

## Agenda – Finance Committee

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Meeting Venue:	For further information contact:
Video Conference via Zoom	<b>Bethan Davies</b>
Meeting date: 8 January 2021	Committee Clerk
Meeting time: 09.30	0300 200 6372
	<a href="mailto:SeneddFinance@senedd.wales">SeneddFinance@senedd.wales</a>

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In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on [www.senedd.tv](http://www.senedd.tv)

- 1 **Introductions, apologies, substitutions and declarations of interest**
  
- 2 **Paper(s) to note**  
(09.30) (Pages 1 – 3)  
Minutes of the meeting on 16 December 2020.
  - 2.1 **PTN 1 – Letter from the Minister for Finance and Trefnydd to the Chair: Third Supplementary budget 2020–21 – 23 December 2020**  
(Page 4)
  
- 3 **Scrutiny of the Welsh Government's Draft budget 2021–22: Evidence session 1**  
(09.30–11.15) (Pages 5 – 337)  
Rebecca Evans MS, Minister for Finance and Trefnydd  
Andrew Jeffreys, Director Treasury, Welsh Government  
Margaret Davies, Deputy Director of Strategic Budgeting, Welsh Government  
Matt Wellington, Head of Budget Delivery, Welsh Government  
Anna Adams, Deputy Director, Head of Tax Strategy Policy and Engagement

**Supporting papers:**

[Draft Budget 2021 – 2022](#)

FIN(5)–01–21 P1 – Consultation responses booklet

FIN(5)–01–21 P2 – Summary of consultation responses

FIN(5)–01–21 P3 – Letter from the First Minister: Responsibilities of the Counsel General – 23 December 2020

Research Brief

**4 Tax Statutory Instruments: Evidence session**

(11.15–11.30)

(Pages 338 – 347)

Rebecca Evans MS, Minister for Finance and Trefnydd

Andrew Jeffreys, Director Treasury, Welsh Government

Margaret Davies, Deputy Director of Strategic Budgeting, Welsh Government

Matt Wellington, Head of Budget Delivery, Welsh Government

Anna Adams, Deputy Director, Head of Tax Strategy Policy and Engagement

**Supporting papers:**

FIN(5)–01–21 P4 – The Land Transaction Tax (Tax Bands and Tax Rates) (Wales) (Amendment) Regulations 2020

[SUB-LD13969 – The Land Transaction Tax \(Tax Bands and Tax Rates\) \(Wales\) \(Amendment\) Regulations 2020](#)

[SUB-LD13969-EM – The Land Transaction Tax \(Tax Bands and Tax Rates\) \(Wales\) \(Amendment\) Regulations 2020 – Explanatory Memorandum](#)

FIN(5)–01–21 P5 – The Land Transaction Tax (Specified Amount of Relevant Rent) (Wales) (Amendment) Regulations 2021

[SUB-LD13973 – The Land Transaction Tax \(Specified Amount of Relevant Rent\) \(Wales\) \(Amendment\) Regulations 2021](#)

[SUB-LD13973-EM – The Land Transaction Tax \(Specified Amount of Relevant Rent\) \(Wales\) \(Amendment\) Regulations 2021 – Explanatory Memorandum](#)

FIN(5)-01-21 P6 – The Landfill Disposals Tax (Tax Rates) (Wales)  
(Amendment) (No. 2) Regulations 2020

[SUB-LD13968 – The Landfill Disposals Tax \(Tax Rates\) \(Wales\) \(Amendment\)  
\(No. 2\) Regulations 2020](#)

[SUB-LD13968-EM The Landfill Disposals Tax \(Tax Rates\) \(Wales\)  
\(Amendment\) \(No. 2\) Regulations 2020 – Explanatory Memorandum](#)

FIN(5)-01-21 P7 – Letter from the National Registration Landlords  
Association to the Minister for Finance and Trefnydd: Changes to Land  
Transaction Tax Higher Rate – 5 January 2021

- 5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**  
(11.30)
- 6 Scrutiny of the Welsh Government's Draft budget 2021–22: Consideration of evidence**  
(11.30–11.45)
- 7 Tax Statutory Instruments: Consideration of evidence**  
(11.45–12.00)
- 8 Consideration of draft letter to the Chief Secretary of the Treasury: Inquiry into the Fiscal Framework; and Comprehensive Spending Review**  
(12.00–12.10) (Pages 348 – 350)  
**Supporting papers:**  
FIN(5)-01-21 P8 – Draft letter
- 9 Consideration of the Forward Work Programme**  
(12.10–12.15) (Pages 351 – 355)  
**Supporting papers:**  
FIN(5)-01-21 P9 – Forward Work Programme

## Concise Minutes – Finance Committee

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Meeting Venue:

This meeting can be viewed

Video conference via Zoom

on [Senedd TV](#) at:

Meeting date: Wednesday, 16 December  
2020

<http://senedd.tv/en/11145>

Meeting time: 09.30 – 11.28

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### Attendance

Category	Names
Assembly Members:	Llyr Gruffydd MS (Chair) Alun Davies MS Siân Gwenllian MS Mike Hedges MS Rhianon Passmore MS Nick Ramsay MS Mark Reckless MS
Witnesses:	Rebecca Evans MS, Minister for Finance and Trefnydd Andrew Jeffreys, Welsh Government Julian Revell, Welsh Government Sarah Govier, Welsh Government
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk)



	Owen Holzinger (Researcher) Christian Tipples (Researcher)
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## **1 Introductions, apologies, substitutions and declarations of interest**

1.1 The Chair welcomed Members to the virtual meeting of the Finance Committee.

## **2 Paper(s) to note**

2.1 The papers were noted.

2.1 PTN1 – Letter from the Minister for Health and Social Services to the Public Services Ombudsman for Wales: NHS complaints data – 26 November 2020

2.11 PTN2 – Letter from the Public Services Ombudsman for Wales to the Minister for Health and Social Services: NHS complaints data – 1 December 2020

2.3 PTN3 – Letter from ColegauCymru: Furlough – 4 December 2020

2.4 PTN4 – Letter from the Minister for Finance and Trefnydd to the Chair of the Legislation, Justice and Constitution Committee: Consultation on a revised Regulatory Impact Assessment (RIA) Code – 8 December 2020

2.5 PTN5 – Letter from the Minister for Education to the Chair of Children, Young People and Education Committee: Curriculum and Assessment (Wales) Bill – General Principles debate – 9 December 2020

## **3 Impact of the UK Government's Spending Review: Evidence session**

3.1 The Committee took evidence from Rebecca Evans MS, Minister for Finance and Trefnydd; Andrew Jeffreys, Director Welsh, Treasury; Julian Revell, Head of Fiscal Analysis, Welsh Treasury; and Sarah Govier, Head of Public Spending Policy on the Impact of the UK Government's Spending Review.

3.2 The Minister for Finance and Trefnydd agreed to provide a note, listing what financial transactions capital has been spent on in 2020–21.

#### **4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**

4.1 The motion was agreed.

#### **5 Impact of the UK Government's Spending Review: Consideration of evidence**

5.1 The Committee considered the evidence received.

#### **6 Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework: Key issues**

6.1 The Committee considered the key issues paper.

#### **7 Draft Public Audit (Amendment) (Wales) Bill: Consideration of consultation responses**

7.1 The Committee considered the documents relating to the Draft Public Audit (Amendment) Wales Bill.

**The Committee will be having an informal technical briefing with Welsh Government officials on Land Transaction Tax changes on 21 December.**



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/RE/3742/20

Llyr Gruffydd MS,  
Chair, Finance Committee,  
Senedd Cymru,

23 December 2020

Dear Llyr,

This letter confirms my intention to publish a Third Supplementary Budget for 2020-21 and notifies you of the timing of the budget to allow you to plan for the appropriate scrutiny.

The main purpose of the Third Supplementary Budget will be to reflect budgetary changes since the Second Supplementary Budget 2020-21, which was published by the Welsh Government in October. It will set out a number of allocations from our reserves, transfers between Welsh Government portfolios, transfers with UK Government Departments and will include revised Annually Managed Expenditure forecasts. It will also include revisions to forecasts of devolved taxes, the Block Grant Adjustment, funds drawn from the Wales Reserve, and proposed borrowing from the National Loan Fund.

I intend to table the Third Supplementary Budget for 2020-21 on 9 February. The budget will also be published on the Welsh Government internet site the same day.

Given the February recess, I intend to move the Third Supplementary Budget on 9 March. This provides an additional week beyond the three-week period outlined in Standing Orders.

I hope you find this update helpful.

Yours sincerely,

**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a'r Trefnydd  
Minister for Finance and Trefnydd

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. **Pack Page 4**

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# Cyllideb Llywodraeth Cymru 2021-22

## Ymatebion i'r ymgyngoriad

Ionawr 2021

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Welsh Parliament  
**Finance Committee**

# Welsh Government Draft Budget 2021-22 Consultation responses

January 2021



## Cynnwys / Contents

\*Ar gael yn Gymraeg a Saesneg / Available in English and Welsh

Rhif / Number	Sefydliad	Organisation
WGDB_21-22 01	Sefydliad y Peirianwyr Sifil	Institute of Civil Engineers (ICE Wales Cymru)
WGDB_21-22 02*	Hafal	Hafal
WGDB_21-22 03	Consortiwm Manwerthu Cymru	Welsh Retail Consortium
WGDB_21-22 04	Grŵp Rhanddeiliaid Mentrau Cymdeithasol Cymru	Welsh Social Enterprise Stakeholder Group
WGDB_21-22 05	Comisiynydd Cenedlaethau'r Dyfodol Cymru	Future Generations Commissioner for Wales
WGDB_21-22 06	Y Gymdeithas Cadwraeth Forol	Marine Conservation Society
WGDB_21-22 07	Oxfam Cymru	Oxfam Cymru
WGDB_21-22 08*	Coleg Brenhinol y Meddygon (Cymru)	Royal College of Physicians (Wales)
WGDB_21-22 09	Undeb Prifysgol a Choleg Cymru	University and College Union Wales
WGDB_21-22 10	Cyswllt Amgylchedd Cymru	Wales Environment Link
WGDB_21-22 11	Cyngor Gweithredu Gwirfoddol Cymru (CGGC)	Wales Council for Voluntary Action (WCVA)
WGDB_21-22 12	Unigolyn	Individual
WGDB_21-22 13	Sefydliad Cynllunio Trefol Brenhinol	Royal Town Planning Institute Cymru (RTPI Cymru)
WGDB_21-22 14	Chwarae Teg	Chwarae Teg
WGDB_21-22 15	Cymorth i Ferched Cymru	Welsh Women's Aid
WGDB_21-22 16	Colegau Cymru	Colleges Wales
WGDB_21-22 17	Canolfan Cydweithredol Cymru	Wales Co-operative Centre

WGDB_21-22 18	WWF Cymru	WWF Cymru
WGDB_21-22 19	Prifysgolion Cymru	Universities Wales
WGDB_21-22 20	Ymddiriedolaeth Arbed Ynni	Energy Saving Trust
WGDB_21-22 21	Confederasiwn GIG Cymru	The Welsh NHS Confederation
WGDB_21-22 22	Sefydliad Bevan	Bevan Foundation
WGDB_21-22 23	Comisiwn Cydraddoldeb a Hawliau Dynol	Equality and Human Rights Commission
WGDB_21-22 24	Dadansoddi Cyllid Cymru	Wales Fiscal Analysis
WGDB_21-22 25*	Cymdeithas Llywodraeth Leol Cymru (CLILC)	Welsh Local Government Association (WLGA)

**1 November 2020**

**By email to [SeneddFinance@Senedd.Wales](mailto:SeneddFinance@Senedd.Wales)**

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## **Finance Committee**

### **Welsh Government Draft Budget Proposals 2021-2022**

I refer to the Committees of the National Assembly seeking information to inform their scrutiny of the Welsh Government's 2021-22 Draft Budget proposals.

On Behalf of the Institution of Civil Engineers (ICE Wales Cymru) I believe that as our quality of life depends on infrastructure; that there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea & air and waste management that Wales needs a clear 'Vision for Infrastructure'. Further development of the Wales Infrastructure Investment Plan (WIIP) and the National Infrastructure for Wales are crucial to the delivery of sustainable and effective infrastructure in Wales. The National Infrastructure Committee for Wales has a remit for 5 years + issues and ICE will be pleased to work with the Commission on these issues.

The focus for the budget should be on:

#### **Resilience:**

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

#### **Transport.**

The Committee should consider if Wales has a safe, affordable, integrated, accessible and sustainable transport network that supports local and regional economic growth, productivity and a **vibrant society together with supporting the Active Travel Act and the Towards Zero Target 2050:**

and establish the budget for this area.

#### **Energy:**

Energy security is one of the key issues facing Wales and the UK today. – recognising the limit on devolved powers in this area.

The Committee should consider if Wales:

- Has sufficient supply of electricity to avoid interruptions.
- Is reducing the production of harmful emissions.
- Is promoting energy efficiency measures
- Has the necessary grid connections:

and establish the budget for this area.

The decision to cancel the Wylfa Newydd project is of great concern and will lead to lack of jobs and economic downturn together with a possible shortfall of energy.

Investment in sustainable forms of energy should be prioritised – to coincide with the Welsh Government's Towards Zero Carbon policies. Wales has a long coastline with the second highest tidal range in the world, opportunities to capture the potential energy should be maximised with tidal lagoons, barrages, wave and tidal energy.

#### **Water and wastewater:**

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

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

and establish the budget for this area

#### **Flood Risk management:**

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

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

and establish the budget for this area.

#### **Waste management:**

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

- Waste can be treated as a resource
- Wales can shift to a circular economy

and establish the budget for this area.

#### **Skills:**

The committee should examine if Wales has the right skills in place to address the current productivity lag, to improve infrastructure delivery and yield economic growth:

and establish the budget for this area.

### **Infrastructure Pipeline:**

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

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

### **A Welsh Office of Digital Innovation**

A primary goal of government is the efficient delivery of government services. To further this goal, Wales must change the way it approaches service delivery and technology investments. Tens of thousands of the Welsh population interact with government services every day: civil engineers are required to complete online applications for projects, civil engineering students compare financial and education options, and small civil engineering business owners apply for business support.

Too often, outdated tools and complex systems make these interactions cumbersome and frustrating. Additionally, manual processes and the lack of digital service delivery often require individuals to take time off work and go to a physical office to interact directly with government staff. The Welsh Government must actively seek to understand what users want to ensure government is more accessible and intuitive. An Office of Digital Innovation could lead a digital revolution.

The Office would build on what has been learned about digital innovation. It could use design, technology, data, and behavioral insights to work iteratively with Welsh Government departments to deliver better services for Wales. It will also bring its tools to refocus efforts through discovery and rapid prototyping. The Office would have the authority to develop service delivery policies, standards, and procedures for nationwide use in assessing service delivery models and underlying business processes from an end-user perspective.

