and £158m to students at institutions in Wales for the 2014/15 academic year (or £150m if the estimated allowance for maximum fee grant tolerance is taken into account).⁹ The resulting funding available to allocate to the sector for 2014/15 academic year was estimated at £174m for 2014/15 compared to £242m for 2013/14. HEFCW indicated that the actual allocations would be an estimated £157m in 2014/15, compared to £224m in 2013/14, i.e. the reductions in the Welsh Government's budget translated as a cut in grant of £67m for 2014/15 compared to the previous year.

3.3. The following table (Table 1) summarises the change in grant allocations including fee grant payments since 2010/11, based on academic years, as reported in the HEFCW grant allocation circulars (using the revised figures reported in the following year where possible). From this it can be seen that there has been a resulting reduction of £238m in the total grant allocations to higher education in Wales between 2010/11 and 2014/15, a reduction of around 60%. Welsh Government direct funding for universities now amounts to around 11%-12% of the sector's income.

⁷ <http://wales.gov.uk/funding/budget/final-budget-2014-2015/?lang=en>

⁸ <http://wales.gov.uk/funding/budget/1st-supplementary-budget-2014-2015/?lang=en>

⁹ HEFCW Circular [W14/18HE](#). The figure for fee grant payments for students at institutions outside Wales for 2014/15 reflects the estimated adjustment for the Maximum Fee Grant 5% tolerance of £7.5m.

Table 1. HEFCW allocations

HEFCW allocations (£m)	2010/11	2011/12	2012/13	2013/14	2014/15
Teaching grant	284.2	260.2	136.6	96.4	53.5
Research grant	77.1	76.6	76.5	78.8	78.5
Other grant	33.9	47.9	45.7	48.9	25.3
Total grant allocations	395.1	384.7	258.8	224.0	157.3
Fee grant payments to students at institutions in Wales			65.0	99.2	150.0
Fee grant payments to students at institutions outside Wales			34.7	62.9	77.8
Total fee grant payments			99.7	162.0	227.8
Total HEFCW grant allocations + fee grant payments to students at institutions in Wales	395.1	384.7	323.8	323.2	307.3
Total HEFCW allocations	395.1	384.7	358.5	386.1	385.1

3.4. Since 2012, universities in Wales have benefitted from access to the higher maximum fees for full-time undergraduate students. If fee grant payments to students attending higher education in Wales are added to the total grant allocations (representing in effect additional fee income from Welsh and EU students), the combined total is estimated to have fallen from £395m to £307m across the five year period, a reduction of around £88m or 22% compared to the overall grant allocations to higher education in 2010/11. We expect much of this reduction in universities' income to have been offset by corresponding increases in fee income from students coming from outside Wales. However, official data relating to the additional fee income from students from the rest of the UK or overseas is not available for 2014/15 as yet, and caution must be used in relying on estimates (see below). At this stage it also appears, that the impact of the shift to fee-based income has varied significantly at institutional level with significant financial consequences for some universities.

3.5. In 2014/15 the reductions in grant funding available meant that difficult choices had to be made between competing funding priorities. The outcome of consultations with the sector was that the research funding remained static, whereas teaching funding allocations were reduced by £40m. In particular:

- The funding for full-time undergraduate (and PGCE) provision was reduced by over two-thirds from £48m to £16m. The funding for expensive and priority subjects was reduced from £43m to £15m. This has long term implications for the provision of higher cost subjects in a market-led funding model, and is likely to influence future decisions about new courses and course innovation across the sector.
- The full-time undergraduate premiums used to support access and retention, disability and Welsh medium provision were discontinued. The widening access fund of £7m was also removed. Although universities continue to devote considerable resources to support these areas, the lack of grant funding at sector level undoubtedly makes collaborative and sector level action harder.

- Funding for part-time undergraduate provision reduced from £33m to £30m. Although the funding for part-time was largely protected at recent levels, this still amounts to a reduction in funding for part-time. Parity of student support arrangements for part-time and full-time students is still an outstanding issue, despite the welcome introduction of loans in 2014/15. A recent issue which affects part-time providers in particular is that the Welsh Government's Financial Contingency Fund was removed for 2014/15 in respect of higher education in 2014/15 at short notice (but not further education).
- Funding for postgraduate taught provision was approximately halved, from £15m to £7m. The teaching element for full-time provision was removed altogether, but reduced levels of per capita payments and premiums for full-time provision were retained.
- Funding for strategic initiatives was reduced from £40m to £26m, including a reduction of the strategic development fund was reduced from £15m to £9m. Feedback from our members has highlighted difficulties in dealing with these cuts at relatively short notice. For instance, reductions in funding for the Welsh for Adults centres is reported as likely to impact noticeably on the opportunities for people to start at continue Welsh this year.
- The costs of paying sector agencies were transferred to institutions, assumed at £3.5m.
- These add to previous substantial cuts in previous years, in particular to teaching funding and the removal of strategic funding for innovation and engagement.

4. Question 2. Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

4.1. From a strategic perspective it is essential to balance immediate spending requirements with longer term investment priorities. Higher education has a significant role in driving economic growth both in the short and long run. We must ensure that resource decisions in the short-term do not store up problems or miss opportunities for the longer-term. In particular, we reiterate our view that there is no further capacity to reduce funding without serious consequences for universities' activities. As a result any cut in funding could impact on research, jobs, skills, investment from business and the attractiveness to business to collaborate, with a significant detrimental impact for the wider economy and well-being of Wales.

- 4.2. The indicative allocation for higher education, as published in the Final Budget 2014/15, was £360.7m for the 2015/16 financial year, i.e. a £2m reduction from 2014/15.¹⁰ HEFCW currently assume that, after meeting fee grant commitments, it would have around £140m available for strategic allocation in 2015/16 academic year and possibly less in future years (see HEFCW funding consultation).¹¹ Compared to the 2013/14 grant allocations that means that a further reduction of about £17m needs to be found for 2015/16. The principles and priorities for allocating this funding are currently under consultation. HEFCW currently propose to allocate research funding by similar methods to those currently used, but would use the new REF 2014 results. Seemingly, however, difficult choices must be made between the current levels of funding for research (£78m), expensive subjects (£15m), part-time (£30m), postgraduate provision (£7m) and the range of strategy and initiative allocations (£26m) including the strategic development (£9m) some of which are subject to existing commitments.
- 4.3. There is continued uncertainty and risk for universities in the light of major funding and regulatory change across the UK, and income estimates need to be kept under close review. We now have figures relating to 2012/13, the first year of the increased fees (up to £9,000) in Wales, and the introduction of fee grant payments. As reported by HEFCW,¹² the total income of the HE sector in Wales fell by £1m to £1,273m in 2012/13 contrary to previous estimates including the projections published by the Wales Audit Office Report on HE Finance. Funding Council grant fell from 31% to 21% of total income, whereas Home and EU fees increased from 23% to 32% of total. From this it would appear that, for the first year at least, the increase in Home and EU fees was insufficient to offset the reductions in funding grant and that much of the deficit was made up from other sources including income from overseas students. As more students become liable for the higher fees, we would expect the proportion of fee income to increase. However, this highlights the need to be cautious about relying on estimates in going forward, and a particular source of concern has been the inaccuracy of previous forecasts for fee grant payments to students attending institutions outside Wales.
- 4.4. While we hope that many of the issues will be addressed through the Diamond Review in due course, the key issues to take into account in reviewing the budgetary requirements for higher education are viewed as follows:
- Changes in the way that funding for full-time undergraduate provision is funded currently poses risks in relation to the key areas previously supported by grant (see 4.2 above). We need to retain sufficient grant funding to

¹⁰ [Final Budget 2014-15](#)

¹¹ [W14/33HE](#)

¹² [Circular W14/27HE](#)

enable strategic support for the key areas covered by the current grant funding model prior to the outcomes of the Diamond review. As we have previously argued, in the short-term, it is clear that there is no capacity for absorbing further reductions without damaging provision with its wider consequences for Wales. There is a strong case for ensuring that there is an increase in the budget for HEFCW to avoid the consequence of this further reduction of £17m. It is imperative that prior to the outcomes of the Diamond review that we ensure that temporary decisions on funding do not have an adverse long-term impact on the sector.

- The future budget for research, which has so far been maintained for the Research Excellence Framework 2014, must ensure that Wales has every chance of further success in the next review. There are significant dangers in relying on fee income from full-time undergraduates to maintain research in the longer term. We should be clear that a cut in the Quality Research (QR) budget would be a first for a UK nation and would involve significant reputational risks for the sector.
- In respect of part-time provision in particular, we highlight the need to approach changes to the existing grant support with care. The Higher Education Funding Council for England (HEFCE)'s analysis of the impact of the 2012 reforms in England identified a 40% drop in part-time enrolments which points to the significant risks for policy makers in this area.¹³ So far this reduction does not appear to have been replicated in Wales, but full data is not yet available and recruitment remains a concern. The retention of part-time grant in Wales may be one of the key factors in ensuring that access to higher education through part-time study caters for the needs of potential students and the employment market. We have previously expressed the view¹⁴ that there needs to be greater parity of support for part-time and full-time students, and we hope that the Diamond Review will enable support for part-time provision to be carefully balanced with support for other areas. In the meantime, it is essential that sufficient investment and grant is maintained to ensure that there are no long-term adverse impacts for part-time provision.
- There is a need to ensure that there is sufficient control of the student support budget, particularly for students choosing to study outside of Wales. In particular, a major issue that was not factored into the indicative budget for 2015/16 is the removal of the student number cap in England. It is unclear whether current Welsh Government or HECW forecasts take into account the

¹³ HEFCE, "Higher Education in England: Impact of the 2012 reforms", March 2013.