The Office would work with departments and stakeholders to design and deliver better products and services, leveraging data and real user experiences as guides. It will strive to understand government programs as well as the people who deliver and utilise them, and work to improve service delivery in line with iterative software development approaches. In addition to driving improved service delivery on individual projects, it will position the government to deliver better user experiences. It will champion innovative approaches to procurements, contracts, standards, and how work gets done. It will escalate and help resolve issues that inhibit better services. It will be a proponent of openness, simplicity, and common standards.

Scaling user-centred digital services requires a significant cultural change across Wales. The Office could take a deliberate and focused approach to building a continuous improvement customer-focused culture. It could provide practical training that will include understanding users, working iteratively, improving processes, and leading cultural changes.

The Office could also include additional information technology training for government staff in agile and other modern development methods to improve successful service delivery with a focus on continuous improvement. The transformation of the Welsh Government's operations and programs is essential to bringing government closer to the people and building user-friendly service delivery models. A Government investment of this nature will focus on modernising service delivery at all levels where Welsh people engage with government services.

Last year we recommended the need to transform Wales digital environment, this is now highlighted by the current COVID pandemic. Others are taking this initiative, for example the Government of South Australia who set out their digital transformation strategy in 2019 and have already seen dramatic progress towards modernising and transforming its services to provide better experience for users.

Below are some examples of externally facing services that have been transformed to date:

- Improved websites
- Online services
- Enhanced processes
- Digital places
- Better data and information.

In response to the specific responses to the consultation questions:

*1. What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID -19?*

**Response:** There is now great concern not just with the impact of COVID19 but many civil engineering companies in Wales have very limited forward programme. There is an increasing demand on funding across all sectors and services; continued investment in the infrastructure of Wales must continue as there is a well-established proven link between the economy of a country (Wales) and the condition of its infrastructure.

*2. How do you think Welsh Government priorities for 2021 – 22 should change to respond to COVID19?*

**Response:** whilst the priority must be in addressing the safety and health of the Nation, in view of the impact on the economy and businesses in Wales, continued investment in the infrastructure of Wales must continue. The cancellation of the M4 Corridor around Newport Project - despite the Planning Inspectors' positive recommendations will lead to a downturn in the economy of Wales as companies will choose to invest elsewhere (i.e. across the border in England). This problem will not go away and continue to have an impact.

*3. How financially prepared is your organisation for the 2021- 22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?*

**Response:** The Institution of Civil Engineers has gone through a fundamental restructure and is now well prepared for 2021-22. There is an increasing importance of professional skills and qualifications together with a growth in [Professional] Apprenticeships. Continued investment in infrastructure (and the skills of civil engineers) is required.

*4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?*

**Response:** Transparency and scrutiny of budgets and decisions taken is vital, some of the current COVID 19 actions taken are not fully defined nor transparent.

*5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework?*

**Response:** The existing devolution settlement is unfair on Wales and additional funds are required.

*6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID19 situation and how these should be reflected in the 2021-22 budget?*

*- How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.*

**Response:** Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spend should consider better asset management and the better use of data. Undertaking a lowest cost procurement strategy will not result in better value and lower longer term preventative spend requirements.

*- To what extent alleviating climate change should be prioritised in supporting economic recovery?*

**Response:** There are two points that should be considered in respect of this specific area, First ICE Wales Cymru is very concerned that the climate emergency declaration influenced the decision to cancel the M4 Corridor scheme despite the Public Inquiry considering the overall environmental issues and recommending that the M4 CAN should be built. ICE Wales Cymru supports the towards zero carbon initiative, but each project should be considered on its merit and it must be recognised that not all these matters are within the remit of the devolved powers. Secondly, the impact on climate change has a major bearing on Flood Risk Management - all forms not just coastal. Whilst continued investment is clearly a priority, in several coastal locations some form of adaptation is required to the way in which shoreline being managed and there is complexity associated with managing change and how it may affect communities, where the very simple terms, such as managed realignment, funding for adaptation is required and where flooding has occurred, a change made to the style and format of rebuilding.

- *Welsh Government policies to reduce poverty and gender inequality.*

**Response:** All Welsh Government Departments need to work coherently in delivering this strategy. Money spend in infrastructure may have a better return in providing jobs and long term prosperity, leading to better health. Vital sectors would include transport, water, flood risk management, sanitation and energy.

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

**Response:** Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spend should consider better asset management and the better use of data. Producing a policy on Building Information Management will deliver enhanced preventative spend. Undertaking a lowest cost procurement strategy will not result in better value and lower longer term preventative spend requirements.

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

**Response:** This is a vital area as we move into climate change and the need to make considerable changes to the modal split of transport movements - more walking, cycling and using public transport. The budget should be spent on issues that support and direct the Welsh economy in a sustainable manner.

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

**Response:** The Welsh Government need to provide case studies and examples of how evidence is driving policy. It is necessary to develop and maintain the Welsh Infrastructure. ICE would be delighted to assist in the development of the evidence base and work with the National Infrastructure Commission for Wales to this goal.

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

**Response:** These funds should be used to invest in the skills and infrastructure of Wales. Wales should look at the potential for Development Taxation, for example the Welsh Government taxes development following an initial catalyst investment in infrastructure to allow development to occur.

- *Support for businesses. economic growth and agriculture after EU transition ends.*

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

- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?*

**Response:** ICE Wales Cymru is a strong supporter of the Wellbeing of Future Generations Act and would be delighted to see the evidence when available. There should be better use of data and having that data open to scrutiny will allow a better understanding of the long term effects and trends of the Future Generations Act. Infrastructure should be 'fit for purpose' with long term sustainability in-built in the design, including whole life costs.

**Eur Ing Keith Jones BSc DMS C Eng C Env**  
**FICE FCIHT FCMI**  
**Chartered Civil Engineer /**  
**Peiriannydd Sifil Siartredig**  
**Chartered Environmentalist /**  
**Amgylcheddwr Siartredig**  
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**Stephen Lawrence C Eng CEnv**  
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**Chartered Environmentalist /**  
**Amgylcheddwr Siartredig**  
**Hon Treasurer Wales /**  
**Trysorydd Anrhydeddus Cymru**

**Notes:**

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 95,000 members, ranging from students to professionally qualified civil engineers. As an educational and qualifying body, with charitable status under UK law, we support our members throughout their careers, and help society to have trust and confidence in infrastructure professionals. Under our Royal Charter, ICE has become recognised worldwide for its excellence as a centre of learning, a public voice for the profession and a leading source of expertise in infrastructure and engineering policy.



## Cynigion Cyllideb Drafft Llywodraeth Cymru ar gyfer 2021-22

### *Ymateb gan Hafal*

#### **1 Amdanom Ni**

**1.1** Mae Hafal yn elusen ac yn gwmni cyfyngedig drwy warant sydd yn siarad ar ran pobl yng Nghymru sydd ag afiechyd meddwl difrifol (gan gynnwys sgitsoffrenia, anhwylder deubegynol a chyflyrau eraill gan gynnwys seicosis neu'n colli dealltwriaeth), eu teuluoedd a gofalwyr, ac ar gyfer grŵp ehangach o bobl fregus yr ydym yn darparu gwasanaethau ar eu cyfer.

**1.2** Mae Hafal yn cael ei lywodraethu gan ei Aelodau – mwy na 1,500 o bobl sydd yn bennaf yn ddefnyddwyr gwasanaeth ac yn ofalwyr – sydd yn ethol ein Hymddiriedolwyr, sydd eto yn ddefnyddwyr gwasanaeth neu'n ofalwyr ar y cyfan. Rydym yn rheoli gwasanaethau ym mhob un o'r 22 sir yng Nghymru sydd yn cefnogi mwy na 6,000 o ddefnyddwyr gwasanaeth a gofalwyr bob blwyddyn. Mae nifer o'n 420 staff hefyd wedi profi afiechyd meddwl.

#### **2. Ymateb i gynigion y Gyllideb Drafft**

**2.1** Mae angen gosod y gyllideb ar gyfer gwasanaethau iechyd meddwl ar lefel dipyn yn uwch – a hynny'n bennaf er mwyn ymateb i'r pwysau cynyddol a pharhaus ar wasanaethau iechyd meddwl sydd wedi ei achosi gan y pandemig Covid-19. Mae yna angen aciwt wedi bod ers sbel am fwy o adnoddau yng Nghymru er mwyn darparu triniaeth effeithiol ac amserol ar gyfer afiechyd meddwl difrifol. Mae'r angen yma wedi cynyddu hyd yn oed yn fwy yn ystod y pandemig pan ein bod wedi gweld cymorth hanfodol i bobl sydd yn derbyn gwasanaethau eilaidd yn cael ei gwtogi'n sylweddol, gan greu mwy o risg o ddirywiad neu argyfwng.

**2.2** Dylid neilltuo cyfran set o'r cyllidebau iechyd a gofal cymdeithasol ar gyfer iechyd meddwl, a dylid ehangu ar y gyfran yma fel sydd angen er mwyn sicrhau cydraddoldeb gyda'r anghenion iechyd a gofal cymdeithasol eraill.

**2.3** Ni ddylid defnyddio cyllid ar gyfer iechyd meddwl at ddibenion eraill fel cefnogi'r cyfrifoldebau sydd gan wasanaethau cyffredinol i ddiogelu iechyd meddwl eu cleientiaid. Y flaenoriaeth yw cynyddu'r cyllid ar gyfer gwasanaethau eilaidd - ac mae rhaid monitro hyn yn agos fel nad yw'r gyllideb iechyd meddwl yn cael ei gwario ar ofal lefel-is, naill ai tu mewn neu y tu allan i'r hyn sydd wedi ei glustnodi.

**2.4** Dylid sicrhau gwerth am arian drwy gomisiynu gwasanaethau sydd yn hollol seiliedig ar anghenion cleifion. Mae'r holl ddefnyddwyr gwasanaeth eilaidd yn meddu ar yr hawl i gael cynllun gofal sydd yn amlinellu'r gefnogaeth sydd angen arnynt er mwyn gwella. Dylai'r cynlluniau yma bennu'r hyn sydd angen ei gomisiynu a'r adnoddau sydd angen ar lefel eilaidd – bydd hyn yn sicrhau bod y gwasanaethau yn canoli ar y person ac yn gost-effeithiol.

**2.5** Mae angen trothwy clir ar gyfer atgyfeirio pobl at wasanaethau iechyd meddwl eilaidd. Er ein bod yn croesawu'r gydnabyddiaeth ddiweddar bod iechyd meddwl yn rhywbeth ar gyfer pawb, nid yw hyn yn golygu y dylai gwasanaethau iechyd meddwl ehangu eu rôl. Dylai gwasanaethau iechyd meddwl arbenigol roi blaenoriaeth i'r sawl sydd â'r anghenion mwyaf, yn cefnogi'r cleifion hynny sydd yn defnyddio gwasanaethau lefel-uwch ( a mwy costus) i sicrhau adferiad a'u bod yn symud i lawr i wasanaethau cymorth lefel-is, gan mai hyn fydd yn cael yr effaith fwyaf o ran gwella bywydau pobl – a lleihau cost eu gofal a'u triniaeth. Os oes yna ddiffyg eglurder ynglŷn â'r hyn yw gwasanaeth iechyd meddwl, yna nid oes pwynt diogelu'r arian gan y bydd atgyfeiriadau amhriodol yn tanseilio unrhyw gyllid a/neu bydd y cyllid yn cael ei ddefnyddio i ariannu cyfrifoldebau bugeiliol asiantaethau eraill (e.e. gweithgareddau llesiant, cwmselwyr ysgol ayyb.).

**2.6** Fodd bynnag, gan fod iechyd meddwl a llesiant yn berthnasol i nifer o feysydd sydd yn rhan o'r gyllideb gyffredinol, efallai bod yna ddadl i gyfuno'r cyllidebau eraill er mwyn ariannu'r cymorth perthnasol (e.e. gwasanaethau ieuentid) na sydd yn cael ei ddarparu gan wasanaethau iechyd meddwl – er *na* ddylid tynnu'r arian hwn o'r swm sydd wedi ei glustnodi ar gyfer iechyd meddwl. Byddai hyn yn anfoesol ac yn gam gwael i ehangu gwasanaethau iechyd meddwl er mwyn ymgymryd â'r gwaith llesiant cyffredinol hwn.

### 3. Cyswllt

Am fwy o wybodaeth ar y pwyntiau uchod, cysylltwch os gwelwch yn dda gyda:

Matt Pearce  
Pennaeth Cyfathrebu

#### **Hafal**

##### **Prif Swyddfa Hafal**

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## Welsh Government's Draft Budget proposals for 2021-22

### *Response from Hafal*

#### **1 About us**

**1.1** Hafal is a charity and company limited by guarantee which speaks for people in Wales with a serious mental illness (including schizophrenia, bipolar disorder, and other conditions involving psychosis or loss of insight), their families and carers, and for a wider group of vulnerable people for whom we provide services.

**1.2** Hafal is governed by its Members – over 1,500 people who are mainly service-users and carers – who elect our Trustees who are themselves mainly users and carers. We manage services in all 22 counties of Wales which support over 6,000 service users and carers every year. Many of our 420 staff also have personal experience of mental illness.

#### **2. Response to the Draft Budget proposals**

**2.1** *Funding for mental health services needs to be set at a considerably higher level* – not least to recognise the increased and lasting pressure on mental health services arising from the Covid-19 pandemic. There has long been an acute need for more resources in Wales to provide effective and timely treatment for serious mental illness. This need has increased even further during the pandemic when we have seen vital support for people receiving secondary services drastically reduced, putting many at increased risk of deterioration or crisis.

**2.2** Funding for mental health should be applied as minimum percentage of health and social care budgets, and the ring-fenced percentage should be expanded as necessary to achieve parity with other health and social care needs.

**2.3** Funding for mental health should not be diverted to support the responsibilities of public-facing general services to protect the mental wellbeing of their clients. The priority must be to increase funding for secondary services - and this needs to be closely monitored so that the mental health budget is not diverted towards lower-level care, either within or outside the ring fence.

**2.4** Value for money should be ensured through commissioning services based squarely on patients' needs. All secondary service users have the right to a comprehensive care plan which sets out the support they need to recover. Those plans must be used to gauge what should be commissioned and

what resources are needed at secondary level – this approach will ensure services are person-centred and cost-effective.

**2.5** There needs to be a clear threshold for referrals to secondary mental health services. The welcome recognition in recent years that mental wellbeing is an issue for everybody does not mean that mental health services should expand their role. Specialist mental health services should give priority to those in greatest need, aiming to assist those patients receiving higher-end (and more expensive) services to achieve recovery and move down into lower-level support services, as this will have the greatest impact in terms of improving people's lives - and additionally in reducing the cost of their care and treatment. If there is a lack of clarity about what constitutes a mental health service then the ring-fence is worthless because inappropriate referrals can endlessly overwhelm any fund and/or the fund can be drained to finance other agencies' pastoral responsibilities (e.g. wellbeing activities, school counsellors, etc.).