¹⁴ See for instance HEW's response to the HE Funding Inquiry, November 2013 ([here](#)).

potential increase associated with the increase of student numbers in England. HEW's tentative preliminary estimates were that between 1,200 to 1,500 additional students from Wales could attend universities in England by 2015/16 as a result of this, meaning additional costs of up to £7m for fee grant payments, £5m for tuition fee loans, £9m in further support costs and a further loss to the Welsh economy of up to £15m as a result of students personal expenditure in England. We are also very conscious that the budget for fee grant payments to this group of students, based on Welsh Government projections, has previously been significantly under-estimated as recognised by HEFCW.¹⁵ In determining the HE budget for 2015/16 we would ask that sufficient provision or contingency is made to cover the significant risks to universities in Wales arising from this. We would also ask HEFCW and the Welsh Government keep the current maximum fee grant policy under review to ensure that the universities are not disadvantaged by this development – and to ensure they have a full opportunity to retain some of the additional student support funding within Wales.

- It is too early to tell what the impact has been for postgraduate provision in Wales at this stage. However, postgraduate provision which typically involves a higher proportion of specialist courses with smaller numbers of students. It is hoped that the lower levels of debt for undergraduate students may have a positive benefit for postgraduate participation. However, changes to the grant support for providers is a concern for the long-term effect on the provision of future postgraduate opportunities.
- It is essential for Wales that funding arrangements and investment in universities allows them to compete successfully in an international context. In previous submissions to the Finance Committee we have outlined the significant comparative disadvantage in funding between Wales and other UK countries throughout most of the proceeding decade.^{16 17} We have also pointed to the comparatively low levels of the investment in higher education in the UK more generally, viewed from an international perspective.¹⁸ There is further evidence of a growing gap in the funding for universities in England

¹⁵ See HEFCW W14/18HE paragraph 15. The estimated fee grant payments to students attending institutions outside Wales in last year's grant allocation circular was £50m (W13/09HE, March 2013), this estimate was revised to £63m in the most recent circular (W14/18HE, May 2014).

¹⁶ HEFCW, The Funding Gap 2007/8, undated:

http://www.hefcw.ac.uk/documents/publications/hefcw_reports_and_statistics/Funding%20gap%202007%2008.pdf

¹⁷ The Learned Society of Wales, "Comments of the Council of the Learned Society of Wales on the Welsh Government's support for the universities in Wales", March 2011.

¹⁸ UUK, "Higher Education in Focus: Driving Economic Growth - Higher Education a core strategic asset to the UK." 2011.

and Wales, as evidenced in the recent funding allocations for England for instance. The total Higher Education Funding Council for England (HEFCE) grant available for higher education institutions in England in the 2014-15 academic year was £3,883 million.¹⁹ When scaled using the Barnett formula (as used to determine consequential funding for Wales), this is equivalent to an allocation of £224m compared to the allocation to Welsh universities of £157m. In addition, universities in England are not subject to restrictions on the average fee levels as they are in Wales, as a result of the redistribution of student numbers exercise in 2012.

- The long term financial sustainability of universities in Wales needs to be kept under review reflecting full economic costs. HEFCW in its most recent analysis of the financial position of the higher education sector in Wales concluded that: “When adjusted to take account of the full economic cost adjustments for the cost of capital and infrastructure, the sector’s position was an aggregate deficit of £85million in 2012/13, compared with a deficit of £64million in 2011/12.”²⁰
- There are significant risks that need to be managed arising from the changes to the funding and regulatory arrangements across the UK. We have concerns about the long term viability of the Higher Education budget because the overall financial sustainability of the Welsh HE sector, which is highly dependent on indirect public funding via the student loan system, is predicated on cross border flow from 2011/12 student numbers. Since the removal of the student number cap in England, the risk of even more Welsh Government funds flowing to English institutions, with fewer English students coming to Wales, because English universities will be able to offer places, is high.

5. Question 3. What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?

- 5.1. Please refer to the response to question 2 for the key issues to address in considering HE budget requirements. Universities in Wales have a strong track record of managing difficult changes, and would expect to manage the changes in funding and regulatory environment effectively. However, the levels of investment in universities will have direct consequences for the universities in their capacity to

¹⁹ <http://www.hefce.ac.uk/whatwedo/invest/institns/annallocns/>

²⁰ [Circular W14/27HE](#)

deliver desired policy outcomes and to further the interests of higher education in Wales. There remain significant market, financial and reputational risks for universities in continuing to manage a period of major funding and regulatory change, particularly as universities become increasingly reliant on sources of income other than Welsh Government grant and prepare for potential structural change in the sector. In planning the HE budget for 2015/16 we would welcome working with the Welsh Government to ensure there is sufficient contingency and support available to manage potential difficulties.

6. Question 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)**
- Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced**
- Scrutiny of Welsh language, equalities and sustainability**

6.1. In its submission to the Children Young People and Education Committee²¹ and further letter to the Finance Committee of 31 July 2014, HEW raised queries regarding the costings of the HE (Wales) Bill which proposed major regulatory change for higher education providers in Wales, and the extent to which the Welsh Government had fully budgeted for the changes envisaged. This included:

- Increased administrative costs for HEFCW and the sector associated with new regulatory role. We noted in particular the difference between the costings in the Explanatory Memorandum and HEFCW's own estimates.
- The Explanatory Memorandum of the HE (Wales) Bill also pointed to the need to ensure that a sufficient budget was retained to support part-time specialists, who may not be eligible to become regulated institutions but who would nevertheless be expected to be regulated by HEFCW e.g. in respect of quality assurance.
- The extent to which exceptional costs including legal costs or costs associated with litigation had been taken into account.

²¹ <http://www.hew.ac.uk/wp/media/HEW-response-to-HE-Wales-Bill-2014-consultation.pdf>

- Provision for the major potential financial risks posed by Bill that could potentially follow from reclassification of universities to central government for purposes of national accounting or arise from any resulting inability to fulfil legal requirements as charities.
- We highlighted the risk that the Bill could inadvertently lead to the Welsh Government/HEFCW set requirements that universities have to fund from other sources and would effectively be an additional cost for universities: there is a risk that in future policy requirements have financial consequences for universities without the corresponding public funding to support it.
- In particular, we have queried the lack of provision relating to a potential increase in the number of providers or courses that HEFCW would be required to fund from the HE budget. If providers other than universities become regulated institutions their courses would automatically qualify for student support and this could have a significant impact on the student support budget. It could also, as current arrangements stand, have a significant financial implication for existing universities since fee grant payments are paid from HEFCW's budget. In determining the budget for 2015/16 and beyond we assume that the Welsh Government would wish to identify and cater for this likelihood to avoid unintended consequences for universities.

6.2. In reviewing future budgetary requirements for HE we suggest that the Welsh Government will need to be particularly mindful of additional costs that may fall on universities as a result of regulatory change and to ensure that appropriate provision or contingency is made in the budget allocations.

Higher Education Wales
10 September 2014

**Welsh Government draft budget
proposals for 2015/16
Submission to Finance Committee
September 2014**



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 submit initial information to the Finance Committee to help support its scrutiny of the Welsh Government's 2015-16 Draft Budget Proposals, and will be pleased to provide further analysis after the publication of the Draft Budget.

General comments

4. Although the Welsh Government is an important funder of the third sector in Wales (the Welsh Government and UK Government together provide 18% of the Welsh third sector's funding), the third sector only receives a tiny proportion of the Welsh Government's budget. WCVA's *Third sector statistical resource 2014* reveals that in 2012-13 Welsh Government's funding to the third sector represented only 2.2% of its entire budget. Local Authorities contributed 2.6% of their budgets to the third sector, and Local Health Boards contributed a mere 0.4%.
5. WCVA maintains that it is a false economy to cut third sector services: such cuts would not realise notable savings, and retained investment will help to deliver considerable added value through the sector's ability to lever in additional resources and deploy volunteers. At times of financial pressure it is important to consider how to make the Welsh budget go further and if properly engaged and supported the third sector can play a key role in achieving this and in working with Welsh Government to deliver its aims.
6. It should therefore be a priority to maintain support for third sector organisations who are able to maximise resources available in the community, lever other funding into their community, and support the massive contribution made by volunteers.

7. 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)
8. 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)
9. 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.

Analysing the Budget

10. The third sector is funded from a range of budget Actions across all Major Expenditure Groups, but apart from a few exceptions, in the majority of cases the detail is not visible at Action level. This has been a perennial problem. We would therefore like to remind the Committee that it is very difficult for third sector organisations to analyse and understand the implications of the figures in the published draft Budget due to the lack of detail below the Action level.
11. Providing more detailed information at as early a stage as possible is essential, whether in the Budget or the accompanying narrative, for the sector to be able to understand, scrutinise and prepare for the potential consequences of the Budget on their funding.
12. Nevertheless, it is clear that the third sector has suffered significant funding reductions in the current financial year, at national and local level.
13. In order for third sector organisations to be able to plan, access to relevant budgetary information and advanced notice of any changes are vital. We would highlight that 'Early and constructive dialogue', 'Timely decisions' and 'Security of funding' remain principles of the Welsh Government's revised *Code of Practice for Funding the Third Sector* (2014). Existing commitments and budget lines should be honoured; and Welsh

Government should enter into early dialogue, as required by its Code of Practice, about its funding for next year.

14. The third sector is a key strategic partner for tackling poverty, developing and delivering innovative anti-poverty services and programmes. Whilst the sector plays an important role in emergency relief, mitigating and alleviating poverty and its effects in the short and medium term, the sector is also in the vanguard of developing medium to long term and preventive anti-poverty approaches and interventions which tackle poverty and social exclusion at source, and treats people as assets. This approach requires financial investment in the sector and its capacities, investment which will pay off in the long term.

Funding mechanisms

15. We would like to draw the Committee's attention to the importance of choosing the appropriate method to distribute funds. Although the Budget is silent on the funding mechanisms used, in order to enable the full contribution of the third sector to public service delivery, it is important that the funding mechanisms are appropriate and proportionate to the activities.
16. In recent years, funding from contracts has increasingly become the default position, while grant funding has diminished rapidly. Where procurement is not legally necessary however, WCVA strongly advocates for the use of grants as the primary mechanism for funding the third sector. Grants can provide the basis for partnership with the third sector in service development and delivery, and can be used to invest in local organisations, communities and economies, thereby retaining resources in Wales. Furthermore, grants are exempt from VAT, whereas contracts for services may be subject to VAT, therefore a grant retains investment in Wales.
17. While WCVA welcomes initiatives by Value Wales to improve procurement policy in Wales, it remains the case that procurement practice often lags behind. Too often procurement is used as a blunt tool to deliver short term cost savings, looking to the competitive market for solutions, and moves towards fewer, larger and more generic contracts effectively exclude almost all third sector organisations from being potential partners in delivering public services.
18. The 2013 *Welsh Government Annual Report on Grants Management*, which sets out the Welsh Government's direct grants to the public, private and third sector, revealed that the third sector has taken the biggest cut in grant funding. Although superficially showing a significant drop in funding, further exploration and discussions with Welsh Government has revealed that the figures were distorted by funding being re-routed through Local Government. We look forward to the next report providing a firmer baseline on which to measure any variations in funding to the third sector.
19. A number of our members have however 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.

20. 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."
21. Whereas policy (e.g. *Improving public services for people in Wales*) and proposed legislation (e.g. the Well-being of Future Generations (Wales) Bill) emphasise a long-term approach to decision-making, there needs to be a corresponding long-term approach to funding the third sector.

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Evidence to the National Assembly for Wales Finance Committee September 2014

Dathlu'r Gymraeg (Celebrating the Welsh Language) believes that the Assembly needs to ensure that a fair proportion of government expenditure is devoted to providing services through the medium of Welsh.

The Standards of Welsh will be implemented during 2015, and all Government departments need to consider earmarking funding to ensure that the standards are implemented correctly and that all services provided by the Welsh Government and its agencies are available through the medium of Welsh.

Dathlu'r Gymraeg believes that we need more resources to ensure prosperity for the Welsh language over the coming years. Current expenditure should also be diversified to ensure that a fair proportion is available to develop and strengthen opportunities to use the Welsh language.

The Government has taken small steps to challenge what came to light in the results of the 2011 Census, but further investments are required to provide status and fair opportunities for the Welsh language. The Government's current budget does not clearly illustrate the funding which is earmarked for the promotion of the Welsh language. We believe that the funding has reduced, particularly in the area of learning Welsh for adults.

The First Minister has assumed responsibility for the Welsh language portfolio, and we believe that the portfolio's budget should be illustrated separately to the Education Department budget.

We also believe that there needs to be a substantial increase in the budget for the Welsh language. All government departments could be asked to contribute to the portfolio, to make it a substantial pot with which the First Minister may work.

The Assembly's committees need to look at the expenditure of non statutory bodies such as the Education Consortia, which receives funding from the Government and local government. Those bodies as well need to act according to the Standards of Welsh.

Background to Dathlu'r Gymraeg and its supporters

23 organisations, which represent the majority of Welsh-speakers – the Urdd, Language Enterprises in Wales, Merched y Wawr, The Association of Welsh Teachers (UCAC), Rhag, Cymdeithas yr Iaith (the Welsh Language Society), the National Eisteddfod, the Association of Welsh Translators and others are part of Dathlu'r Gymraeg. Our aim is to ensure that everyone in Wales is able to use the Welsh language. To safeguard Welsh as a community language. To assign additional resources to safeguard the vitality of the language. To create operational plans for the strategy 'A Living Language: A Language for Living'. Achieving the various milestones in the Welsh Medium Education Strategy. To safeguard a prosperous and independent S4C for the future.

The need for the Government to increase the investment necessary to promote the Welsh language.

To achieve this we need a significant step to give status and funding to provide a worthy opportunity for the Welsh language to co-exist alongside the most powerful language in the world. Dathlu'r Gymraeg believes that we need more resources to ensure prosperity for the Welsh language over the coming years. Current expenditure should also be diversified to ensure that a fair proportion is provided to develop and strengthen opportunities to use the language.

In line with historical expenditure patterns, there is little government investment in the Welsh language. In Education, the demand of parents for Welsh-medium education has caused County Councils and the Government to expand the provision, but the demand has not been met in full. In other areas, the expenditure on the Welsh language directly is less than £12 m per annum from the Government's annual budget of over £13.6 billion (2015/16). We note that much greater investment is devoted to the language of the Basque Country, and we see that the investment is paying dividends, with an increase in the number of speakers of the language from 24% in 1991 to 32% in 2011.

The recent Census results highlighted a number of challenges that the Welsh language is facing, but we believe that there are specific areas in which the money could be invested which would benefit, not only the Welsh language, but would meet a number of Government objectives too. There has been no significant increase in the funding provided for the promotion of the Welsh language for many years. The last significant increase occurred in 2002.

Welsh in our communities

The Major Conference showed the enthusiasm for the Welsh language and the need to take steps.

We need to focus on:

- (i) The transfer of the language through the generations;
- (ii) Children's use of the Welsh language in school and socially;
- (iii) Opportunities for young people to use the Welsh language;
- (iv) Opportunities to use the Welsh language in the workplace and create new jobs and new social opportunities.

The effect of cutbacks on the provision of Welsh

Some of the cutbacks in the Government's 2014 - 2015 Budget was disappointing. We realise that the financial situation is difficult, but something must be done soon. Also, local authority cutbacks are having a detrimental effect on Welsh language services, in Education specifically. County Councils are moving to contract out for services, without giving due regard to the Welsh language.

Our wish is to be confident about the future of the Welsh language.

There needs to be an increase in expenditure on the Welsh language and the provision of Welsh services.

We call upon the Government to increase its spending on specific Welsh projects, over time, to 1% of the budget, i.e approximately £136 million in 2015/16.

Part of this expenditure will come from diversification of the current expenditure. We also call upon County Councils and other statutory bodies to ensure that all their services are available through the medium of Welsh.

There is a need to ensure that there is equality for the Welsh language in the provision of all Government activities and services .

Yours faithfully

Penri Williams
Chairman
Dathlu'r Gymraeg



Diffyg Buddsoddi yn y Gymraeg ac ar y Gymraeg: Cynigion cyllideb ddrafft Llywodraeth Cymru ar gyfer 2015-16

Ymateb Cymdeithas yr Iaith Gymraeg

1. Cyflwyniad - Toriadau, Tanfuddsoddi a Diffyg Strategaeth

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 br on saith gwaith yn fwy o'u cyllideb yn benodol ar yr iaith o'i gymharu â'r sefyllfa yma (£84 miliwn o gyllideb rhanbarthol 2014).

Ar ben hynny, dangosodd ein hymchwil y tanfuddsoddi difrifol sy'n digwydd o fewn gwariant prif-ffrwd y Llywodraeth - gyda llai nag 1% o wariant ar raglenni megis addysg i oedolion yn y gymuned yn cael ei wario ar weithgareddau cyfrwng Cymraeg.

Yn ôl cyllideb 2014-15, cafodd y gwariant ar 'yr iaith Gymraeg' ei dorri o £25,076,000 y flwyddyn gynt i £24,376,000 yn 2014-15. Cynlluniwyd iddo gwmpo ymhellach i £23,511,000 yn 2015-16. Dyna doriad o £700,000 y flwyddyn hon a £856,000 yn 2015-16.

Cafwyd nifer o newidiad o fewn y flwyddyn ariannol hefyd, er enghraifft y toriadau o £700,000 gofynnwyd i'r canolfannau Cymraeg i Oedolion ei wneud o fewn pedair wythnos, ar ben toriadau eraill oeddent eisoes yn gorfod ymdopi â nhw. Oherwydd y newidiadau hyn, nid yw'n glir p'un ai ydynt yn doriadau 'net' ai peidio - mae diffyg tryloywder a chynllunio ar gyfer y penderfyniadau hynny yn peri pryder am absenoldeb strategaeth ariannol gall ar gyfer y Gymraeg. Mae nifer o enghreifftiau lle gall cynyddu'r canran o weithgareddau Cymraeg sy'n dod o raglenni yng ngwariant prif-ffrwd y Llywodraeth.

Credwn fod y penderfyniadau a wnaed gan y Llywodraeth, hyd yn oed mewn cyfnod o lymder, yn fyrbwyll ac yn amlygu diffyg strategaeth trawsbortffolio ynghylch effaith y gyllideb ar y Gymraeg. Credwn y gellid fod wedi gwneud penderfyniadau llawer gwell hyd yn oed, pe byddai strategaeth drawsbotffolio clir gan y Prif Weinidog a'r gwasanaeth sifil.

Argymhellwn fod y pwyllgor yn mynnu atebion gan weision sifil yn Uned y Gymraeg ynghylch eu penderfyniadau, ynghyd â'u methiant i wneud asesiad trawsbotffolio o effaith gwariant ar y Gymraeg a'i gyhoeddi. Mae eu hanallu i gyflawni hynny o fewn 19 mis yn codi cwestiynau mawr sydd angen eu hyateb. Credwn y dylai'r Cynulliad ofyn i Gomisiynydd y Gymraeg ymgymryd â'r gwaith yn lle.

Cyllideb Hyrwyddo'r Gymraeg

Ym mis Hydref 2013, cyhoeddodd Llywodraeth Cymru toriad o £1.5 miliwn yn ei gwariant ar hyrwyddo'r Gymraeg dros ddwy flynedd.

Ers hynny, rydym wedi clywed cyhoeddiadau dryslyd am arian ychwanegol ar gyfer hyrwyddo'r Gymraeg, nid yw'n glir a oes arian ychwanegol o gwbl. Yn ôl dadansoddiad gan un o'n haelodau, ymddengys fod Llywodraeth Cymru wedi torri tua £2.3 miliwn oddi ar gyllideb Cymraeg i Oedolion ers y Gynhadledd Fawr.