**2.6** However, as mental health and wellbeing is relevant to many areas of the whole budget, there may be an argument to augment other budgets to address relevant support (e.g. youth services) not appropriately delivered by mental health services – although this funding should *not* be taken from the ring-fence amount for mental health. It would also be unethical and bad practice to extend mental health services to cover this more general wellbeing work.

### **3. Contact**

For more information on the above points please contact:

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**Welsh Budget 2021-22**  
**WRC's submission - November 2020**

## **HEADLINE RECOMMENDATIONS**

- Fulfil the commitment to a Retail Enabling Plan, as outlined in the Welsh Government's 'Prosperity for All: Economic Action Plan'.
- Identify opportunities to reignite consumer confidence and footfall in our town and city centres.
- A phased re-instatement of Non-Domestic Rates (over 2 years up until the next revaluation) after April 2021 or extended relief or discount.

## **RECOMMENDATIONS**

This year has seen retail businesses face unprecedented challenges and the sector as a whole has shown agility and resilience in responding to the needs of customers, colleagues and local communities. However, in order to hold a steady course, businesses need certainty and support from the Welsh government to enable both immediate and long-term decisions on capital and resource. It is crucial that MSs take a collegiate approach and ensure a Welsh Budget which supports economic recovery is passed swiftly and without delay. While robust debate and scrutiny over the coming weeks is entirely right and necessary, this is a transformational moment for retail. With the right support from government, the industry can continue to adapt to serve the rapidly changing needs of its customers and local communities.

### ***Retail Strategy***

While we recognise the unique nature of Covid has required rapid policy decisions, it is disappointing that recent Government decisions have not always taken account of the voice of retailers on the practicality of decisions related to the sector. Retail is a fast-paced environment with a wealth of insight and experience and our members are always ready at short notice to provide input to limit unintended consequences that damage consumer and voter confidence. This heightens the need for a sector first approach for retail within the Welsh government.

In December 2018 the Welsh Government's Economic Action Plan committed to the publication of a retail industry enabling plan. It remains a priority to identify the challenges and workable solutions in the interests of consumers and the communities that rely on the retail industry. Moreover, it requires debate around how to best support the industry over the coming months to ensure the economic consequences of Covid-19 are as limited as possible.

Such an approach would mirror the recent Scottish 'Programme for Government' where a welcome commitment was made to working with the industry to develop a Scottish retail strategy. A positive commitment to an industry enabling plan would result in a more strategic approach towards supporting and nurturing the growth of the industry, Wales's



largest private sector employer, helping it fulfil its potential over the decade ahead. This will benefit retail, jobs, the customers and local communities it serves, and its supply chain.

### ***Town and city centres***

The three phases of the Economic Recovery Grant, in addition to the Non-Domestic Rates grants, have provided welcome financial assistance for retailers as well as for Wales's high streets during the depths of lockdown. In addition, the establishment of the Ministerial Advisory Group on Town Centres is welcome recognition of the need for a multi-agency and location approach to the growing challenges we face.

However, the shop vacancy rate now stands at over 18% with almost one in five stores vacant, placing Wales firmly at the bottom of the table when it comes to open premises. Footfall in Wales has been particularly damaged during recent months given the more restrictive travel arrangements from local lockdowns.

In light of these challenges, and those on the horizon, we would recommend bolstering the Transforming Towns budget, with the remit of the fund being focused on those areas most hard hit by the current crisis.

Retailers have invested in adapting their premises to be Covid-secure to allow customers to shop safely. We would welcome Government support in reigniting consumer confidence and encouraging people safely back into our larger towns and city centres, particularly ahead of the crucial Christmas trading period. Options include free parking during November or December or at weekends, discounted public transport, or government using its considerable advertising spend to make clear our cities are 'open for business'.

City centre retail in particular is currently reporting huge drops in shopper footfall, down circa 30%, and premises in those areas already have high occupancy costs. Local lockdowns have had a particularly acute impact, and this is borne out in footfall figures which shows Welsh cities and towns faring worse than those areas that are not facing travel restrictions.

A protracted absence of office workers and tourists and of the attendant hospitality and night-time economy will have a commensurate impact on commercial and economic activity in our cities, and without a plan for their safe return the short term looks bleak for many retailers in these locations. In addition, we need to address these challenges in light of the commitment by the Welsh Government to 30% home working post pandemic. Any failure to re-start the economy in our larger towns and cities will have tax revenue implications for councils, such as fewer receipts from business rates.

It is vital that we do not resign ourselves to the demise of retail on our high streets, but we work collaboratively and do all we can to save retail premises from closure, ensuring a mixed space and vibrant offer for consumers and visitors to our town centres.

### ***Non-domestic rates***

The 100% business rates waiver during 2020-21 for Retail, Hospitality and Leisure sectors under a rateable value of £500k has been vital and timely for the retail industry, much of



which had to cease trading during the early part of the pandemic. Ministers acted decisively and swiftly to back to the industry at a time in which it faced substantial fresh outgoings related to physical distancing measures, hygiene and PPE, higher absenteeism levels, revamping of their online and fulfilment capabilities, and at a time when much of the industry continues to witness lower footfall and a prolonged weakness in shopper footfall.

However, we outlined our concern at the time that the Welsh Government chose not to award this relief to business with larger store propositions, many of whom are major employers in our local areas. This concern remains given the undoubtedly difficult challenges our members will face as they look at their business model over the new few months. This issue needs addressing; many large premises have been hit by local lockdowns and the recent firebreak and have had to continue paying their business rates bills in spite of being forced to close by Government.

The economics of store-based retailing has shifted permanently. The sheer cost of property continues to weigh on upcoming decisions over the viability of stores. With retailers revenues continuing to fall short, especially in city centres, and with shops unable to trade at capacity due to physical distancing restrictions and caps on numbers in stores, next April's 'reverse cliff edge' - which is set to see a 100% re-instatement of business rates – is simply not sustainable. Revenues and costs continue to be out of kilter and returning to a business rate multiplier at a 21-year high is unthinkable.

A phased re-instatement (perhaps over 2 years up until the next revaluation) or extended relief or discount will be required. It would provide a cashflow and confidence boost at a time when repayments commence for various Covid loan schemes and tax deferrals next Spring, and the re-start of BID levy payments.

We understand that more fundamental reform of business rates is being looked at in Westminster as part of the review of local government taxation and we continue to press for a concerted route map which will seek to lower the multiplier rate to a more sustainable level, and which finally restores the level playing field with England.

Small firms' rates relief recognises the need to keep down costs for firms, albeit three quarters of retail employment is with firms who do not qualify.

### ***Consumer demand and income tax***

Despite retailers' own efforts and promotional activity, consumer demand remains weak and may need further stimulation. The backdrop of increases in unemployment and becalmed wage growth is weighing on demand. The temporary increase to the nil rate band of Land Transaction Tax for residential property transactions in Wales, whilst lower than over the border, should help boost the housing market which would have positive benefits for certain retail categories such as furniture, home furnishings and household appliances.

Both Welsh Government and councils ought to be ready to act if necessary to take further temporary measures to support consumer confidence and spending. Potential interventions could include reductions in the Welsh Rate of Income Tax, or direct cash payments to lower

income households, and – as outlined earlier – the scrapping of parking charges to boost footfall. We note that Malta and Jersey have provided its citizens with a retail voucher to spend in shops to aid the economic recovery, and something similar could be investigated here.

The Welsh and UK governments, and councils, could use their advertising spend to do more to encourage people to visit town and city centres. MSs should keep down costs on consumers at this time of economic fragility, and stick to the approach of recent budgets which have sought to protect workers on low or modest earnings from higher income tax rates.

### ***Skills for the future***

As the changing jobs market will mean many employees need to retrain, it is essential that government support provides the right vehicle to enable this to take place effectively. This is particularly urgent given the transformation and upheaval that the industry has faced this year and will continue to face.

Retailers in Wales are estimated to contribute over £6million a year towards the Apprenticeship Levy, for which it remains somewhat unclear what they get in return, with many viewing it as simply another cumulative cost burden. We maintain that a clearly ringfenced fund for levy payers is made available to enable them to spend the funding on their areas of skills priority.

We ask that the Welsh Government look again at the number of all age level 2 apprenticeships for the retail industry to ensure that these are not capped or reduced. These apprenticeships are vital gateway opportunities into a career which offers real prospect for progression, with strong reward.

In terms of the apprenticeships on offer we would ask for greater flexibility; both in terms of the time taken for 'off the job training', which substantially increases costs due to the need to backfill roles, and in terms of preparing colleagues for future jobs, providing an opportunity to move to a position of helping colleagues onto their next role or a role that might exist in a few years.

While apprenticeships are a valuable form of in-work training, they are not the only form of in-work training retailers deliver or would like to deliver. Eight in ten of retailers pointed to greater flexibility to spend levy funds on non-apprenticeship training as a necessary reform to enable them to meet their training needs.

### ***Tax Free Shopping***

The UK Government's decision to scrap the VAT Retail Export Scheme (commonly known as 'Tax Free Shopping') is deeply concerning. The scheme encourages international visitors to Wales to spend money on our high streets. The decision will leave the UK from 1 January as the only European nation not providing tax free shopping scheme to encourage tourism and help shops. MSs and Welsh Ministers should ask their UK counterparts to rethink the decision.

### ***Moratorium on new regulation***

A one-year pause on new public policy measures which are not related to protecting customers and retail workers from Covid19 should be introduced. Thereafter, new regulations should be stress-tested for proportionality through a retail enabling plan.

### ***Welsh Government Tax Policy Work Plan***

In addressing the plan for 2020-21 we welcome the Welsh Government's principles by which Welsh taxes should be underpinned, but we would ask that the importance of remaining competitive should be clearly stated and included within these principles.

In addition to our calls for a fairer system of Non-Domestic Rates, and for the Welsh Rate of Income Tax to, at the very least, be kept at the current level, we would also ask that any new taxes are considered in light of the current pressures on both business and consumer. Any new tax must not prohibit business from being competitive or putting Welsh businesses at a disadvantage alongside a porous Wales-England border.

The Welsh Government intends to consider the case for developing new environmental taxes for Wales, working where appropriate with the UK government. We welcome the engagement and approach taken in Wales on these issues to date and would request that close dialogue is maintained over the forthcoming period. Retailers have a strong track record of action on climate change. This month saw the publication of the retail industry's new Climate Action Roadmap and the ambition to achieve net zero by 2040. The roadmap contains guidance and support to assist the retail industry to decarbonise stores by 2030, deliveries by 2035 and products by 2040, working in tandem with government and suppliers, while helping customers and employees to live low-carbon lifestyles. We would welcome the opportunity to continue working with the Welsh Government on how we can help build a fairer, more sustainable economy.

We remained unconvinced that a Vacant Land Tax would deliver on the benefits that may be hoped for given the challenges that will undoubtedly arise from definition of vacant land and how the value of land will be calculated. Should this option be pursued we would recommend looking at international experience, in particular in Ireland.

We would ask that the Welsh Government considers extending the temporary increase to the nil rate band of Land Transaction Tax (LTT) for residential property transactions in Wales from April 2021. In addition to the burden felt by the business rates pressure our members have also highlighted concern over Land Transaction Tax, given that this is higher in Wales than over the border at 6% for commercial properties over £1million as opposed to 5% in England. This again impacts on investment decisions for our members and should be considered carefully as part of a future tax roadmap.

### ***Welsh Retail Consortium – November 2020***

## **A call for information – Welsh Government Draft Budget proposals for 2021-22**

### **Consultation response**

This response has been prepared by the Social Enterprise Stakeholder Group, which acts as a voice for the sector in Wales. The Group is formed of the following social enterprise sector support agencies; Development Trusts Association Wales, Social Firms Wales, UnLtd, Wales Co-operative Centre, WCVA.

### **Role of social enterprise in recovery and reconstruction**

The social enterprise sector in Wales can play a key role in helping to rebuild a fairer, more inclusive, and sustainable economy. Social enterprises are anchored in their communities; are frequently community-owned; employ locally and often have improving their local area at the heart of their social aims. Social enterprise also play a particular role in creating jobs for and developing the skills of people who are outside the mainstream labour market. The social enterprise model will be crucial to the green recovery as well as the overall recovery and reconstruction of Wales in the aftermath of COVID-19. We therefore need to ensure that funding streams are available to the sector to allow it to rebuild and grow.

### **Consultation questions**

1. What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

Our report "COVID-19 and the impact on social enterprises in Wales" highlighted how the sector had responded to the additional funding made available in response to the crisis. Social enterprises have utilised each of the phases of the Economic Resilience Fund, Third Sector Resilience Fund as well as other funding made available through sector bodies such as Sports Wales, Arts Council for Wales and the WCVA.

Our report found a high number of successful applications and quantity of funds allocated, which validates the necessity of this emergency funding source. Many social enterprises are still in "survival mode" – accessing the funding necessary to keep the business going while maintaining its operations or accessing the funding while entering a "hibernation mode". The impact of this additional funding has been clear, in that many of the social enterprises operation in Wales would have had to close without it. However, there is also some evidence of social enterprises falling

through the gaps and entrepreneurs having to turn to universal credit or self-employment grants.

Naturally, the funding made available in response to Covid-19 has been short-term focused in order for businesses to survive the lockdown and economic crisis. However, it is clear that there will be long-term consequences of this period, with social enterprises losing out on long-term funding as a result of these resources being diverted to emergency short-term funding, development officers being placed on furlough, and many social enterprises operating in seasonal industries.

2. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

The social enterprise support agencies consider that recovery provides an opportunity to adopt a 'ground up' and inclusive approach to rebuilding a resilient economy in Wales. We feel that Welsh Government's budget priorities should focus on building a strong foundational economy, embedding the principles of the Well-being of Future Generations Act.

In many respects, Covid-19 has simply exacerbated trends which were already emerging. Traditional approaches to economic development were not working. Economic growth had become unbalanced. Income inequality has been increasing. To combat these trends and make the Welsh economy more resilient, we believe economic strategy must create the conditions where social enterprises and other businesses working in the foundational economy are supported and where co-operatives, supported businesses and social businesses can flourish.

In the medium term, consideration should be given to 'open' funding streams for social enterprise. The sector has raised concerns that emergency funding which is very flexible, may run out before income streams recover. Many non-emergency funding streams are only open to certain sectors or have very defined application /evaluation criteria. Having 'open' project funding, during the post Covid-19 recovery phase, would allow for greater project innovation, flexibility and impact resulting in sustainable community benefits. Future funding streams, for all sectors, should be based around the principles of the Wellbeing of Future Generations Act.

3. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

N/A

4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?

N/A

5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework?

N/A

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?

- *How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.*
- *To what extent alleviating climate change should be prioritised in supporting economic recovery.*
- *Welsh Government policies to reduce poverty and gender inequality.*
- *Approach to preventative spending and how is this represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)*
- *Sustainability of public services, innovation and service transformation*
- *How evidence is driving Welsh Government priority setting and budget allocations*
- *How the Welsh Government should use taxation powers and borrowing.*
- *Support for businesses, economic growth and agriculture after EU transition ends.*
- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)*

Further to the approaches discussed in the response to question 2, we would like to add:-

### **Localised support**

Consideration should be given to the provision of local/town support packages. The recent report 'The effect of the Covid-19 pandemic on our towns and cities' a report, published by the Centre for Towns, acknowledges:

"The immediate short-term crisis is presented by the shutdown of large parts of the economy; many of which are disproportionately found in small and medium sized towns. In the medium- and long-term, the capacity of these towns to be able to recover from Covid-19 may be impeded by their existing status."

A number of coastal towns and valleys communities within Wales are specifically mentioned in the report including Rhyl and Tredegar.

We would support a more regional approach to the delivery of funds that allows funding to be flexible to meet the particular needs of regions. However some programmes, such as business support and provision of repayable finance, lend themselves more naturally to national programmes due to the volumes involved and the specialist skills required as well as to ensure consistency across Wales

We believe that investments should be led by the community in which they take place. Such an approach will allow us to be more flexible and dynamic in the economic recovery from Coronavirus.

### **Building Welsh supply chains**

There is an opportunity for Welsh and UK Governments to embed social value into both public sector and private sector supply chains. Building social value into procurement alongside stipulations for reuse and repurposing would help to maximise economic and social value. Welsh Government should consider a minimum social value weighting of 20% in public sector contracts. Currently, social and community benefits to public contracts are not well-monitored. Contracts often ask for community benefits plans but these are not scored or audited.

England and Wales are producing more food and more goods within our rejuvenated local industrial and farming sectors. This offers greater self-sufficiency, reduced CO2 and improved balance of payments creating a stronger economy. We welcome a much greater role for local procurement and opportunities for social enterprises but also for more (strategic) Fairtrade initiatives, for food that cannot be produced in UK.

## **Inequalities**

The pandemic has exacerbated already intolerable inequalities, the people who will be most affected will be those who are already struggling: the young, low-skilled and poorly paid, and those in already more deprived communities. Social enterprise empowers communities to come together to address issues that matter to them. Community-based social enterprise can deliver people-centred local economic development that responds to community need and where participation and empowerment are integral. They can address feelings of being left behind by tackling specific failures and stepping into areas that neither the public nor the private sector can address.

## **Climate Change**

We consider that alleviating climate change should be prioritised in supporting economic recovery . We are working for a fairer and a greener economy. We want to help change the way the economy works so that our environment is protected for future generations. Because social enterprises balance environmental and social objectives with economic ones, they understand the imperative behind this goal, are pre-disposed to work in a carbon neutral way and well-placed to help achieve a zero-carbon economy.

## **Specialist Business Support**

To help deliver against the aim of increasing the number and resilience of social businesses, we believe it is essential to invest in sector specific business support services for social enterprises. While social businesses face many of the same challenges as any mainstream business, they also face particular challenges too. They have different drivers and need to balance environmental and social objectives with economic ones. For these reasons social businesses need specialist business advice and support and bespoke funding systems. These businesses need to be supported in ways which are sympathetic to the means of delivery and the social impact. This point was highlighted in a report published by the Welsh Co-operative and Mutuals Commission (2014). The Commission concluded that provision of specialist business advice, support and mentoring that meets the specific needs of social business has a crucial role to play in the development and prosperity of the sector in Wales.

There is also a consensus amongst social enterprises that where specialist support is withdrawn then the sector suffers. This point has been emphasised in a recent report

'Social Enterprise and COVID-19' (SEUK, 2020) which highlighted the absence of appropriate business support available to social businesses in England and the lack of understanding of social businesses models amongst the generalist business support agencies. This is in direct contrast to countries such as Scotland, where specialist business support services have seen the social enterprise sector develop, grow and thrive.

### **Impact of Covid-19 combined with the loss of EU Funding**

When considering future funds, it must also be noted that many social enterprises are still concerned about the loss of European Funding. Businesses, communities and individuals across Wales have benefited significantly from European Union funding. Social enterprises and co-operatives have been helped to grow and create new jobs as a result of business advice, grants and loans funded by the EU.

Social enterprises in Wales are strongly concerned about the impact of Brexit on their businesses and the loss of EU structural funds. The most recent sector mapping research, undertaken by Social Business Wales (2019), found that half of social businesses in Wales have experienced or expect to experience an impact on their business from Brexit. Of these, 94% expected this impact to be negative. For a sector which is worth an estimated £2.4 billion to the Welsh economy, this could have serious ramifications for the sector but also for the communities that they serve.

Nearly 60% were also concerned about the impact of the loss of EU funding on their organisations. Continued uncertainty over the new Shared Prosperity Fund is unhelpful for assisting these businesses to plan for Brexit. There is an urgent need for clarity on the proposed Shared Prosperity Fund that is set to replace EU structural funds across the UK.

The continuation of the funding to grow the foundational economy level in Wales e.g. the foundational economy challenge fund, is critical. In the long term, this will strengthen foundational essentials such as health, housing, energy and food which ensure that individual communities are more self-sufficient, community centred, and less reliant on global supply chains and government support.

### **Opportunities**

The Covid-19 crisis has clearly demonstrated the societal importance of the foundational economy to the day-to-day functioning of life. As we emerge from the pandemic we need put even more emphasis on growing the foundational economy which produces daily essential goods and services which underpin quality of life and sustainability. Supporting this section of the economy will improve physical

infrastructure such as utilities, operating infrastructure such as banking, food supply chains and services such as social care. Furthermore, foundational businesses are anchored in their communities; investment in them stays in the community and is recycled for wider economic and social benefits. Strengthening these businesses will make local communities more resilient, sustainable, and self-sufficient.

Social enterprises develop innovative and diverse ways of increasing community ownership and local control by creating locally owned enterprises, developing and making more productive use of community assets, buildings and land, community owned housing, renewable energy and finance, credit unions and community shares. They focus on the triple bottom line of People, Planet, Profit.

We need to re-build our economy differently and in a fairer way. Social enterprises should be at the heart of this new economy, as outlined in the vision and action plan 'Transforming Wales through Social Enterprise', which was launched in July 2020.

For further information or for clarification of any points raised in this response, please contact Dr. Sarah Evans ([sarah.evans@wales.coop](mailto:sarah.evans@wales.coop)) on behalf of SE Stakeholder Group.

By email

Comisiynydd Cenedlaethau'r Dyfodol Cymru / Future Generations  
Commissioner for Wales

Wednesday 25<sup>th</sup> November 2020

Dear Llyr,

I am writing in response to your call for information to inform the Committee's scrutiny of the Welsh Government's 2021-22 draft budget proposals.

Due to the pandemic I have reframed my office's priorities to focus on key opportunities for recovery, which has in turn provided a different focus for my work on the Welsh Government budget and budget process. My work has included:

**1. Providing advice to Government on priorities for a green and just recovery:**

- In May I published a [statement](#) on how the first Supplementary Budget must signal a change in direction to reset our economy.
- In October I provided detailed advice to the Minister for Finance and the Counsel General (in his capacity as Cabinet Lead for Recovery at the time) about priorities for investment in a green and just recovery. I understand that this advice has informed Cabinet discussions about priorities. A copy of this advice is attached at **Annex 1**.
- In November I provided further detail on priorities for capital funding, in response to a request from officials. A copy of this advice is attached at **Annex 2**.

**2. Research into requirements for investment in two high priority areas for a green and just recovery, in partnership with the New Economics Foundation:**

*a) Briefing: skills and training for a green recovery in Wales.*

This briefing, due to be published in the coming weeks, highlights the poor state of adult skills development in Wales prior to the pandemic, including the lack of any planned pipelines for green skills development, and identifies key sectors such as construction, heating, electrical installation, areas of manufacturing and engineering, and nature restoration that are likely to have significant job creation potential for a green recovery.

*b) Report: financing Wales' net zero housing transition.*

This report will focus on the challenges and solutions for financing low carbon retrofit of the existing Welsh housing stock. This will include evaluation of funding options across tenures with an explicit focus on social housing. This work will be finalised in January 2021.

In addition to these areas of work, my team have engaged with Welsh Government officials regularly, including on the future of the Budget Advisory Group on Equalities and the progress of the Budget Improvement Plan.

I would like to respond to some of the questions set out in your 'call for information' letter.

**What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?**

I recognise that the Government have been in a challenging position in terms of responding to the pandemic and identifying the areas of greatest need, and that they have had to make some very difficult decisions. Understandably they have been in 'crisis response' mode and therefore taking a very short-term view, and this has been evident in the first and second Supplementary budgets.

However now I believe they should be shifting to considering opportunities for recovery. The eight priorities outlined in the ['Covid-19 reconstruction: challenges and priorities'](#) document are encouraging and I understand the £320million funding commitments to support these priorities will be set out in the third Supplementary Budget.

### **How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?**

I believe that Government priorities for 2021-22 onwards should change as a result of the pandemic and that now is the time to make bold decisions that provide the basis for a green and just recovery.

I have outlined the key ideas for investment in my advice to Government (attached at **Annex 1**) in the following areas:

1. Invest in skills and training to support the transition to a better future, creating new greener jobs.
2. Invest in the large-scale decarbonisation of homes as a key opportunity to create jobs and stimulate the foundational economy.
3. Invest in town centres and local hubs to enable greater remote working and a better work-life balance.
4. Invest in better ways to connect and move people through improving digital connectivity, active travel and public transport.
5. Invest in cultural and creative industries, involving them in building back better and enabling them to become a core part of communities and public services.
6. Invest in nature to help achieve a biodiverse natural environment and ensure people have access to a wildlife rich natural world.

### **Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

I do not consider that the Fiscal Framework adequately reflects the impact of the public health emergency in Wales and I support increasing the limits to current Welsh Government borrowing within this Framework. It is clear that Government needs greater fiscal flexibility to be able to invest in tackling long term challenges such as intergenerational poverty, health inequalities and climate change. I hope that my work on solutions for financing the decarbonisation of housing will be helpful in illustrating what is currently possible and where greater fiscal flexibility would be helpful.

On a broader point, I believe that the pandemic has shown that the levels of investment in prevention of illness and keeping people well, that I have called for in the past, are now

needed more than ever. The proportion of our population in ill health has meant that Covid-19 has had a significant impact in particular communities. We need to invest in keeping people well in order to build resilience against future pandemics, particularly through tackling the high levels of obesity. An epidemic of mental ill health, loneliness and isolation existed before the pandemic so we were starting from a low base in terms of supporting people experiencing these issues.

**The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

- **What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

As set out above, these are outlined in my advice to Government at **Annex 1**.

- **How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.**

As set out above, these are outlined in my advice to Government at **Annex 1**.

- **To what extent alleviating climate change should be prioritised in supporting economic recovery.**

As set out in my advice to Government, the urgency of the climate crisis hasn't slowed during the pandemic and investment in decarbonisation should be the key priority in supporting economic recovery.

- **Welsh Government policies to reduce poverty and gender inequality.**

In my advice to Government, I have prioritised ideas which I think will deliver a green and just recovery, reducing poverty and inequalities.

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

As you are aware, this is an area that I have focused work on in the past and I will look to do so again in future. Several recommendations in my Future Generations Report related directly to prevention, including:

- Welsh Government should appoint a Minister for Prevention with responsibility for taking a whole government, coherent and evidence-based approach to investment in prevention.

- Welsh Government should top-slice budgets for specific spending on prevention, starting with the cross-cutting priorities set by Welsh Government that reinforce their well-being objectives, overseen by the Minister for Prevention.

Kind regards,

A handwritten signature in black ink, appearing to read 'Sophie Howe', enclosed in a thin black rectangular border.

Sophie Howe, Future Generations Commissioner for Wales

By email

23/10/2020

Dear Rebecca and Jeremy,

I welcome the recent publication of *'COVID-19 Reconstruction: Challenges and Priorities'*, which sets out a clear set of reconstruction priorities for the remainder of the Government's term.

It was positive to see, for example, the links being made between embedding home/remote working together with the new Wales Transport Strategy, putting a strong emphasis on minimising the need to travel, and spreading the demand for public transport and enabling active travel as an investment in public health. I was also encouraged to see the support from your 'Our Future Wales' consultation for placing the Well-being of Future Generations Act principles at the heart of the recovery.

The broad scope of the Act has given me a unique insight into Covid-19 recovery work across several Ministerial portfolios, and on various themes. And my office and I have been working to better understand and help facilitate join-up between the various groups and networks focused on response and recovery.

While we await more detail on exactly how Wales will invest and deliver against the 8 priorities set out in the report, the purpose of this letter is two-fold:

- To outline what I believe are key opportunities for investment and delivery, as discussed with your Strategic Budgeting department.
- To share my insight (to date) of the Covid-19 recovery work across Government and beyond, and potential solutions to how we can help address the short-term recovery and longer-term challenges of Covid-19 through the way in which we work.

The details around potential investments are outlined in part 1 below, but the headline areas for these focused policy and investment interventions are:

1. Urgent, targeted investment to increase the digital expertise and teaching in schools, Further Education and Higher Education, including a 'workplace digital fund' to support targeted reskilling in digital.
2. Support for FE and HE courses related to key industries for the future – such as through funding for a Construction Wales Innovation Centre.
3. Establish a Conservation Corp/National Nature Service.
4. Greater support for apprenticeships in trades that will help us to meet opportunities of the green transition, with targeted interventions towards women in STEM, BAME communities, disabled people and those furthest from the labour market.
5. Invest in digital infrastructure in communities hardest hit and with poorest digital capabilities.

6. Expanding the offer for schools in our most deprived communities to provide a digital device for every child.
7. Pilot remote working hubs and support the development of a 'working local allowance' to enable public sector workers to work whilst supporting the foundational economy.
8. Further investment to expand the Optimised Retrofit Programme including additional incentives to include green infrastructure and approaches which support nature recovery as part of the retrofit scheme.
9. Further support for reallocating road space to create more room for walking and cycling, including a targeted approach to school streets and revenue support for local authorities to recruit the necessary staff to undertake this work.
10. Increase investment in the National Forest and provide further investment to connect active travel routes to the coastal path and historic sites.

With regards to your request for advice on the areas where Government should stop spending, I have outlined in my Future Generations Report areas where spending should be re-profiled, e.g. reduce spending on road infrastructure and increase spending on active travel.