Ymddengys felly, nid yw'r cyhoeddiadau yn newid y ffaith mai ond 0.16% o gyllideb y Llywodraeth sy'n cael ei wario ar hyrwyddo'r Gymraeg. Yng ngwlad y Basg, gwelir buddsoddiad oddeutu saith gwaith yn fwy na hynny, ac mae hynny'n rhannol gyfrifol am y twf a welwyd yn y Fasgeg dros y degawdau diwethaf.

Credwn y dylai'r Cynulliad fel y corff graffu yn fanwl ar gyhoeddiadau Llywodraeth Cymru ynghylch 'arian ychwanegol' ar gyfer hyrwyddo'r Gymraeg a gyhoeddwyd dros y misoedd diwethaf ynghyd â'r gymhariaeth rhwng Cymru a Gwlad y Basg.

Ymhellach, credwn y dylai'r Cynulliad sicrhau bod y gyllideb hywyddo yn pedryblu dros gyfnod rhesymol o amser.

Arian Prif-ffrwd - Dros 99% yn fuddsoddiad uniaith Saesneg

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.

Mae llai na phedair mil o bunnau allan o gyllideb o bron i £17 miliwn sydd wedi ei wario ar addysg cyfrwng Cymraeg i oedolion yn y gymuned, 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 bron dim darpariaeth yn Gymraeg, gyda dros 99% o'r arian yn mynd ar ddarpariaeth Saesneg.

Yn ôl ein gwybodaeth, dros y dair blynedd diwethaf, allan o 90,477 prentisiaeth a ariannwyd gan Lywodraeth Cymru, dim ond 354 oedd trwy gyfrwng y Gymraeg, neu lai na phedwar ym mhob mil o brentisiaethau. 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 blyneddau, chafodd dim un geiniog ei wario o'r gyllideb 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.

Gweler atodlen 1 am y ffigyrau manwl.

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. Mewn gwirionedd mae'r Saesneg, un o ieithoedd mwyaf pwerus y byd, yn derbyn cymhorthdal enfawr gan drethdalwyr Cymru. Mae patrymau gwariant y Llywodraeth yn lleihau defnydd y Gymraeg a'r cyfleoedd i'w defnyddio. Felly tra bod y Llywodraeth yn clustnodi symiau cymharol fach o arian i fentrau Cymraeg eu hiaith, mae effaith Cymraeg y prosiectau hynny'n cael eu tanseilio a gwrth-droi'n llwyr gan bolisiau eraill. Nid ydy Llywodraeth Cymru yn gweithredu mewn ffordd gydlynus felly.

Manifesto Byw - ymateb i argyfwng y Gymraeg

Ym mis Rhagfyr 2012, wedi cyhoeddiad canlyniadau argyfyngus y Cyfrifiad, cyhoeddodd ein Maniffesto Byw a alwodd am y 2 newid ariannol, ymysg degau o argymhellion eraill, er mwyn sicrhau twf yn yr iaith:

"Adolygiad cyflawn o holl wariant y Llywodraeth, gan gorff annibynnol fel Comisiynydd y Gymraeg, ac asesu perthynas y gwariant hwinnw â'r Gymraeg - sef mesur ôl-troed ieithyddol y gwariant."

"O ystyried y twf sydd wedi bod yn nifery siaradwyr Basgeg mewn cyfrifiadau ers 1991, dylid cynyddu'r adnoddau a roddir i hyrwyddo'r Gymraeg i lefelau'r wlad honno, sef pedair gwaith cymaint â'r gwariant presennol yng Nghymru."

Gwasanaeth Sifil yn methu â chyflawni

Mewn cyfarfod rhyngom a'r Prif Weinidog ym mis Chwefror 2013, fe gytunodd i gynnal yr adolygiad fel y gofynnwyd amdano uchod yn ein Maniffesto Byw. Ers hynny, rydym wedi gweld oedi rhag gweithredu gan y gwasanaeth sifil, sydd wedi creu llawer o waith papur, ond dal heb gyhoeddi yr un asesiad.

Wedi tua 18 mis o aros am gyhoeddiad yr asesiad, a sawl addewid, ysgrifennom unwaith eto gan ofyn:

"Mewn cyfarfod gyda ni ar Chwefror 6ed 2013, dywedoch wrthym y byddai'ch Llywodraeth yn cynnal asesiad effaith ar y Gymraeg o bob ceiniog a warir gan Lywodraeth Cymru ar draws eich holl adrannau. Pryd bydd yr asesiad yn cael ei gyhoeddi?"

Cawsom ymateb yn datgan bod 'Asesiad effaith **newidiadau**'r gyllideb ar y Gymraeg a chydraddoldebau eraill' i'w gyhoeddi, ac y byddai 'Dadansoddiad Canlyniadau Gwariant: Ymarfer gwbl newydd ar gyfer 2014 ydy hwn sy'n gofyn i adrannau adnabod prif raglenni gwariant sy'n gysylltiedig â'r Gymraeg o fewn eu meysydd', ond doedd dim asesiad cynhwysfawr i'w gyhoeddi yn lle dywedasant:

"... rwy'n siŵr y byddwch yn gweld nad oes 'cyhoeddiad' fel allbwn i'r gwaith hwn, ond yn hytrach, proses gyllidebu'r sefydliad ydyw... Mae cynnydd a gwaith sylweddol wedi digwydd dros y flwyddyn diwethaf..."

Yn lle derbyn yr asesiad cyflawn felly, derbyniom ffurflen a fydd yn cael ei ddefnyddio gan weision sifil wrth wneud penderfyniadau ariannol. Felly, rydyn ni, drwy ychydig o geisiadau rhyddid gwybodaeth yn unig, wedi llwyddo cyhoeddi mwy na'r gwasanaeth sifil mewn 19 mis erbyn hyn.

Rydym wedi adnabod nifer o feysydd lle mae tanfuddsoddi, galwn ar Lywodraeth Cymru i fynd i'r afael â'r meysydd hyn drwy gynyddu'r canran sy'n mynd at weithgareddau cyfrwng Cymraeg.

Hefyd, dylai Comisiynydd y Gymraeg gyhoeddi asesiad cyflawn o effaith ar y Gymraeg holl wariant Llywodraeth Cymru ar draws pob adran.

Anwybyddu'r Gynhadledd Fawr - y Llywodraeth yn anwybyddu ei ymgynghoriad ei hunan

Adeg cyhoeddodd y Prif Weinidog ei fwriad i gynnal ymgynghoriad ynghylch sefyllfa'r iaith, croesawsom y fenter, gan ddisgwyl casgliadau gwrthrychol a gweithredu arnynt. Nid dyna rydyn ni wedi ei gweld ers hynny.

Yn ôl yr adroddiad am gasgliadau'r Gynhadledd Fawr¹:

“Un thema gyffredinol, a chwbl allweddol, a fu'n rhedeg drwy'r holl gyfraniadau [oedd yr angen] i'r Llywodraeth gynyddu ei buddsoddiad ariannol yn y Gymraeg er mwyn sicrhau gweithredu effeithiol.” Tudalen 8, Iaith fyw: dweud eich dweud, Gorffennaf 2013

Yn lle hynny, rydyn ni wedi gweld toriadau yn nghyllideb hyrwyddo'r Gymraeg a diffyg gweithredu ar y problemau ynghylch cyllidebau prif-ffrwd y Llywodraeth.

Pergyl i Annibyniaeth Comisiynydd y Gymraeg

Pryderwn yn fawr am rym ariannol Llywodraeth Cymru dros Gomisiynydd y Gymraeg, corff sydd, yn statudol, yn unol â Mesur y Gymraeg (Cymru) 2011, yn gyfrifol am reoli Llywodraeth Cymru a'i gydymffurfiaeth â dyletswyddau iaith.

Nid yw'n bosib i'r Comisiynydd weithredu'n wrthrychol, ac yn gwbl annibynnol. A fydd y Comisiynydd yn gallu ochri â hawliau iaith y cyhoedd yn erbyn Llywodraeth sydd wedi torri ei wariant y llynedd, ac y gallai parhau i wneud toriadau pellach ar unrhyw adeg? Mae sefyllfa Comisiynydd y Gymraeg yn wahanol i nifer o Gomisiynwyr eraill, gan fod ganddi rymoedd statudol llawer iawn mwy pwerus oherwydd diffyg cydymffurfiaeth nifer o gyrff i gadw at eu dyletswyddau ers degawdau.

Gwelwyd toriad o 10% yn 2014-2015 i gyllideb Comisiynydd y llynedd. Deallwn fod y Llywodraeth yn ystyried toriadau pellach i'r gyllideb ar gyfer y flwyddyn nesaf. Mewn llythyr o Ddirprwy Gyfarwyddwr y Gymraeg i'r Comisiynydd yn Ionawr 2014, sy'n cadarnhau'r toriad, dywed: *"Fe fydd Llywodraeth Cymru yn ymfyn am drafodaethau penodol rheolaidd ar gyllideb gyda Chomisiynydd y Gymraeg yn y dyfodol."*

Dadleuom yn ystod cyfnod pasio Mesur y Gymraeg 2011 y dylid ymdrin â chyllideb y Comisiynydd yn yr un modd â'r Archwilydd Cyffredinol, corff sy'n derbyn arian yn syth o grant bloc Cymru. Credwn y dylai'r Cynulliad deddfu er mwyn sefydlu'r un system ar gyfer Comisiynydd y Gymraeg yn sgil y profiad anffodus iawn dros y blynyddoedd diweddar.

Casgliadau:

Credwn felly y dylid:

- pedryblu'r gyllideb ar gyfer hyrwyddo'r Gymraeg er mwyn agosáu at lefelau buddsoddiad yng Ngwlad y Basg;
- gosod allan cyllideb tymor hirach ar gyfer y Gymraeg fel bod modd cynllunio'n gall ar gyfer twf yr iaith;
- comisiynu Comisiynydd y Gymraeg i gyhoeddi adolygiad cynhwysfawr o effaith ar y Gymraeg holl wariant Llywodraeth Cymru ar draws pob adran, ac, wedi cyhoeddi'r asesiad, dylai'r Cynulliad weithredu ar newidiadau i'r gyllideb er mwyn sicrhau bod cyfran deg o gyllidebau prif-ffrwd y Llywodraeth yn cael eu buddsoddi yn y Gymraeg;
- deddfu dros gyllideb sefydlog a llif ariannol annibynnol ar gyfer Comisiynydd y Gymraeg er mwyn diogelu annibyniaeth y swydd.