However, it is difficult for me to provide advice on what Welsh Government should stop without access to a more detailed understanding of budget lines for particular policies and proposals. I would be very willing to have conversations with you and/or your officials and other Ministers to provide feedback on areas of spend which you are particularly interested in reviewing, if this is appropriate.

I would welcome your views on this, together with the information enclosed, and hope we can continue to work together and make the most positive impact for Wales.

Yours Sincerely,



Sophie Howe

Future Generations Commissioner for Wales

## **Covid-19 Reconstruction: Opportunities for investment and ways of working to address the short-term recovery and longer-term challenges**

### **Part 1: Key opportunities for investment and delivery**

Following discussions at the Shadow Social Partnership Council and between our teams, I have considered key areas for recovery where modest levels of investment could make a big difference in moving towards a recovery focused on well-being and pave the way for more significant investment in due course.

The following ideas build on the priorities I outlined in my statement about investment in resetting our economy in May 2020, the eight priorities for reconstruction you have recently outlined in 'COVID-19 Reconstruction: Challenges and Priorities', and are in the areas I consider will have the greatest impact across all seven well-being goals.

#### **1: Invest in skills and training to support the transition to a better future, creating new greener jobs**

##### **What we know/where are the opportunities**

It is clear we are only at the start of seeing how the pandemic will change our economy and that the risks of unemployment that are being felt across our communities are likely to worsen. Some estimates are that around 120,000 people in Wales may be unemployed by the end of this year. There are particular concerns about the impacts felt in the arts, hospitality, recreation and entertainment sectors.

Wales TUC estimates almost 60,000 jobs could be created in Wales in the next two years through Government investment in infrastructure and green industries. In some cases, there is a significant mismatch between the skillset of the population and the skillsets required to drive a green transition. Key opportunities include:

- Upgrading broadband infrastructure and rolling out fibre broadband across Wales (1,014 direct jobs)
- Reforestation and land management (2,895 direct jobs)
- Increasing demand for digital skills and innovation, accelerated by the changes to life and work brought on by the pandemic.

##### **What we don't know and where are the challenges**

While we know broadly the potential number of jobs, we need more sophisticated mapping of exactly what these may be in the short term (0-5 years), medium term (5-10), long term (10 years plus) and to understand how current skills planning is supporting these pathways.

We need to better understand how we want society to be in a post-pandemic world and the key sectors or industries that need to be developed or supported, and therefore need skilled workers. For example:

- Decarbonisation of industry and construction (homes, schools and other buildings)
- Digital infrastructure and broadband rollout

- Scaling up renewable energy generation
- Remote working hubs and town centre regeneration

I am doing a piece of work with New Economics Foundation and the Wales TUC exploring the skills gaps that exist in relation to key green transition sectors.

The emerging evidence from this work is showing a mismatch between the skills pipeline and the labour and capital required to meet the key opportunities above.

- There were between 360 and 490 apprenticeship starts per year since 2012-13 in the category of 'electrotechnical frameworks.' To meet the opportunities of upgrading broadband infrastructure and rolling out fibre broadband across Wales, there needs to be a rapid scaling up of these numbers of entrants in order to meet the needs of a digitally connected nation. The scale of this skills shortage is even greater when viewed alongside other elements of a green recovery. For example, electric installation jobs would also be needed for rural electric vehicle charging points, solar panel retrofit of social housing and retrofit of public buildings.
- Meeting the opportunities for reforestation and land management would also require a major influx of trainees into the forestry sector. There were only 675 jobs in Wales in sectors associated with forestry and currently, the apprenticeship system does not seem to be producing trainees in this sector. Since 2012-13, there have been between 20 and 65 starts per year in work-based training under on relevant category and between 30 and 50 starts per year under the Horticulture category.
- The same applies to digital skills and innovation. Comparing the four-year periods of 2011-2015 and 2015-2019, there were only an additional 57 apprenticeship starts in ICT. Within Further Education, there has been a 62% drop since 2013-14 in learning activities in ICT – 21,000 less learning activities in 2018-19 than there were six years ago.

The skills shortage is evident in Further Education too. There has been an overall decline in people enrolled in Further Education courses. The skills pipeline relevant to a green transition (subjects such as construction, planning and the built environment) have all been affected - in 2012-13 some 21,380 people were enrolled on such further education courses but by 2018-19, this had fallen to 14,355.

#### Longer term, policy and investment should focus on

- **Working with schools, businesses, FE and HE to ensure that young people have the skills needed for the industries and sectors of the future.**
- **Increased funding for learning and skills to prepare workers for the transition and provide a clear pathway to new jobs.** Wales TUC suggest the establishment of a targeted 'skills for transition' fund, which should be free to workers and aimed at preparing workers for the transition to net-zero.

#### Opportunities for immediate modest investment include

- a) **A reskilling fund** for those on part time furlough – individual support to retrain in future focused industries. The Older People's Commissioner has highlighted the particular challenges for those over 50

re-entering into the labour market following a job loss. Retraining will be essential if we are to avoid older people falling into a poverty trap.

- b) **Urgent targeted investment to increase digital expertise and teaching** in schools, Further Education and Higher Education, including through a 'workplace digital fund' to support targeted reskilling in these areas.
- c) **A 'Conservation Corp'** enabling workers of all ages to access opportunities in the public, private and third sector related to the natural environment. This was suggested by Ffenics in their second interim report recently submitted to the Minister for Economy, Transport and North Wales. This programme could provide 18 month training opportunities to young people in low carbon industries and nature based jobs with three six month placements in the public, private and voluntary sectors, with the aim of giving young people experiences of practical policy and community work. This concept is also anticipated to be submitted to the Minister for Environment, Energy and Rural Affairs by the Green Recovery Group, chaired by Natural Resources Wales, as a 'National Nature Service' (referenced below in section 6: Invest in nature').
- d) Support for FE and HE courses related to key industries for the future.  
**Construction Wales Innovation Centre (CWIC)** has submitted a proposal to WG (SHELL Department) to establish a Low Carbon Retrofit Academy for Wales. In collaboration with the Construction Industry Training Board (CITB) they propose to establish a two-tier network of skills training centres across Wales in location that best serve the needs of the industry and the wider community to design, install and manage the planned low carbon retrofit for buildings in Wales. Indicative costings for establishing three Centres of Excellence, along with capital equipment and delivery of training for 3 years is just under £10 million.
- e) **Greater support for apprenticeships in trades that will help us to meet opportunities of the green transition.** 75% of apprenticeship starts are dominated by five sectors: Healthcare and Public Services; Business Administration; Management and Professional; Construction and Retailing and Customer Service. With the exception of 'Construction', based on the identified skills for a green recovery, it could be argued that these sectors are not providing Wales with the skills pipeline for a green, fair and equal economy of the future. Wales TUC suggest that schemes to support supply-chain shared apprenticeships will be particularly vital in recovery. For example, ensuring that infrastructure projects have training for apprenticeships and local employment opportunities built into procurement frameworks at every stage – sharing training needs across the supply chain.
- f) **Targeted investment to ensure the diversity gap is prevented** and/or closed in future focused training opportunities, including interventions towards women in STEM, BAME communities, disabled people and those furthest from the labour market.

### Examples of investment elsewhere

- **Colombia:** its second largest city Medellin plans to train 25,000 residents in new skills to access green jobs as the city tries to become a software and technology hub.

- **Pakistan:** economic stimulus is focusing on job creation and restoration of natural ecosystems, including the creation of a National Parks Service which will initially create up to 5,000 new jobs, mainly for young people who will work as park guards and custodians, and boost eco-tourism in the country.

## **2: Invest in the large-scale decarbonisation of homes as a key opportunity to create jobs and stimulate the foundational economy**

### **What we know**

Decarbonising our existing housing stock, and building new low carbon homes, is critical to achieve our long-term carbon reduction targets. It also provides benefits across all seven national well-being goals including health and employment. I welcome a focus within your 'COVID 19 Reconstruction: Challenges and Priorities' plan to *'step up construction of council and social housing to increase access to high quality housing across Wales, in particular investing in low carbon housing at scale and upgrading housing stock particularly social housing, to make it more energy efficient and to reduce fuel poverty.'*

I welcome the funding of £9.5 million for the Optimised Retrofit Programme (ORP) to install energy efficiency measures in up to 1,000 homes, particularly as I understand three Departments have contributed to this funding which shows positive join-up across Government.

A recent New Economics Foundation report shows that a green stimulus for housing would produce massive benefits to the wider UK economy, including an average of 294,527 new jobs between 2020-2023/24, a 22% increase in total construction employment and a 162% increase in the renovation, maintenance and improvement sector, rising to an average of 515,157 when factoring in indirect jobs.

### **What we don't know and where are the challenges**

Whilst the ORP funding provides an opportunity to test different solutions, a recent report for Community Housing Cymru claims that £4.2 billion is needed to retrofit social housing in Wales over the next ten years. Welsh Government need to explore innovative finance opportunities to plug this funding gap, working with others to identify the potential to use a combination of Treasury loans, Government and local authority borrowing, city region investment, green bonds and re-orientation of Welsh pension funds.

There is also a perceived challenge among the housing sector between using the finance available to build affordable new homes that are needed versus using this investment to improve existing stock.

### **Longer term, policy and investment should focus on**

- **An urgent and high-profile 10-year programme to prioritise the retrofit of social housing and homes in fuel poverty** (as recommended by the 2019 'Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales' Report). The Older People's Commissioner has also highlighted this as a priority.
- **Building on the excellent research and delivery capacity we have in Wales (on low carbon energy and homes/buildings)**, working with the housing sector to facilitate and support a collaborative Team Wales approach to achieving this ambitious programme.

- **Use this opportunity to work with others to put in place a skills pathway** (as highlighted above) to ensure that Wales has the skills needed to deliver this work.
- **Developing incentives such as zero-interest loans and boiler scrappage schemes**, for private 'able to pay' homeowners to become early adopters and retrofit their homes to a target of EPC Band A.
- **Supporting a long-term Area-Based Delivery approach**, with local authorities and social landlords playing a core role in tackling fuel poverty, creating demand, growing local supply chains and supporting the foundational economy.

#### Opportunities for modest investment include:

- a) **Further investment to expand the Optimised Retrofit Programme** with longer-term funding security. A small amount of funding would enable my office to increase the pace of work we are conducting with the New Economics Foundation on innovative financing options and facilitate constructive dialogue between Government, the Housing Sector and organisations with financial expertise.
- b) **Scale up financial support (incentives or loans) for homeowners who want to improve the energy efficiency of their homes** as has recently been done in Canada (example below) and Building on the energy efficiency support that has been provided over the last 10 years.
- c) **Increase funding to, and support for, energy advice programmes** that support homeowners to invest in energy efficiency measures, and support supply chain development to create new businesses and opportunities to enable large scale retrofitting.
- d) **Incentivise social landlords to use nature-based solutions and improvements to green infrastructure** as part of their retrofit programme through targeted additional funding through the ORP funding package.

#### Examples of investment elsewhere

- **Rotterdam:** The Mayor has pledged to set up a 9.5 million euro fund to help businesses and residents retrofit homes and offices with solar or wind power, and plant-covered green roofs to absorb carbon emissions and improve air quality.
- **Cape Town:** The city is investing in retrofitting houses in low-income neighbourhoods and is training and hiring people from poor communities to carry out the work. A pilot project has improved the living conditions in more than 2,000 homes, cut emissions and created more than 2,300 jobs.
- **Canada:** The government has promised interest-free loans of up to \$40,000 for homeowners to install cleaner energy solutions and efficiencies like solar panels and better windows.

### 3: Invest in town centres and local hubs to enable greater remote working and a better work-life balance

#### What we know

Many of our town and city centres were struggling before the pandemic due to the shift of big retailers to edge of town locations and the pace of digital change leading to new consumer behaviours. This has caused economic

stagnation in many communities which has had many knock-on effects for well-being. The shifts we are seeing to new, locally based remote working and a focus on 'hyper local' communities are a positive effect of the pandemic, and sustaining these changes offers us many opportunities to support the evolution of city and town centres, improving community resilience and well-being and contributing to all seven well-being goals.

It is positive that you recognise this in your 'COVID-19 Reconstruction: Challenges and Priorities' report, and you have set out plans for initiatives that will support regeneration and well-being. I welcome the target you have set for remote working, your focus on 'town centre first' approaches as well as funding for local authorities to implement social distancing through pavement widening and active travel.

### **What we don't know and where are the challenges**

Over recent decades, manufacturing and retail opportunities have leaked out of our city and town centres, particularly in communities that relied on heavy industry in the past. Many of the new patterns of working and living that we have become accustomed to in recent months, such as remote working and local shopping, are likely to be here to stay. This will create challenges for places that have a high volume of offices and therefore businesses that rely on commuters, but in turn will create different opportunities for new hubs, businesses and approaches to using space to improve well-being.

Many town centres will be focused on 'returning to normal' as quickly as possible. But we know from long-term trends that the pandemic will have served to accelerate already embedded trends, and we need to find new ways to attract people to centres to keep them thriving. It will be vital to find new ways of creating attractive and viable town centres and culture must be considered as a key element of this. Research shows that following the 2008 financial crash, previously strong regional creative sector growth trends fell away, and growth coalesced around fewer clusters once more.

### **Longer term, policy and investment should focus on**

- **Supporting collaborative projects for the reallocation of space, giving priority to accessible multi-functional spaces that encourage active travel, physical activity and/or creativity and support access to nature.** There is scope for directing small amounts of funding towards a proposal being developed by the Welsh Sports Association to repurpose unused space (or space which could be used for different purposes including physical activity).
- **Playing a more proactive role in enabling town centre development, including through pooling publicly owned land.** Repurposing buildings in village, town and city centres to support cross-sector shared working spaces, housing and other uses that benefit people, communities and well-being.
- **Working with the creative and cultural sector to support the regeneration of towns and cities.** Cultural professionals can help with designing and regenerating communities by breathing new life into unused spaces, derelict and desolate industrial zones, to turn them into places people can enjoy.
- **Ongoing policy and financial support for local authorities to redesign footways and active travel routes in their areas.** Data from Living Streets suggests where the pedestrian experience has been improved, footfall has increased between 20-35%, against a 22% decline in footfall across the UK between 2007 and 2017.

### Opportunities for modest investment include

- a) **Pilot remote working hubs** based in communities hit hard by the pandemic. This could involve repurposing buildings as cross-sector shared working spaces and incentivising workers from certain sectors to lead the way in using them. My Future Generations Leadership Academy have also repeated similar calls for Skills Hubs to be developed in unused spaces to help with preparing people with skills for the future.
- b) **Offer a fund for businesses, local authorities and other organisations to apply to undertake town centre regeneration** (similar to the Cultural Recovery Fund) with a commitment to co-create solutions with the local community and creative practitioners, working in collaboration and improving health and well-being. This could build on the £15 million Transforming Towns Fund you provided in June. There are further opportunities to link this across Government by building on the Freelancers pledge and fund. A relatively modest investment here could fund freelancers and creative professionals to work with public bodies on culture focused regeneration. See section 5 below for more information on investing in culture and creative industries.
- c) **Build on the increase in remote working and incentivise organisations in Wales** to redirect potential savings on rent, lease and estate costs to their staff to spend in working hubs, supporting the foundational economy. **Consideration should be given to encouraging the public sector to develop a 'Working Local Allowance'** which could address challenges encountered by some people in working from home whilst also supporting the foundational economy.

### Examples of investment elsewhere

- **Ireland:** The Government of Ireland has invested €12 million in community enterprise centres and remote working hubs, allowing them to grow their capacity to accommodate increasing numbers of remote workers.
- **Hamburg:** Publicly owned assets have been pooled into an 'Urban Wealth Fund' that partners with the private sector to deliver projects, enabling the streamlining of infrastructure development, planning and land-use regulations.
- **Cornwall:** In partnership with the ERDF and Arts Council England, the Council has co-funded a bespoke creative skills and business support programme (Cultivator), led by Creative Kernow. It has supported more than 6,000 businesses and uses industry specialists as advisors and offers mentoring, employment bursaries, funding advice and networking events. It is entering its second phase with a focus on enabling innovative interventions.

#### **4: Invest in better ways to connect and move people through improving digital connectivity, active travel and public transport**

##### **What we know**

The pandemic has changed the way that people live, work and learn overnight and, although challenging for many, has shown how quickly we can adapt to these different conditions. Digital technology and connectivity have become critical and we've also seen positive environmental benefits.

I'm pleased to see a focus in your strategy on maximising opportunities from these changes to 'build on trials of demand responsive public transport', with a strong focus on 'minimising the need to travel' and 'enabling active travel as an investment in public health'. I'm also pleased to see a focus on these in the forthcoming Wales Transport Strategy, although the proposed actions could go much further to tackling the short and long-term challenges we face.

I welcome Welsh Government's commitment of £25 million to improve active travel, and would like to see this continue to ensure that towns and cities across Wales can be better places for citizens, making it safer for people to walk and cycle to access employment, shops and basic services, linked to the town centre/local hubs priority above.

##### **What we don't know and where are the challenges**

Pre-pandemic we knew that in Wales over 80% of daily journeys to work were by car; people had limited access to alternative options (public transport or active travel) and this needs to be addressed. However public transport use during the crisis has become a huge challenge with rates at around 95% less at the end of May 2020 compared with the same period last year. While I welcome Welsh Government's aspiration for 30% of workers to work from home in the long-term, providing affordable and accessible alternatives to driving for those who still need to travel to work will be an ongoing challenge.

On digital capability I support the suggestions set out in the second interim report from Ffenics. It is clear there is a need for a fully coordinated approach to improve digital capacity and capability, including improved digital infrastructure, resilient networks and advanced digital skills to maximise the opportunities afforded by this new way of working.

##### **Longer term, policy and investment should focus on**

- **Following the transport hierarchy with a focus on reducing the need to travel** where possible, and providing sustainable, affordable, low carbon, healthy alternatives when people do need to travel to work, schools or to access other services.
- **Infrastructure investment should focus on improving walking and cycling opportunities** locally to support the town centre/local hubs priority above.
- **Taking a holistic and multi-sectoral approach to expanding digital connectivity**, recognising the key role that digital technologies play in relation to work, health, education and other areas of public services.

- **Investing in a universal basic digital infrastructure**, giving every community access to high-quality broadband (as suggested by Ffenics).

#### Opportunities for modest investment could include

- a) **Further support for reallocating road space to create more room for walking and cycling**, and prioritising active travel in local neighbourhoods, linked to the 'Town Centre first' approach. This must include revenue costs for local authorities to recruit staff to implement this work in order to avoid an ongoing implementation gap in active travel policy. See also opportunity (d) in section 6 below, anticipated to be a suggestion to the Minister for Environment, Energy and Rural Affairs.
- b) **Prioritise 'School streets' through closing school streets to traffic**, as has been done successfully in Cardiff. Infrastructure requirements are minimal and therefore changes can be made relatively quickly and at low cost. This promotes wider and long-term benefits to young people and parents developing healthy habits, reduced air pollution and better community cohesion. There is a particular opportunity to seize this moment as wide scale working from home means that parents are likely to be willing and able to adopt new behaviours.
- c) **Target funding for broadband** in communities which have been hit hardest by the pandemic and currently have the poorest connectivity.
- d) Build on existing work by **expanding the offer for schools in our most deprived communities to provide a digital device for every child** as well as to each child in receipt of free school meals, to encourage and enable online learning.

#### Examples of investment elsewhere

- **Lisbon:** In response to Covid-19, and to allow for social distancing on public transport as well as to promote the use of green energy, Lisbon is building new, dedicated bus lanes and buying more trams and electric buses than previously planned.
- **France:** The Government will invest £17 million (€20 million) into a cycle repair scheme, where all citizens will be eligible for bike repairs (up to €50) at registered mechanics. This funding will also help pay for cycle training and temporary parking spaces. Since the pandemic Paris has installed an extra 50 km of bike lines as a public health measure and has seen a surge in cycling.
- **New Zealand:** The Government has invested \$15 million to improve rural broadband capacity, which has been welcomed by farming groups.

## **5: Invest in cultural and creative industries, involving them in building back better and enabling them to become a core part of communities and public services**

### **What we know**

Culture is part of how we live and is important for our mental well-being, especially in moments of stress and isolation. Fortunately, through technological advancement, culture can now be consumed and experienced at home. This has been a lifeline for many during the pandemic.

The cultural sector is, sadly, one of the most vulnerable to the potential economic consequences of the pandemic, and many countries have pledged financial help to assist cultural professionals and businesses. Many freelancers who cannot count on commissions have lost their livelihood as they cannot rely on the safety nets of regular employment.

I welcome the £53 million support you have provided to a range of arts organisations in Wales and your commitment to the Freelancer Pledge. This funding has undoubtedly helped cultural professionals reduce the impact of the pandemic. But for our cultural sector to fully recover, we will need to do more and start seeing culture as a vital cog of well-being rather than something that sits separately in a silo.

### **What we don't know and where are the challenges**

The Freelancers Fund has been over-subscribed and despite a second phase being released, it is unlikely it will meet the overall need which could result in a loss of creative practitioners in Wales. There is a particular concern about impact on Welsh medium creative professionals and their art forms. The Urdd have had to make staff redundant and major Welsh medium festivals have been cancelled - which the Welsh Language Commissioner has said will have a major impact on our ability to meet our 2050 target.

Without support for culture as a core part of recovery we risk losing creative practitioners forever, many of whom also support our national commitment to a thriving Welsh Language. We also know that creativity is an essential skill for the future, and culture forms a key part of the liveability issues which attract inward investment. Therefore a loss of these skills would impact on the ability of Wales' economic prospects.

### **Longer term, policy and investment should focus on**

- **Providing long-term funding and policy commitments to the cultural sector and creative industries across Wales**, positioning them as a core part of public service delivery.
- **Recognising the importance of culture for the improvement of health and well-being**, particularly as part of recovery from the pandemic.
- Ensuring that **cultural agencies including Cadw, Visit Wales, Creative Wales and national bodies like Arts Council of Wales, National Museum Wales and the National Library are working together** to better make the connections between how culture and language are addressing key issues such as the climate and nature emergencies.

## Opportunities for modest investment could include

- Greater investment in the Cultural Recovery Fund**, providing additional support for all freelancers.
- A Creative Solutions fund** for public bodies / Public Services Boards to pay freelancers to support the requirements of the freelancers' pledge.
- Establish a fund to facilitate and **support creative agents to work with schools online to enable the creative learning** that has been limited during lockdown.

## Examples of investment elsewhere

- Belgium:** A stimulus package including a €300 gift cheque to be used for meals or cultural activities (such as theatre and museums) has been launched.
- New Zealand:** The Government has identified that without intervention the cultural sector will be hit roughly twice as hard as the rest of the economy, and has put in place a \$175 million stimulus package that aims to save thousands of jobs.

## 6: Invest in nature to help achieve a biodiverse natural environment and ensure people have access to a wildlife rich natural world

### What we know

While our attention has been largely distracted by responding to the pandemic, the climate and nature emergencies have not gone away. We have seen more record-breaking weather events this year, and historical 'hundred-year' floods are now predicted to occur every one to thirty years. Alongside flooding, global temperatures rising and plants and wildlife going extinct will create an insurmountable crisis that society will not be able to overcome.

There is a clear role for Nature Based Solutions to be a core part of recovery and I welcome the investment you have already made in relation to the nature and climate crises. I also note the focus in this area in one of your priorities set out in the 'COVID-19 Reconstruction: Challenges and Priorities' report.

### What we don't know and where are the challenges

In their recently published manifesto, Wales Environment Link have called for a green and blue recovery of our land and seas, highlighting that this can only happen as a cross-government and cross-societal change.

As set out in the section of this paper on skills and retraining (section 1 above), jobs in nature conservation (both marine and terrestrial) represent a sector with the potential and need to grow. As Wales Environment Link set out, more easily accessible training opportunities and paid real Living Wage internships will be crucial to encouraging and enabling more people to take up green/blue job opportunities. There is also a need to invest in green apprenticeships in truly sustainable industries to enable skill development and entry into what have been highly competitive work areas. Wales TUC suggest that an investment package for 13% increase in forest cover

through reforestation at an investment of £390m would create 3,613 direct and in-direct jobs over the next two years in Wales.

#### Longer term, policy and investment should focus on

- **Large-scale habitat restoration, creation and connectivity throughout Wales**, including setting statutory targets for nature recovery and specific species recovery measures to help prevent extinction.
- **Support increased green space and green infrastructure in our towns and cities** to ensure people can access green space within 300 metres of their home.
- **Supporting resilient, locally based food systems** that guarantee healthy diets and provide a fair deal for farmers.
- **Embedding eco literacy in education and workplace learning.**

#### Opportunities for modest investment could include

- a) **Establish a Conservation Corp/National Nature Service** as recommended by Ffenics' advice to Ken Skates and NRW's Green Recovery Group advice to Lesley Griffiths. Such an approach would establish a country-wide movement for action to restore nature whilst building the regenerative economy and creating jobs. I also anticipate other relevant proposals around skills, placements for young people, food, community stewardship of land etc in the recommendations that follow from Natural Resources Wales' Green Recovery work (see also section 1 on skills above)
- b) **Increase investment in the National Forest** in order to radically increase tree cover. I have previously estimated this requires investment of approximately £16 million per year over the next decade and would require a focus on training in this area
- c) **Incentivise city and town centre regeneration to incorporate biodiverse green infrastructure and nature-based solutions**, enabling more people to access high quality green and blue space and supporting nature recovery. This should include working with local organisations to deliver 20% tree canopy cover in every town and city in Wales by 2030. This opportunity is in line with the town centre recommendation in your recent report.
- d) **Invest in new walking and cycling routes to connect nature reserves, historic sites and the Wales coastal path**, to improve opportunities for local people to access these sites as well as providing new tourism opportunities (as I anticipate will be suggested by the NRW Green Recovery group's advice to Lesley Griffiths).

#### Examples of investment elsewhere

- **Paris:** Hosts the world's largest urban farm, which will soon produce around 1,000kg of organic produce every day, part of an urban food revolution in the French capital.
- **Canada:** Ontario has a 50 Million Trees programme supported by the Government of Canada as well as corporate sponsors, increasing forest cover by making tree planting easier and more affordable.

## Part 2: How we can help address the short-term recovery and longer-term challenges of Covid-19 through the way in which we work

The broad scope of the Act has given me a unique insight into Covid-19 recovery work across several Ministerial portfolios, and on various themes. Over the summer, it became apparent to me there were a plethora of groups and networks working to inform Welsh Government on Covid recovery. While understandable, my concern is these groups are potentially working in isolation.

To better understand how these groups are integrating with each other, or not, I convened a roundtable event on 14th September with group chairs and leads. This included representatives from NRW's Green Recovery group, the BAME Covid-19 Advisory Group, the new Construction Forum, Ffenics, local government, the voluntary sector, the South East Wales Transport Commission and others. The meeting also meant we could collectively identify key overlaps and gaps and explore how the Well-being of Future Generations Act was being used by the groups to develop their work.

My office followed this up with a series of interviews with many of those who attended the meeting, seeking further information and clarity on some of the issues discussed. Putting all of this together, several areas stand out to me which I'd like to highlight below:

### **1: The need for implementation**

There is one overarching message I take from all the conversations I've had over the past few months: the urgent need for implementation and collective agency in Wales, addressing the gap between the aspiration set out by Welsh Government in policy and legislation and the commitment to delivery on the ground. This echoes my recommendations in [Chapter 2](#) of the Future Generations Report.

Within the 8 priorities your new report sets out, I believe there is consensus about the 'what' in relation to Covid recovery (at a strategic level). And I expect further detail in the coming weeks to follow from the various groups informing ministers, providing a fuller picture of ideas and actions to deliver.

That is the 'what'. However, our collective attention must now turn to the 'how', i.e. how we turn policy and priorities into reality. This will go a long way to determining how successful we are. And to quote a representative from the WLGA at the roundtable event, *'we need to plot a way forward, but we only have a short bit of time to get this right.'*

It is therefore important we find ways to enable organisations across sectors and communities to work together and share capability and motivation to make the most of the investment and opportunities we have in Wales. This was a clear message from the roundtable event I held.

### Potential solutions

- Building on the model of the team leading the Social Partnerships Bill, support and establish teams of secondees from a range of public, private and voluntary sector organisations to design and deliver key strands of your recovery plans.
- Incentivise local authorities and Public Services Boards through the capital and revenue funding programmes provided to them to work collaboratively, innovate and deliver the longer-term reconstruction opportunities through the lens of the Act.
- Empower Public Services Board members to become 'agents of change', engaging with wider groups in their areas and working with Government to resolve issues. Welsh Government should ensure the civil service representative on each Board is gathering this intelligence on local delivery, playing a more active role in working across Government to resolve issues and concerns. These representatives should be reporting challenges and opportunities to full Cabinet regularly.

## 2: Diversity in decision making

We have seen that people's chances of dying, becoming critically ill, losing jobs or falling behind in education during the pandemic, have been in part determined by our age, race, gender, disability, income and where we live. However, we also know these effects are often the result of long-term, entrenched inequalities.

I am aware of activity on equality and diversity in relation to the response to Covid-19. For example, the Senedd's Equality, Local Government and Communities Committee's report on the impact of the pandemic on inequality, Welsh Government's response, and a Senedd debate held on 7th October.