Cymdeithas yr Iaith Gymraeg

¹ <http://cymru.gov.uk/docs/dcells/publications/131022-a-living-language-have-your-say-cy.pdf>

Atodlen 1 - Enghreifftiau o effaith negyddol ar y Gymraeg o fewn gwariant prif-ffrwd

(a) Mae cyfanswm y gwariant a gyfrifwyd ar gyfer gweithgareddau Dysgu Seiliedig ar Waith (WBL) a ddarparwyd drwy gyfrwng y Saesneg, y Gymraeg ac yn ddwyieithog, ar gyfer y cyfnod 2009/10 i 2011/12 i'w weld isod:

Blwyddyn y Contract	Cyfanswm y Gwariant ar yr holl raglenni Dysgu Seiliedig ar Waith	Gwariant a gyfrifwyd ar gyfer gweithgareddau Dysgu Seiliedig ar Waith a ddarparwyd drwy gyfrwng y Saesneg	Gwariant a gyfrifwyd ar gyfer gweithgareddau Dysgu Seiliedig ar Waith a ddarparwyd drwy gyfrwng y Gymraeg	Gwariant a gyfrifwyd ar gyfer gweithgareddau Dysgu Seiliedig ar Waith a ddarparwyd yn ddwyieithog
2009/10	£119,579,654.00	£116,694,350.71	£188,925.32	£2,696,377.97
2010/11	£115,545,759.00	£111,387,106.65	£117,708.31	£4,040,944.04
2011/12	£109,373,427.00	£105,413,959.26	£412,196.21	£3,547,271.53

(b) Mae cyfanswm y gwariant a gyfrifwyd ar gyfer gweithgareddau Dysgu Oedolion yn y Gymuned (ACL) a ddarparwyd drwy gyfrwng y Saesneg, y Gymraeg ac yn ddwyieithog, ar gyfer y cyfnod 2009/10 i 2011/12, yn cael ei ddangos yn y tabl canlynol:

Blwyddyn y Contract	Cyfanswm y Gwariant ar weithgareddau Dysgu Oedolion yn y Gymuned	Cyfanswm y Gwariant a gyfrifwyd ar weithgareddau Dysgu Oedolion yn y Gymuned a ddarparwyd drwy gyfrwng y Saesneg	Cyfanswm y Gwariant a gyfrifwyd ar weithgareddau Dysgu Oedolion yn y Gymuned a ddarparwyd drwy gyfrwng y Gymraeg	Cyfanswm y Gwariant a gyfrifwyd ar weithgareddau Dysgu Oedolion yn y Gymuned a ddarparwyd yn ddwyieithog
2009/10	£5,684,838.00	£5,683,894.34	£943.66	£0.00
2010/11	£5,497,838.00	£5,492,697.56	£0.00	£5,140.44
2011/12	£5,684,838.00	£5,680,558.24	£2,743.94	£1,535.82

(c) Mae cyfanswm y gwariant a gyfrifwyd ar gyfer rhaglenni prentisiaeth Dysgu Seiliedig ar Waith (WBL) a ddarparwyd drwy gyfrwng y Saesneg, y Gymraeg ac yn ddwyieithog, ar gyfer y cyfnod 2009/10 i 2011/12 yn cael ei ddangos isod:

Blwyddyn y Contract	Cyfanswm y Gwariant ar Brentisiaethau	Cyfanswm y Gwariant ar Brentisiaethau a ddarparwyd drwy gyfrwng y Saesneg	Cyfanswm y Gwariant ar Brentisiaethau a ddarparwyd drwy gyfrwng y Gymraeg	Cyfanswm y Gwariant ar Brentisiaethau a ddarparwyd yn ddwyieithog
2009/10	£78,818,839.95	£76,917,042.69	£124,526.83	£1,777,270.43
2010/11	£76,787,033.82	£74,023,361.82	£78,224.18	£2,685,447.82

2011/12	£73,358,151.02	£70,702,485.56	£276,465.25	£2,379,200.21
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(d) Mae'r tabl isod yn dangos nifer y prentisiaid a ymgwymerodd â'u fframwaith prentisiaeth drwy gyfrwng y Saesneg, y Gymraeg neu'n ddwyieithog. Nodwyd darpariaeth cyfrwng Cymraeg os oes o leiaf un cymhwyster fframwaith llawn wedi cael ei gyflwyno drwy gyfrwng y Gymraeg.

Blwyddyn y Contract	Cyfanswm y Prentisiaid	Prentisiaid Cyfrwng Saesneg	Prentisiaid Cyfrwng Cymraeg	Prentisiaid Dwyieithog
2009/10	32,550	31,635	97	818
2010/11	25,517	24,320	85	1,112
2011/12	35,928	34,522	172	1,234

Carers Trust Wales response to the Finance Committee call for information – Welsh Government draft budget proposals for 2015-16

09 September 2015

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 2015-16. Carers Trust is a new charity which was formed by the merger of The Princess Royal Trust for Carers and Crossroads Care in April 2012.

Carers Trust Wales works across Wales to improve support, services and recognition for anyone 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, 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. 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.

Carers Trust is a registered charity in England and Wales (1145181) and in Scotland (SC042870). Registered as a company limited by guarantee in England and Wales No. 7697170. Registered office: 32–36 Loman Street, London SE1 0EH.

Mae Ymddiriedolaeth y Gofalwyr yn elusen gofrestredig yng Nghymru a Lloegr (1145181) ag yn yr Alban (SC042870). Cwmni cyfyngedig trwy warant, cofrestrwyd yng Nghymru a Lloegr rhif 7697170. Swyddfa Gofrestredig: 32–36 Stryd Loman, Llundain SE1 0EH.

Carers Trust

We provide support, information, advice and services for the millions of people caring at home for a family member or friend. Our Network Partners reach carers of all ages and with a range of responsibilities, in their local communities. From helping carers to access local services, to making their views heard by opinion formers and professionals, together we help carers to connect with everyone and everything that can make a difference to their 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.

Overview

1. Carers provide valuable unpaid care across Wales. 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. A range of evidence demonstrates that carer-focused services, carer involvement and effective health-led strategic planning for carers improves outcomes not only for carers, but also for professionals and those that they care for. This includes delayed or prevented placement in residential care, delayed or prevented hospitalisation and quicker transfers of care.
3. Yet current funding arrangements - including commissioning arrangements nationally, through local health boards and Local Government – neither support nor sustain quality carer-focused services. Feedback from local services suggests that commissioners favour and prioritise low-unit cost over quality. Although this is in part attributable to changing policy priorities and processes in Welsh Government and Local Government, there has also been a downward pressure on Local Government budgets, currently the principal funders of such activities.
4. Carers Trust Wales welcomed the Intermediate Care Fund. However, feedback from local partners suggests that implementation of the Intermediate Care Fund has not been effective and has not included the voluntary sector as key strategic partners in the planning and delivery of the fund. We would advocate the continuation of ring-fenced funding for intermediate care but would argue for a more integrated and inclusive approach to implementation and changes to the way the Voluntary Sector is engaged.
5. **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 2014-15 budget?

- 1.1 Broadly, the downward pressure on local authority budgets has had a discernible impact on the funding and prioritisation of carer-focused services across Wales
- 1.2 Carer-focused services are evidenced to support the preventative agenda and as such the downward pressure on local authority budgets is likely to further impact the ability of carer-focused services to deliver quality care that supports reablement and delays hospitalisation.
- 1.3 Carers Trust Wales welcomed the introduction of the Intermediate Care Fund in the 2014-15 budget and calls for the continuation of some form of funding for intermediate care needs.
- 1.4 However, we do not believe that the budget has had the hoped for impact.
- 1.5 Feedback from local service providers regarding the allocation of and facilitated engagement with the Intermediate Care Fund is poor. Local partners have identified that there was little proactive engagement with the local voluntary sector. Community Voluntary Councils (CVCs) were used as local facilitators but unfortunately in some areas CVCs act as competitors with rather than enablers for the wide range of voluntary sector organisations across the community.
- 1.6 The voluntary sector, which is often responsible for delivering key services that meet the criteria of the Intermediate Care Fund, should have a much stronger strategic role in the planning and delivery of those services enabling the voluntary sector to genuinely co-produce local solutions. Currently the emphasis firmly remains with Local Authorities.

Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

- 2.1 Despite a number of issues around delivery and implementation, as outlined above, we have concerns regarding the apparent loss of ring-fenced targeted funding through the Intermediate Care Fund
- 2.2 This fund aimed to encourage collaborative working between services to support people to maintain their independence and remain in their own home, to drive a step change in the way services work collaboratively at both a strategic and operational level. It was intended to support the avoidance of unnecessary hospital admissions, or inappropriate admission to

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residential care.

2.3 From a broader strategic perspective, we have significant concerns regarding the ability of Local Government to adequately fund or prioritise carer-focused services – the social return of investment and preventative nature of such services is well-evidenced (and referenced in response to question 4), particularly given the downward pressure on Local Government budgets, set to continue in the indicative 2015-16 budget.

2.4 As such, a ring-fence of funding for carer-focused services would help secure quality carer-focused services, avoiding the prioritisation of cost over quality, and in doing so sustain the wellbeing of carers and those that they care for. This would be a demonstrable example of investing early to prevent greater expenditure on health and social care later – in other words, preventing the preventable.

2.5 Should the draft budget for 2015-16 align to the indicative budget published in the final 2014-15 budget, we welcome:

- that health and social services budgets would, at the very least, be maintained
- the continued commitment to the third sector, and as such a challenging, effective Welsh voluntary sector, through sustained funding in the indicative budget under 'Supporting Communities and People'.