However, I am concerned there may be a lack of alignment between this, and the ministerial groups (and others) focussed on recovery. It is not apparent if or how the information and intelligence being gathered is informing the work (and investment decisions) of the groups focussing on recovery, and I seek reassurance that this is the case.

It is also concerning that in the recent evidence session held by the Economy, Infrastructure and Skills Committee on Covid-19 recovery on 14th October, Ruth Coombs (Equality and Human Rights Commission) said there was little reference to equality and no reference to the Equality Act 2010 in Welsh Government's Covid-19 recovery documents.

It is vital investment in Wales helps address gaps in employment, particularly in relation to race, age, disability and gender, whilst also delivering flexible approaches to employment. Sharing this information would help inform better planning and delivery, challenge short-term decisions and provide clarity on what is needed.

I must also share my concern about a lack of visibility (in terms of diversity and equality) in many of the groups shaping the recovery. 'We need more diversity in our decision making' is not only a message shared frequently with me, but also something quite apparent when I have contributed to many of the groups informing Welsh Government's response to the pandemic.

#### Potential solutions

- Ensure each Ministerial Advisory Board and work programme has received an up to date briefing on the work of the First Minister's BAME Covid-19 Advisory Group, and has diverse representation.
- Require specific reference to how equality implications have been considered as part of the advice provided.
- Monitor the diversity of advisory boards and take action to address under representation.
- Encourage the groups to take up the offer of support from the Equality and Human Rights Commission (and other organisations such as EYST), to work together, improve diversity and be visibly represented by people with diverse characteristics. This offer was shared with representatives from my office in September.

### 3: The role of culture and creativity

A creative society is a thriving society. And Wales' creatives will be vital in getting the country back on its feet.

There are two important points I wish to raise on culture. Firstly, the need to support the sector itself. This is why I welcomed your announcements of £53 million to support cultural organisations in Wales hit hard by the effects of Covid-19 and the Cultural Recovery Fund where Freelancers working in the cultural and creative sectors in Wales can apply for a £2,500 grant (from a £7 million fund). The Freelancer Pledge also presents an opportunity for creative freelancers and public services to forge a partnership, enabling freelancers to use their skills to bring creativity and imagination to all areas of public life.

Secondly, the crucial role the cultural sector can play in 'how' we shape and deliver recovery in Wales. While I am disappointed with the absence of culture in many of the discussions both myself and my office have been involved in, I believe there is still time to involve this hugely important sector and make a marked difference to how we do things in Wales.

To give one example, David Anderson, National Museum Wales has been open in his message that they are an 'underused resource'. They have a team of environmental scientists and work with approximately 200,000 school children every year. They want to be better connected to the other groups and networks working on Covid-19 recovery, particularly groups focussed on the environment, skills and health and well-being.

In section 5 of part 1 above, I have set out what I believe are opportunities for investment in the cultural and creative industries. Below are potential solutions to help involve and position creative industries to be a core part of public service delivery in Wales.

#### Potential solutions

- Each group informing government on Covid-19 recovery has cultural representation.
- Groups and networks encouraged to proactively use a cultural lens in considering some of the big systemic challenges facing Wales to help Wales identify innovative solutions.

- Utilise the freelancers pledge to bring creative input into policy development and implementation.

#### 4: Integration and join-up

Your report has set out a high-level framework for recovery from the pandemic in Wales. It is now critical the ongoing work of the groups informing Welsh Government on some of the detail around recovery is connected, joined-up and collaborative.

My office and I have worked hard over the summer to help facilitate this join-up. For example, connecting the team working on your Economic Reconstruction Strategy with Natural Resources Wales' Green Recovery team, ensuring the join-up is made between the strategy and proposals the group will likely put forward, e.g. a school leaver's training/job offer. And going further, ensuring these connections are also made with other key groups and networks who can add their value and expertise. For example, the Wales Construction Forum told me they need apprenticeship schemes to tap into and could do a lot more to deliver on social value.

The ongoing work is a reminder of how important it is to be clear in our understanding of how the various strands of work are connecting. For example, how the Economic Reconstruction Strategy is joining up with the proposals of the Green Recovery Group, the advice from Ffenics and the 'refresh' of Welsh Government's Economic Contract. And how this comes together with the BAME Covid-19 Advisory Group, the work of the South East Wales Transport Commission, the Third Sector Partnership Council and 'Better Future Wales' group, the 'Building back better' work of the new Construction Forum in Wales, as well as other groups and networks.

To give a recent example where integration was not apparent, the [National Development Framework](#) and Welsh Government's [written statement](#) on remote working were both published at a similar time but appeared to be in isolation of each other.

Working together and collaborating to understand the connections between what's being proposed is key. If we're really smart in how we do this, we have the best chance of ensuring multiple benefits for our communities and the most effective use of public (and private) investment. The connections to public body and Public Services Boards own well-being objectives will also be important, as key deliverers of many of the policy ideas and interventions. This point was also reinforced in the recent OECD report: '[The Future of Regional Development and Public Investment in Wales, United Kingdom](#)'.

#### Potential solutions

- A requirement on board/working group secretariat to advise on other relevant work across Government and facilitate dialogue between advisory groups.
- Show how your requirements will support the delivery of Welsh Government and local well-being objectives.
- Show where the connections are across different policies and how they interact.

- Simple mapping of boards across Government and a requirement in Terms of Reference to consider other work and the Well-being of Future Generations Act.

## 5: Using foresight and futures approaches to inform decision making

As Peter Drucker observed 'The greatest danger in times of turbulence is not the turbulence itself, but to act with yesterday's logic'.

In the foreword of your new report, the First Minister highlights 'Our future in Wales will look different as a consequence of Coronavirus, but the future is not fixed and we must try to shape it.' And part 4 ('Longer term change') states that the pandemic has 'highlighted that this is a moment for real change in the longer term' and shows how Wales will look also to the future.

While I welcome these statements, less clear is how futures and foresight has/is being applied to help shape Welsh Government's response to the pandemic. For example, to test how Wales is considering how it can respond to future trends in ways that will reduce inequalities rather than perpetuate them. And how policy decisions will ensure children and young people today, together with Wales' future generations, are not hit "catastrophically" by the collateral damage wrought by the crisis, as indicated in this recent [article](#).

I'm aware the Scottish Government and Scottish Enterprise ran a series of scenario thinking exercises in the summer, designed to test policies and plans for their COVID renewal strategy. Using four scenarios, tailored from Deloitte's global scenarios ('A World Remade') to the Scottish context, they sought to apply deeper insight, map future risks, identify better outcomes and deliver more resilient strategic options.

Welsh Government and advisory boards should demonstrate how they have applied future trends research and futures techniques to apply deeper insight to Wales' Covid recovery. If this has not been undertaken, I would be interested to hear your views on how this could be implemented soon, with support from my office if this is helpful.

### Potential solutions

- Ensure all emerging policy and advice from advisory boards can demonstrate how they are considering long-term and future scenarios in their planning and delivery, beyond the traditional areas of future trends.
- Training and development on using futures and foresight approaches for key officials.

## 6: Enabling community action

The pandemic has highlighted the value of community groups and opportunities for cross-sector collaboration. It has also drawn attention to an interesting paradox. While highlighting the increasing interconnectedness of our world, it has simultaneously shrunk our daily lives down to smaller circles – families, neighbourhoods, and communities. These two aspects – the very global and the very local – are both crucial to 'building back better'.

Despite examples of cross-sector collaboration, the disconnect between Government, public bodies and communities is still a barrier to community action. My involvement in the Green Recovery Group, Chaired by Natural Resources Wales, and seeing the range of proposals submitted, has once again highlighted the importance of community-led local development and the factors needed to enable success of such an approach, e.g. improving understanding and collaboration between communities and public bodies.

My discussions with the voluntary sector, and in particular the work of the Third Sector Partnership Council (TSPC) and Better Future Wales, have also highlighted to me two clear areas that are emerging for them: the importance of the community led response and action, and how people (particularly young people) can be supported through volunteering to help give them a sense of purpose and well-being.

I also note in the most recent paper shared by Ffenics, that they have highlighted the opportunity for Welsh Government to create paid support schemes for the unemployed, where they're trained and encouraged to support the voluntary sector which is being hit hard right now, given that many of the organisations are central to the foundational economy and green recovery work.

#### **Potential solutions**

- Test groups and networks focused on COVID recovery on how 'top down-bottom up' their proposals are, and how their proposals will actively support local ownership and action, helping deliver your report's priority on the 'everyday'/foundational economy to build the resilience of the Welsh economy.
- Each group informing government on Covid-19 recovery has voluntary sector (or community) representation.

#### **7: Language and consistency**

As a final point on language, I would be grateful for clarification on the relationship between the 8 priorities outlined in your report, and the 4 themes Welsh Government had previously framed their recovery work around: Place, People, Green and Just Recovery, and Digital.

These 4 themes are not referred to in your recent report, but had become a key focus point for many of the groups working on recovery. The new report also continues to use the language of 'A More Prosperous Wales', 'A More Equal Wales' and 'A Greener Wales', as set out in Welsh Government's 2019 Annual Report. I reiterate the point I set out in the Future Generations Report, that one of the most common barriers reported to me, and the Auditor General for Wales, is that differences in language within policy, legislation and guidance coming from government serves to distract from the Act.

With very little reference to the legal definition of Wales' seven well-being goals, it is perhaps no surprise that consideration of areas such as culture, global responsibility, the Welsh language, community cohesion and other elements of our vision for national well-being can potentially be overlooked.

By email

18/11/2020

Dear Rebecca,

I am writing in relation to our recent dialogue about policy and investment priorities for a green and just recovery. I am pleased that you found my recent letter detailing key opportunities for investment and delivery and my insight into the Covid-19 recovery work, across Government and beyond, helpful.

Our teams continue to work together effectively, and your officials have requested further detail on my ideas, in the first instance prioritising areas for capital spend and suggesting associated costs where possible.

Building on the areas outlined in my letter of 23<sup>rd</sup> October, below I set out where I think the greatest opportunities are for capital investment. These are the interventions that I consider will contribute to the most well-being goals as well as addressing inequalities.

**1. Further investment in the decarbonisation of homes, incentivising consideration of green infrastructure.**

A priority is to provide further investment to expand the Optimised Retrofit Programme with longer-term funding security, ideally set out in a ten-year funding plan.

Even though it is positive that Government has doubled the amount of funding provided for ORP this year (to £19.5million), numerous studies have indicated that a much greater level funding is needed – between £0.5 and £1 billion per year suggested in the Jofeh report, and £4.2 billion for social housing over 10 years in the recent Community Housing Cymru report. In the 10-point plan I published in 2019 and my letter to you last year I suggested an **annual allocation of between £200-£300 million for housing retrofit** so there remains a significant funding gap.

I have commissioned the New Economics Foundation to explore innovative finance opportunities to address this funding gap, working with others to identify potential solutions which could include a combination of Treasury loans, Government and local authority borrowing, city region investment, green bonds and re-orientation of Welsh pension funds in addition to grants.

The schemes that are receiving funding from the current ORP need to be scaled up at pace, and additional in-year funding could support this.

In addition to this I believe Government should incentivise social landlords to use nature-based solutions and improvements to green infrastructure as part of their retrofit programme to ensure our homes are also resilient to the impacts of climate change.

## 2. Further investment to reallocate road space to create more room for walking and cycling.

Active travel should continue to be a priority for Government, and I welcome the increased investment that we've seen over the last few years to support active travel infrastructure. The current 3 year allocation of £60 million is coming to an end this year and I would urge Government to commit to another 3, preferably 5, year Active Travel Fund to give Local Authorities greater long-term certainty of the funding available and also longer to plan and develop appropriate infrastructure with full engagement and involvement from the communities in their local areas (which isn't always the case). In addition to capital investment, this must also include revenue costs for local authorities to recruit staff to deliver the work in order to avoid an ongoing implementation gap in active travel policy.

I welcomed the additional £55 million capital spend on 'sustainable travel' in this year's budget, but as my 10 point plan suggested a minimum of 10% of the transport budget (20% of the capital budget) should be allocated for funding walking and cycling infrastructure which is approximately a **£60 million allocation** in the next budget, or close to **£300 million over 5 years**.

You will be aware that I have challenged Government to demonstrate the carbon impact of spending proposals/allocations and whilst there is still work to do in this area it is clear that additional investment in modal shift would both support Government's climate change targets and the newly published draft National Transport Strategy.

## 3. Investment to prioritise 'school streets' through closing school streets to traffic.

School Street schemes offer a proactive solution for school communities to tackle air pollution, poor health and road danger reduction. It will encourage a healthier lifestyle and active travel to school for families and lead to a better environment for everyone.

It is particularly timely to reduce the use of cars on streets near schools, as many parents are working remotely so have more time to travel actively on the school run (i.e. walking or cycling) – this is an opportunity to embed active travel in daily patterns.

Indicative figures from Cardiff Council who have been trialling this approach suggest that each scheme costs between £30-60k so an allocation of **£6.6 million** (minimum) would provide for approximately 5 schools in each local authority area to take this approach forward.

Cardiff Council have been able to implement 14 School Streets to date using a range of funding sources including the Safe Routes in Communities grant, Civil Parking Enforcement

fund and the recent schools Covid grant. However, they are currently bidding for a further £1 million to deliver additional schemes with at least 45 schools wanting to become school streets demonstrating considerable demand and support for this approach.

Needless to say effective consultation is critical to ensure success of any scheme; the work Sustrans are currently doing at [Fairfield School](#) in Penarth is an example of the sort of process that will lead to a successful scheme, at an additional cost of around £50k (for engagement only).

I'm sure it would be helpful for the funding streams to be coordinated and rationalised so that there is a clearer mechanism to support implementation of school streets across Wales, and an integrated approach across transport, education and health would be helpful. This would result in:

- Supporting the wider benefits of school streets which include benefits to the health of children but also educational performance (as shown in a study by [Swansea University](#))
- A more holistic approach to implementing effective school streets schemes linked to the wider Active Travel network activity in that area, alongside what happens with school streets provision on the school grounds, as these are too often not connected to each other.
- Securing longer-term funding across a wide range of portfolios for various but connected activities would signal long-term commitment and support.

#### **4. Investment in improving digital connectivity, particularly in communities hit hardest by the pandemic.**

Target funding for broadband infrastructure improvements to the communities which have been hit hardest by the pandemic and currently have the poorest connectivity.

In July, I noted the investment of £30million (from Government, the European Union and Openreach) to extend superfast broadband coverage to a further 13,000 premises. You could continue to expand on these infrastructure improvements with a specific focus on communities that have been particularly hard hit by the pandemic or are likely to face high levels of unemployment in the coming months and years.

This digital infrastructure is important to enable continued remote working, to meet your target of 30% of the population working remotely and to ensure that there is equality between those employees who work remotely and those who are present in offices.