3. What expectations do you have for the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?

3.1 We would expect the 2015-16 draft budget proposals to make adequate preparations for the forthcoming implementation of the Social Services and Well-being Act 2014. This Act will place greater duties on Local Government and Local Health Boards, including the requirement that carers be placed on an equal footing as those for whom they care and that the definition of the carer is broader.

3.2 We would expect these changes - including the broadening of the definition of a carer, the development of eligibility criteria for a care/carer needs assessment and plans, and the focus on enabling those with care needs and carers to reach their personal outcomes – will understandably have additional cost implications for the Welsh Government and Local Government.

3.3 Carers Trust Wales continues to support the additional provisions and entitlements included in the Social Services and Well-being Act 2014, but we are keen to ensure that these provisions have a tangible positive impact on carers and those that they care for

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across Wales. We would welcome a greater explanation from the Welsh Government of any budgetary commitments planned to ensure these provisions are delivered effectively.

3.4 There is currently a great deal of uncertainty around a number of budgets that make it difficult to adequately plan for future years. This includes further potential budget reductions for local authorities which would place carer-focused services as delivered by our local partners at risk, the planned loss of funding for the Carers Strategies (Wales) Measure 2010 and delays in the provision of information relating to the Welsh Government's funding of the third sector.

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

- a. Preparation of the Wales Bill
- b. Local health board financial arrangements
- c. Approach to preventative spending and how is this represented in resource allocation
- d. Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced
- e. Scrutiny of Welsh language, equalities and sustainability

4.1 Evidence clearly demonstrates that the strategic planning of and investment in carer-focused services has a long-term preventative impact on public services. Evidence demonstrates that carer-focused services contribute to reducing the amount of time spent in hospital by people with long-term health conditions and avoiding delays in the transfer of care¹²³. We also know that commissioning breaks and emotional support for carers can reduce overall spending on care and their need to access mental health services⁴.

¹ Williams, E, Fitton, F (1991) Survey of carers of elderly patients discharged from hospital. *British Journal of General Practice*, 41, 105 –108.

² Conochie, G (2011) *Supporting Carers: The Case for Change*; London: The Princess Royal Trust for Carers and Crossroads Care.

³ Bebbington, A, Darton, A, Netten, A (2001) *Care Homes for Older People: Volume 2. Admissions, Needs and Outcomes*; University of Kent: Personal Social Services Research Unit

⁴ Conochie, G (2011) *Supporting Carers: The Case for Change*; London: The Princess Royal Trust for Carers and Crossroads Care.

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4.2 However, investment in carer-focused services, and the processes through which carer-focused services are funded by local health boards and Local Government, have not adequately supported carer-focused services in providing key services that support the preventative agenda

4.3 Both despite and because of current and future budgetary and demographic pressures, the Welsh Government should be significantly uplifing spending on the preventative services delivered by the third sector in Wales. Third sector services are the glue holding many prevantative services together across health and social care and the planned reductions in these budgets locally means support will be reduced or removed for many vulnerable people in Wales.

4.4 In terms of the financial arrangements of Local Health Boards, we have concerns regarding the expenditure of the carer strategy funding across Wales. Currently, the effectiveness in the allocation of this funding across health boards has been variable and disparate, we remain unconvinced that all health boards have utilised this funding effectively and to the benefit of carers. It is also our understanding that the reporting process for this funding is such that the Welsh Government does not require local health boards to identify *how* the funding has been spent.

4.5 Carers Trust Wales is concerned about the lack of future funding allocations for carers strategies through local health boards from 2016 following the repeal of the Carers Strategies (Wales) Measure.

4.6 As outlined above, we also have concerns regarding the Welsh Government's legislative programme and how sufficiently resourced implementation is – particularly in regards to the Social Sevices and Well-Being Act. Given a number of key regulations are still subject to consultation and the outcome of technical groups, it is difficult at this point to make accurate projections of additional funding required, but so far there has been little indiciation of any additional commitment to investment.

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09-09-2014



Welsh Government draft budget proposals for 2015-16

16 September 2014



WLGA • CLILC

Introduction and Context

1. The WLGA represents the 22 local authorities in Wales while the three national park authorities and the three fire and rescue authorities are associate members. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
2. There is no escaping the impact that the current period of austerity is having across the public sector in the UK. It is clear that local government across the UK has been forced by Government to make the most difficult decisions of any part of the public sector.
3. Despite the welcome upturn in the UK economy, the impact on the public sector looks set to continue for some time since as the Welsh Government itself states in the recent "Reforming Local Government White Paper" that "even the most positive forecasts estimate that public expenditure will not return to pre-2011 levels until around 2022."
4. There are also a range of circumstances that coalesce to form an extremely uncertain future, with the Scottish referendum in September, the general election in May 2015 and differing views on the future organisation of local government in Wales all impacting in some way on strategic service delivery planning within local authorities.

Q1. The impact of the 2014-15 Welsh Government Budget

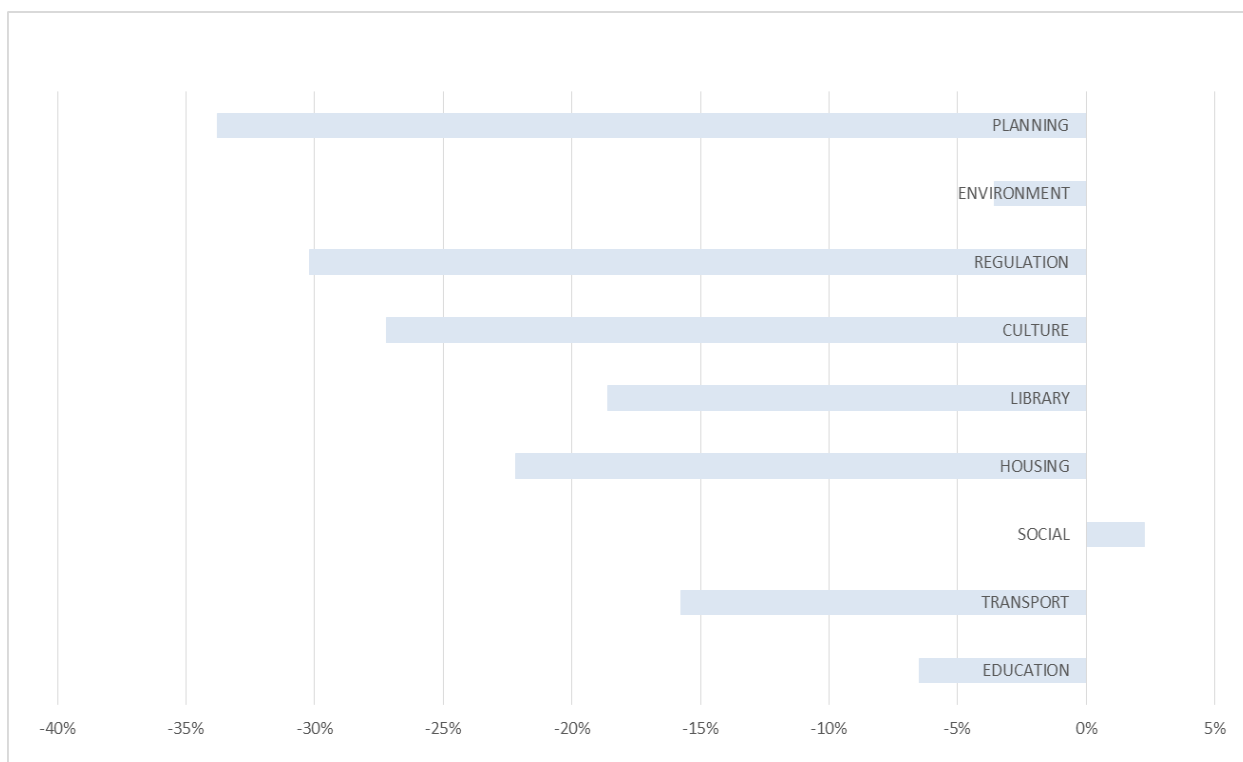
5. The current financial year was the last year of the 2010 Spending Review period. As the WLGA pointed out to the Finance Committee last year, councils had been planning 0.5% increase in core funding consistent with the forward indications published in 2011. The Minister wrote to Leaders in May 2013 warning that indicative figures were no basis on which to plan. When the draft budget and settlement were announced the eventual published reduction of 3.4%¹ in core funding equated to a reduction of £148.5 million in grant.
6. Coupled with unavoidable increases in expenditure such as the need to ensure adequate funding within schools' budgets and increased demand in social services, this led to Councils needing to find around £280 million in savings, despite an average council tax increase of 4.2%.
7. The impact of the 2014-15 budget decision should not be seen in isolation. In 2012 the WLGA commissioned the Institute of Fiscal Studies (IFS) to assess the future

¹However, on a like for like calculation, the reduction was actually 3.9% due to the inclusion within the RSG of ongoing additional funding for the council tax reduction scheme which was treated as "growth" by Welsh Government.

prospects for local government expenditure in Wales² and this analysis was adapted for their work with Wales Public Services 2025³.

- At the time the IFS estimated that in the early years of the austerity programme of the UK government, local government spending had been falling in real terms. They estimated that spend from 2009-10 up to 2012-13 had fallen by around 7.3% in Wales (half the reductions experienced in England) and analysed spending on a service by service basis. Extending this analysis for the latest data available is set out in figure 1 below.

Figure 1: Real terms change in service spend between 2009-10 to 2014-15



Source: IFS, WG RA returns 2014, HMT GDP deflators 2014 (Q1)

- Only expenditure on social services has shown a real terms increase since the onset of austerity. Despite protection for education, expenditure has fallen by 6%. The most likely explanation is that education spending outside Individual Schools Budgets is taking a disproportionate share of funding reductions coupled with the fact that the protection itself is pegged to below inflation changes to the WG budget.
- Spending on Environmental services has dropped 4%. This covers a number of spend areas including street cleansing and flood defence, however over 80% of this spend is on waste services including recycling.

² [Local Government Expenditure in Wales: Recent Trends and Future Pressures. IFS \(2012\).](#)

³ [Scenarios for the Welsh Government Budget to 2025-2026. IFS \(2013\).](#)

11. Spending on Transport shows a decline of 16%. Although expenditure in this area accounts for around 5% of local government spend, this type of infrastructure spend is most closely associated with economic growth. Indeed spending in two other areas that are most closely associated with economic development reinforce the proposition that the economic recovery may be hampered by extreme disinvestment in this area. Expenditure on planning and economic development is down 34%, and spending on non-HRA housing services is down 22%. As the Finance Committee highlighted in its report on the draft budget for 2014-15⁴ last year "...there is a disconnection between the WG's stated priorities – jobs and growth – and a budget whose clearest priorities are indicated by directing additional money towards the health service."
12. Other areas of spend also covered in figure 1 relate to cultural expenditure (including sports and leisure) and libraries. Since 2009-10, the former has reduced by 27% and the latter by 19% in real terms. These are the only two areas of service expenditure that have now dipped below spending levels in 2001-02 when adjusted for inflation. Spending on regulation is down by 30% and along with sports and leisure, might be considered areas of spend that are preventative.
13. Clearly, with reductions of this magnitude, to describe these as efficiencies or isolated cuts is an understatement. Services are being hollowed out. Spend in these areas attracts a lot of attention from Assembly Members and various Commissioners because they are valued by the public. The Joseph Rowntree Foundation⁵ has shown that many of these 'other' services are relied upon by vulnerable groups. They also prevent negative social outcomes driving demand in other budgets including the NHS⁶.

Local Government Performance

14. Local Government Performance data for 2013-14 was recently published by the Data Unit⁷. The service headings broadly correspond to those in figure 1 above. Table 1 below shows how those services performed in 2013-14 compared to 2012-13. At a Wales level, 70% (31) of the 44 indicators which are comparable between 2012-13 and 2013-14 show improvement. The gap in performance (between the best and worst performing authorities) narrowed in 59% (26) of the indicators. For 43% of the indicators, performance improved and the gap between the best and worst performing authorities narrowed.

⁴ [National Assembly for Wales \(2013\). Scrutiny of Welsh Government Draft Budget 2014-15, page 5.](#)

⁵ [JRF \(2013\). Coping with the cuts? Local government and poorer communities.](#)

⁶ [Office for Disability Issues \(2007\). Implications for health and social care budgets of investment in housing adaptations, improvements and equipment: a review of the evidence.](#)

⁷ [Local Government Performance 2012-13. Data Unit \(2014\)](#)

Table 1: Local Government Performance 2013-14

<i>Service Area</i>	<i>No of comparable indicators</i>	<i>% of indicators where performance improved</i>	<i>% of indicators where the gap narrowed</i>	<i>% of indicators where performance improved and the gap narrowed</i>
Education	11	82%	64%	55%
Social Care	20	60%	60%	40%
Housing	3	100%	67%	67%
Environment & Transport	6	83%	50%	33%
Planning & Regulatory Services	2	50%	50%	50%
Leisure & Culture	2	50%	50%	0%
Overall	44	70%	59%	43%

Source: Data Unit (2014)

Q2. Concerns about the Indicative 2015-16 Welsh Government Budget

15. Our major concern is 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. At the time of the 2014-15 budget publication last year the forward plans for LG spending showed a reduction in core funding of 1.55%. The former Local Government Minister has again indicated that we cannot use this figure for forward planning and the reduction could be as high as 4.5%. The Welsh Government approach to forward planning has now departed significantly from the approach it took to multiyear settlements in the past. This had provided the basis for sound medium term financial planning since 2008.
16. Other concerns raised in our evidence to the Finance Committee last year remain, including the continuation of a centralised approach to funding which manifests itself through continued use of specific grants and the protection of certain service budgets.
17. There are significant concerns about the sustainability of services that are funded by specific grant, especially concessionary fares, sustainable waste management grant and supporting people. Announcements around specific grants tend to be late in terms of financial planning, close to or actually within the financial year in question. Even more worryingly, some grants such as some education grants are subject to in-year reductions in 2014-15. Again this comes back to sustainable financial planning. As the National Union of Teachers' recently pointed out⁸ "The Welsh Government talks of three year budgets but this one has barely lasted six months."

⁸ [NUT Cymru \(2014\). Press Release: Robbing Peter to Pay Paul.](#)

18. The OECD recently pointed out⁹ that the whole approach of specific grants in education “*can create confusion, be unsustainable in the long term...*”. The OECD state that this is contributing to a fragmented to approach to educational improvement and question whether this is conducive to the schools own financial planning.

Q3. Expectations of the Draft 2015-16 Welsh Government Budget

19. The majority of Councils used the Indicative Settlement reduction of 1.55% in medium-term financial plans until the Minister wrote to Leaders again stating that published indicative allocations were subject to change. This is likely to have a drastic effect on local government budgets as Welsh Government is now suggesting that the reduction could be as great as 4.5% taking an additional £120m out of core funding. The impact nationally is set out in the model at Appendix 1.

20. The table shows that if education protection continues and social care pressures cannot be ameliorated through demand management then, nationally, Councils could be facing a cumulative shortfall by 2017-18 that could fall anywhere between £600m and £900m. For 2015-16, this will mean reductions of anywhere between 13% and 25% on ‘influenceable’ budgets. These are similar reductions to those experienced in 2014-15 and will certainly exacerbate the reductions in specific areas of service spend set out in Figure 1.

21. These are not abstract calculations, as local government leaders have pointed out in a recent letter to all AMs, MPs and MEPs. Figure 2 below takes a sample of four councils across Wales: one city, one rural, one Valleys and one urban north Wales. After protections are applied the impact is stark.

Figure 2: Impact of published indicative reduction of -1.5% and further reductions of -4.5%

	CARDIFF £m	TORFAEN £m	POWYS £m	FLINTSHIRE £m
Net Base Budget 2014-15	574.0	169.0	242.4	253.7
Budgets from which savings cannot be made (e.g. Delegated Schools budgets; CTRS)	270.0	56.0	87.0	94.6
Budgets outside of Specific directorate control (e.g. Debt financing costs etc)	76.3	22.0	40.3	21.6
Budgets to which reductions can be applied (includes Social Services)	227.7	91.0	115.1	137.5
Impact of reduction of 1.5% of AEF	-4.4	-1.4	-1.8	-2.0
Unavoidable additional financial pressures	-25.5	-8.4	-8.6	-11.9
Total reductions required	-29.9	-9.8	-10.4	-13.9
Reductions (@1.5%) as a % of unprotected budgets	-13%	-11%	-9%	-10%
Further impact of funding reductions up to -4.5%	-15.2	-4.6	-6.4	-6.7
Reductions (@4.5%) as a % of unprotected budgets	-20%	-16%	-15%	-15%

⁹ [OECD \(2014\). Improving Schools in Wales: An OECD Perspective.](#)

22. This clearly shows that under the published reduction of 1.5%, councils need to find savings of between 10% and 13% from unprotected budgets. Further reductions of up to 4.5% will now require savings of between 15% and 20%.
23. There are some positive aspects to council finances next year. Due to the consistent lobbying efforts of the WLGA, the WG and UK Government agreed last year to draw to a close the complex and archaic arrangements involved in funding the Housing Revenue Account. From April 2015, the government will put in place a self-financing arrangement whereby the 11 authorities with retained stock will buy themselves out of the HRA subsidy system. These authorities will be able to retain all their rental income which will allow them to consider additional borrowing
24. The borrowing will allow those that have not already done so to reach WHQS by 2020 and will also allow for some new build and reconfiguration. This is a win-win for the Welsh Government and councils. The only negative aspect of this is that the UK Government will be introducing a borrowing cap that will restrict the extent to which new build can place, a policy inconsistent with the rules that govern councils' ability to borrow on the general fund through the prudential system.

Future Financial Planning

25. The WLGA has worked with the LGA to find good practice over the border and many councils in Wales are speaking to their English counterparts directly on approaches to operational efficiency and concepts such as Co-operative Councils or Commissioning Councils. While transformational and transactional efficiency continues to make a contribution to budget shortfalls in England, the LGA report that 9 out of 10 councils in England are undertaking following activities:
- Reducing overall staff numbers
 - Delivering some services more efficiently
 - Reducing or restructuring the senior management team
 - introduced or increased charges for services
 - new service delivery arrangements with other public bodies
 - renegotiated existing service delivery contracts
26. The approach being taken in England by the UK Government is raising the spectre of comprehensive service failure by 2017-18. A recently published report by PwC¹⁰ concluded that more than half of council leaders in England believe some local authorities will fail to deliver the essential services residents require within the next year as the impact of government spending cuts increases.
27. Here in Wales, councils' own medium-term financial planning should be flexible enough to cope with uncertainty under differing assumptions. However the key

¹⁰ [PricewaterhouseCoopers LLP \(2014\). Local State We're In 2014.](#)

variable in the funding equation is RSG from the Welsh Government. All the indications are that 2015-16 will be the third year in a row that the published indicative settlement has been revised downwards in a way that makes sound financial planning untenable.

Q4. Specific Areas in Scrutiny of the Budget

a) Preparation for the Wales Bill

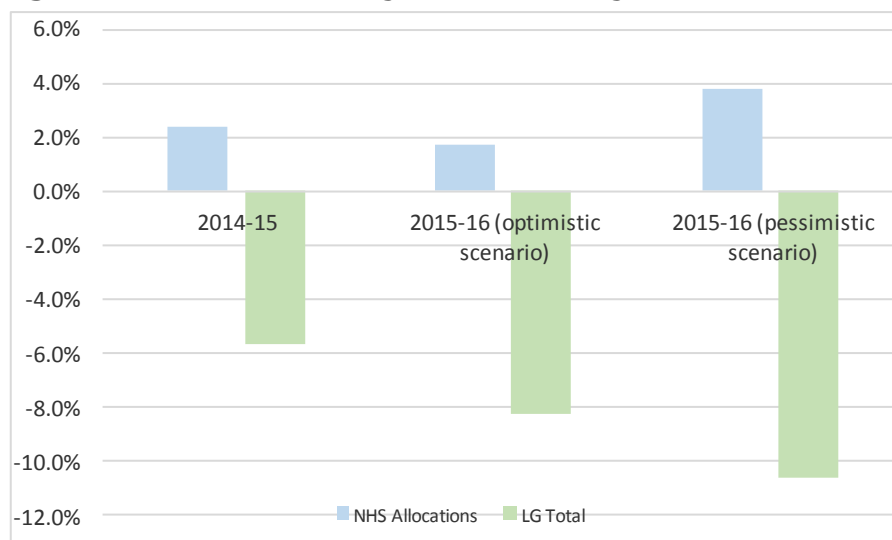
28. While there are limitations within the Wales Bill, it is important to recognise the potential opportunities afforded to the National Assembly for Wales and the Welsh Government, coupled with greater responsibility and accountability.
29. Undoubtedly, the devolution of tax and borrowing powers will increase the autonomy of the Welsh Government and provide greater levers through which to influence public policy, spending and economic growth in Wales. However, given its experience of late notice of significant reductions in indicative budgets, local government is extremely concerned about the impact of the potential for increased volatility within the Welsh Government's budgets.
30. Local government is the only part of the public sector to raise taxes within Wales currently and we are pleased that we can now share that expertise through the Welsh Government's Tax Advisory Group. As Gerald Holtham pointed out in a recent paper to the Institute of Welsh Affairs (IWA) "Taxation in Wales". It is crucial that the taxes already raised and collected within Wales are considered alongside the newly devolved taxes in an integrated way.
31. Local government would expect to be engaged and consulted on the full range of changes to be introduced in the Wales Bill, given its role within the constitutional arrangements in Wales.

b) Local health board financial arrangements

32. In the letter warning of changes to indicative plans back in June, the former Local Government Minister makes it clear that pressures in the NHS underpin the Welsh Government's decision to revisit the indicative plans for 2015-16. This was also the reason cited in the Education Minister's letter signalling in-year cuts to some education grants.
33. The Nuffield Trust study cited by the Welsh Government sets out demographic and unavoidable financial pressures that they are prepared to fund. However local government is now expected to absorb similar pressures within its own reducing budgets. This is a clear signal that local government services and employees now play second fiddle to those of the health sector.

34. Demographic pressures within social services budgets are exhaustively documented in the work of Wales Public Services 2025¹¹ and are estimated to contribute pressure of £49m in 2015-16, rising to £97m by 2016-17 according to the table in Appendix 1. Other pressures cited in the Nuffield report apply equally to local government – price inflation, pay claims, changes in employer pension contributions and future pressures due to the introduction of the single tier pension. These will add £76m in pressures in 2015-16, rising to £225m by 2016-17.
35. Figure 3 below sets out in stark terms the differential treatment between health and local government in terms of funding. Such circumstances make it incredibly difficult for local government to engage with their local health boards on an equal footing. Between 2009-10 and 2014-15, funding for local government (specific and general grant) has reduced by 6% while funding for the NHS has increased at 2% in real terms.
36. In 2015-16, based on the current indicative allocations, NHS funding dips to just below 2% while local government funding will 8%. If the worst case scenario plays out, and more general grant is taken from local government is transferred to the NHS, then the local government will have absorbed real terms funding reductions of over 10% while the NHS will have experienced increases of around 4%.

Figure 3: Real terms change in WG funding for LG & NHS since 2009-10



Source WG Budget 2009-10, WG Budget 2014-15, LG Settlement 2009-10, LG Settlement 2014-15, HMT GDP deflators, (2014, Q1)

37. Inequality in the responses to the pressures facing local services, including social services, compared to health services is contributing to the difficulties facing the Welsh public sector. Finances are continuously channelled towards meeting the costs of current arrangements rather than being invested in innovative ways of delivering services as a whole, and implementing preventative measures in a holistic way.

¹¹ [Wales Public Services 2025 \(2013\). Future Pressures on Welsh Public Services: Financial Demand and Other Cost Pressures to 2025 and a Review of Potential Responses.](#)

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

38. As described in the WLGA's evidence to the Finance Committee last year there is a considerable body of evidence that demonstrates that the right intervention at an early enough stage across the early years, health, social care and criminal justice system can significantly diminish the need for more costly interventions in later life. The difficulty is to find the additional investment required to introduce these measures at a time of financial austerity while still managing to provide existing demand.

39. While there are a number of preventative policies that have been introduced by Welsh Government there remains a lack of a strategic approach to these that could yield the greatest results. Appendix 2 sets out some barriers to moving to a preventative approach to public service delivery that have yet to be addressed effectively.

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

40. In our experience, while local government and the WLGA are often involved in and consulted with during policy development, insufficient resource and effort is put towards ensuring a robust financial impact assessment process is undertaken and even where attempts are made to undertake such assessments, it is often late in the day and rushed. In our view, the best results are achieved where there is early collaboration in identifying and investigating the full implications of policy changes and a shared understanding of any potential costs and savings.

Conclusion

41. The combined impact of austerity and increasing demand is biting deeper into local public services. A lack of certainty around Welsh Government plans and flexibility in our own funding arrangements are hampering our attempts to undertake robust financial planning for the medium to long term. It means that managing budget reductions and transforming services cannot be done in an appropriately timely way.

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Appendix 1

Around 40% of a Council budget is spent on education services which is protected and pegged to 1% above the change in the Welsh Block. For each of the future years up to 2017-18, it is assumed that the commitment on education spend remains although it is impossible to predict the WG budget beyond the current Spending Round planning horizon.

Aggregate Medium Term Financial Plan

Net Revenue Expenditure (£m)	14-15	15-16	16-17	17-18
Education	2,363	2,386	2,410	2,434
Social Services	1,392	1,392	1,392	1,392
Fixed budgets	708	708	708	708
Other	1,057	1,057	1,057	1,057
Pay Award 1% (excludes schools)		21	42	64
Employer Pensions Costs - Teachers		13	23	23
Employer Pension Costs - LGPS		9	27	27
Single Tier Pension - loss of NI rebate			67	67
Price Inflation (Contracts, fuel, utilities, business rates)		33	66	99
Demographic Pressures (WP 2025 Assumptions)		49	97	146
CTRS Pressure		10	27	45
Total Expenditure	5,521	5,679	5,918	6,063
Funding (£m)				
Council Tax @ 4%	1,256	1,306	1,359	1,413
AEF @ -1.5%	4,265	4,201	4,138	4,075
Total funding AEF	5,521	5,507	5,496	5,488
AEF @ -2%	4,265	4,179	4,096	4,014
Total funding AEF	5,521	5,486	5,454	5,427
AEF @ -3%	4,265	4,137	4,012	3,892
Total funding AEF	5,521	5,443	5,371	5,305
AEF @ -4%	4,265	4,094	3,930	3,773
Total funding AEF	5,521	5,400	5,289	5,186
Budget shortfall with AEF @- 1%		173	422	575
Budget shortfall with AEF @- 2%		194	464	637
Budget shortfall with AEF @- 3%		237	547	758
Budget shortfall with AEF @ -4%		279	630	877

Social services accounts for around 25% of net revenue spend and it is assumed that it is subject to pressures set in the Wales Public Services 2025 report of around 3-4% per annum. A further 13% of a Council's budget cannot be controlled. This includes capital charges (payments on interest and debt repayment, including PFI)

and contributions to other organisations such as Fire Authorities. It also includes areas of the budget that are demand-led such as concessionary fares and the Council Tax Reduction Scheme (CTRS). These have the potential to increase and the cost of the CTR Scheme, in particular, is highly sensitive to the level of the Council's own council tax levels and caseload.

In addition councils have to plan for pay and price inflation and changes to the tax and pensions system. Over the next two years unavoidable pressures will arise from the changes to the tax and pensions regimes – these include

- a. Increase in the employers contribution to the teacher's pension (part year increase in 2015-16 and fully impacted by 2016-17)
- b. Increase in the employers contribution for the LGPS (part year increase in 2015-16 and fully impacted by 2016-17)
- c. Loss of the National Insurance rebate for contracting out of SERPS with the introduction of the Single Tier Pension (fully impacted by 2016-17)

Auto-enrolment will also commence in 2017-18 but this is difficult estimate. Additionally, there are likely to be a number of financial implications arising from legislation. Since the demise of the Expenditure Sub Group, there appears to be little joint understanding of these financial pressures.

On the funding side, net revenue expenditure is financed from two sources: the main block grant and council tax. Council tax is assumed to grow at 4% but under the new CTRS scheme a rise equivalent to this produces an immediate pressure of £0.4m as the Council has to fund the reduction scheme for increases.

Appendix 2

Barriers to fully implementing preventative measures

Funding

- There is too much pressure on budget holders to tackle negative social outcomes here and now, despite recognition this will have limited success in the longer term. This results in difficulty in freeing up money to finance preventative spend that is currently tied up in acute care and hospital provision.
- An increase in investment of preventative spend programmes is not cost-neutral and does not mean that existing “reactive budgets” can be immediately cut;
- The public service body or sector that invests in the preventative spend may not be the same body that derives the benefits;
- Budget restraints may make a concerted focus on preventative spend less likely.

Impact and Evaluation

- Given the nature of preventative policies, there is a significant time-lag between their implementation and the ability to provide clear evidence of their impact. It may be difficult to prove that a specific intervention was responsible for an outcome;
- The longer-term outcomes delivered by preventative spending measures may be difficult to evaluate.

Political and Financial Cycles

- The political cycle every four years means that some preventative spend projects may come to a premature end as they need to run for longer time periods in order to deliver results;
- The annual budget and funding cycles, sometimes with 2-3 year forward indications, do not provide enough certainty of investment for projects that need to be implemented consistently over a long time-frame