There are other innovative examples that can be developed further, with sufficient financial support, such as Carmarthenshire Council's investment of £50 million to boost digital connectivity in the region, to deploy more full fibre fixed broadband connectivity, as well as 4G, 5G, and the Internet of Things – a network of physical objects that are embedded with technologies to connect and exchange data.

#### **5. Investment in green infrastructure in towns and cities.**

Investment should be used to incentivise city and town centre regeneration to incorporate biodiverse green infrastructure and nature-based solutions, such as city nature trails and urban green corridors.

I welcome the commitment you've set out in the 'Covid-19 reconstruction: challenges and priorities' document, to develop community outdoor spaces through the Local Places for Nature programme. I suggest funding is scaled up and targeted at areas where communities cannot access green space within 300 metres of their home. This could be an extension of the £90 million Transforming Towns package, specifically focused on improving green infrastructure in communities that need it the most with a longer term aim to connect people to nature within 300m of their homes., improve air quality and enhance and restore biodiversity.

Many projects that would benefit from capital funding are highlighted in NRW's Green Recovery report, including a proposal from Fields in Trust which focuses on the creation of three new parks within deprived areas of Neath Port-Talbot, Newport and Cardiff, and proposals to restore neglected spaces on communities' doorsteps to transform them into food growing areas, pollinator gardens and community orchards and woodlands.

#### 6. Investment in the infrastructure needed to pilot remote working hubs.

I note in your document 'Covid-19 reconstruction: challenges and priorities' document you intend to launch a Strategic Sites Acquisition Fund to enable local authorities to acquire land and high street premises in order to revitalise town centres.

As part of this priority should be to support the piloting of remote working hubs, through acquiring buildings or supporting other organisations to acquire buildings and seeking to establish multi-functional hubs which could provide working, reskilling, well-being and community facilities/services. Pilots should be focused in areas that have been hit hardest by the pandemic, and Government should take account of socio-economic disadvantage and levels of home broadband coverage. Government could also prioritise the creation of remote working hubs in buildings which have multiple uses – for example community centres, childcare settings or places that promote regeneration.

You could allocate a small capital grant programme for businesses who want to invest in setting up remote working hubs in their premises, and in return they could be expected to allocate a certain number of free working spaces per day to people from their local community. This could also be aligned to the Economic Resilience Fund working on the basis that it should be seeking to achieve "something for something".

I hope that these suggestions are helpful, and I look forward to further dialogue.

Kind regards,



Sophie Howe

Future Generations Commissioner for Wales



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26<sup>th</sup> November 2020

FOA Finance Committee

**RE: Welsh Government draft budget proposals 2021-22**

The Marine Conservation Society (MCS) welcome the opportunity to respond to your pre-budget scrutiny for the Welsh Government's draft budget 2021-22.

MCS is the leading UK's leading marine charity. We work to ensure our seas are healthy, pollution free and protected. Our vision is for seas full of life where nature flourishes and people thrive. We have actively been working in Wales to improve the health of Welsh seas for the past 13 years.

Our primary focus for this response will be in relation to **Environment MEG** spending.

**Question 1: What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?**

We are concerned about the impact that both Brexit and COVID-19 has had on the ability for the **Marine and Fisheries Division** to carry out their 2020-21 work programme.

In the Welsh Government's May 2020 supplementary budget<sup>1</sup>, £1.8 million of the Marine and Fisheries Division budget was re-purposed. Prior to this, this Division of the Environment MEG only originally had £4.9 million allocated for all work areas, which includes planning, licensing, fisheries protection, conservation, and non-cash investments previously made (such as new enforcement vessels). The ability for this Division to undertake their statutory duties during 2020 is likely to have been restricted by a much-reduced, already tight, budget.

As highlighted in previous responses, we remain concerned about the continued financial prioritisation of fisheries management within the Marine and Fisheries Division, which is only one work stream within marine management, yet receives a disproportionate amount of its funding allocation in the Environment MEG. This, for many years now, has resulted in a 'squeeze' on funding on all other marine conservation duties. It is well documented that well managed seas with fully functioning ecosystems bring about economic, environmental and societal benefits.

Furthermore, we have witnessed a clear de-prioritisation of nature though the reduction of the NRW grant by £7.5 million in the May 2020 supplementary budget. This is counterproductive to a green and blue recovery, given the value for money in delivering recovery added by NGOs and their important role in

<sup>1</sup> Welsh Government supplementary budget explanatory note, May 2020:  
<https://gov.wales/sites/default/files/publications/2020-05/1st-supplementary-budget-2020-2021-note.pdf>



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administering nature based solutions, management, recovery, education and well-being. Without this vital money, the Welsh natural environment will suffer further degradation and social wellbeing will further decrease.

We are pleased about the recent announcement from the Housing Minister of £30 million pound allocated to help fund circular economy initiatives. It is unclear whether this is entirely “new” money (rather than repurposed from elsewhere in the waste Division) however, this is a welcome first step to moving towards a Globally Responsible nation.

## 2. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

As a charity, we are re-budgeting and reprioritising. Welsh Government are undertaking the same process, and we are deeply concerned on the impact this will have on funding environmental management as a whole but, in particular, marine management, given this is already of low priority within Government and chronically under-funded:

Whilst we appreciate the unprecedented nature of the crisis, we have concerns about the redistribution of civil service work force from Marine and Fisheries Division to work on COVID-19 and on the longer term impacts this will have on the Division’s work programme, given many projects are already significantly delayed due to Brexit and budget restrictions. For example, the identification and designation of Marine Conservation Zones and the development of new fisheries bylaws within European Marine Sites are already lagging several years behind similar work programmes in England and Scotland.

Given the significant impact that COVID-19 and Brexit is likely to have on marine and fisheries legislation in Wales, **additional funding is needed** to re-establish domestic work programmes within the Division, and undertake new work on Brexit bills, given the urgency in which both the Fisheries Bill and Environment Bill are being advanced through Westminster.

We are aware that there has been a significant delay to the introduction of measures to tackle pollution in Wales, e.g. the introduction of a Deposit Return System for drinks containers, Extended Producer Responsibility, and charges for single-use plastic items. We are hopeful that some of these measures will be introduced in 2021-2. **The draft 2021-22 budget should therefore include full costings for the implementation of new waste prevention initiatives.**

We have serious concerns about the delay to statutory management of agricultural pollution, given that pollution incidents in rivers and on the coast continue to occur. Statutory measures should be introduced as soon as possible in 2021 and the new budget should reflect the cost requirement of the implementation of this.



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**Welsh Government needs to fully consider finance required to tackle the Nature and Climate Emergencies in all future financial and policy decisions made in the 2021-2 year, across all portfolios, if they are to be able to set nature in Wales on a path to resilience.**

**3. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

COVID-19, and the subsequent actions taken by the government, have impacted the programmes that the Marine Conservation Society is able to deliver, the ways that stakeholders can engage, our ability to raise funds and the ways we work together. Therefore, we have modified the programme of our activities and methodologies, for example by increasing our focus on, and capacity for, on-line activities.

As a charity, it is difficult at this time to forecast for 2021-22. However, we have reviewed our expected income projections until the end of the 2020-21 financial year. We are anticipating income reduction of between 31-45%. However, if the impacts of the crisis affect our ability to carry out mass engagement activities for longer than 6 months, and if there are rolling lock-downs, then we anticipate that our income could be further affected, resulting in a further reduction from our initial projections.

To address the expected fall in income our charity is likely to face, without the need for redundancies, we plan to continue to reduce our expenditure as far as possible. Current and recent actions include: furloughing a third of our staff, freezing salaries, cancelling most recruitment plans and cutting training budgets, as well as savings as a result of reduced travel and event expenditure. We have paused plans for new projects, and will only invest in them if they are a key organisational priority and we receive restricted funding for them, which includes a significant contribution to our core expenditure on the programme related to the new project.

A continuation of the furlough scheme during periods of lock-down, and the ability for small eNGO's to access Welsh Government grants schemes that can support marine management actions, would provide some hope for our organisation's operational capacity and future growth in Wales.

**4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?**

Regarding transparency, we would be keen to **see a more detailed breakdown of draft budget allocation** within the different Divisions of Welsh Government, in order to facilitate a clearer understanding of exactly where money is intending to be spent within each of these.



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**5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

N/A

**6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

*'Building Back Better' – responding to the Climate Crisis and Nature Emergency*

Whilst we are pleased that the Welsh Government are committed to a 'green recovery' from COVID-19, it is unclear at this stage how this will be implemented and financed.

We have, this week, been made aware of a newly allocated £920K support NGOs as part of a Green Recovery Fund. We welcome the set-up of this fund, but it is a comparatively small amount of money, when compared with England who has put in the region of £80 million into a similar scheme.

We welcome the recent Welsh Government COVID-19 Reconstruction report, however it is not clear yet what the allocation of funding will look like for policy priorities within this document.

We have also seen little reference or acknowledgment generally from Welsh Government civil servants as to **how the green recovery will extend to the 'blue'**, to support management of the coast and seas surrounding Wales. The Welsh sea area managed by the Welsh Government covers approximately 30,000km<sup>2</sup>. It is, in fact, **a third bigger** than the land area that it manages (comparatively, around 21,000 km<sup>2</sup>) and has huge potential for socio-economic and environmental recovery.

We hope that the Welsh Government's draft budget, when published in December, will reflect the financial and social importance of our seas and coasts and budget accordingly for a 'blue recovery'. A **'Blue Recovery Plan'** and increased funding for marine management will help to deliver policy commitments and restore confidence in the Welsh Government to be the Government for improving environmental standards.

Thank you for the opportunity provide evidence to pre-budget scrutiny. We hope you find our feedback helpful and you would like to discuss any of our points in further detail, please do get in touch.

Yours Sincerely,

*C. Trotman*

Clare Trotman, Policy and Advocacy Manager

*Gill Bell*

Gill Bell, Head of Conservation, Wales

**Oxfam Cymru written submission to the Finance Committee  
consultation on Welsh Government Draft Budget 2021-22:**

**November 2020**

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The following submission speaks to specific questions from the Finance Committee's consultation on the Draft Budget.

**6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

**How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.**

Protecting people providing care in Wales from poverty, and valuing their contribution, must be a priority. Both paid and unpaid carers are at the forefront of our response to Covid-19, putting themselves at risk to protect us all. Yet, if you are a carer you are more likely to be living in poverty. It is estimated that 96% of all care in Wales is provided by unpaid carers, many of whom are struggling and in need of further support.<sup>1</sup> Polling carried out by YouGov on behalf of Oxfam Cymru also shows that 68% of adults in Wales think that care work is not valued highly enough by the Welsh Government.<sup>2</sup>

We would like to see the budget prioritise investment in the care sector as a low-carbon, gender-just foundation of the wellbeing economy, placing people with caring responsibilities at the heart of the recovery<sup>3</sup>, whilst ensuring that no carer is left in poverty.<sup>4</sup> This must include changes to procurement practices to ensure all workers in the paid care sector receive the real Living Wage as a minimum.<sup>5</sup>

**To what extent alleviating climate change should be prioritised in supporting economic recovery.**

In February 2020, the wettest one on record in Wales, the country saw some of the worst flooding on record from Storms Ciara and Dennis directly impacting more than 1,000 homes and 300 businesses.<sup>6</sup> It's widely accepted that climate change is happening – 93% of National Survey for Wales respondents recognised this.<sup>7</sup> In April 2019 the Minister for Environment, Energy and Rural Affairs, Lesley Griffiths MS declared a climate emergency in Wales.<sup>8</sup>

Unless governments across the world, including Welsh Government, prioritise action to tackle climate change, future generations will continue to pay the price through greater hunger, greater health risks and climate-related disasters that will result in mass displacement of people. As a globally responsible nation, it is vital that Wales takes urgent action on both territorial and consumptive emissions of CO<sub>2</sub>.<sup>9</sup> Our Welsh Doughnut 2020 report<sup>10</sup> showed that, in the case of climate change, planetary boundary emission limits in Wales are exceeded by 455% and in land-use change the UK figure is 200%. We are also facing an ecological emergency with one in six species in Wales at risk of extinction.

It is essential that alleviating climate change should be prioritised in supporting economic recovery. We are at a critical juncture. We have a choice between returning to 'business as usual' or learning

from this moment to begin again and build a fairer and more sustainable economy – there can be no long-term economic recovery without climate change alleviation.

Others have detailed how the Welsh Government budget could be used to help alleviate climate change, for example the Future Generations Commissioner's 10 Point Plan to Fund Wales' Climate Emergency<sup>11</sup>, WWF Cymru's manifesto<sup>12</sup> which calls for 1% of every departmental budget to be dedicated to restoring nature and combating climate change and Friends of the Earth Cymru's Climate Action Plan for Wales.<sup>13</sup>

### **Welsh Government policies to reduce poverty and gender inequality.**

We believe there is a clear moral and economic case for prioritising preventative spending resource allocation to eradicate poverty and inequality. The Bevan Foundation has estimated that poverty costs the Welsh economy £3.5 billion in 2016<sup>14</sup> – a figure that has no doubt increased in recent years, wasting people's potential, whilst hampering economic growth. For all these reasons, tackling economic inequality and poverty must be a top priority for Wales and needs a whole government approach. The Finance Committee needs to play a key role in assessing and scrutinising work to tackle poverty, reduce inequality and raise the living standards of those households with the lowest budgets.

Even before Covid-19, almost a quarter of people in Wales were in poverty (700,000 people) living precarious and insecure lives. The risk for children was higher with 3 in 10 children living in poverty.<sup>15</sup> People in Wales have lower pay across every sector compared with people in the rest of the UK. Wales's lowest earners are ten times more likely to have been affected by the Covid-19 shutdown than those on the highest salaries.<sup>16</sup>

Our Welsh Doughnut 2020 report sets out a 'social floor' below which, we believe, no person in Wales should fall.<sup>17</sup> The evidence brought together in the report paints a stark picture. Almost one-quarter of households in Wales were living in relative, income-related, poverty, which is also associated with lower levels of life expectancy and educational achievement and a greater proportion of disposable income being spent on housing costs. Whilst other indicators considered within the report do not allow for disaggregation by socio-economic status, inevitably the most disadvantaged parts of Wales' population will experience higher levels of poor connectivity, being victims of crime, fuel poverty, loneliness, hunger, a poor local environment and civic disengagement. These societal failures are intricately linked to the long-term and systemic issue of inequality. The virus and the response to it is widening existing inequalities, by reducing the incomes and increasing risks disproportionately for some groups of people.<sup>18</sup>

Gender inequality is one of the oldest and most pervasive forms of inequality in the world. It denies women their voices, devalues their work, and makes women's position unequal to men's – from the household to the national and global levels. Despite some important progress to change this in recent years, in no country have women achieved economic equality with men, and women are still more likely than men to experience persistent poverty.<sup>19</sup> In the UK, women retire with on average £100,000 less in their pension than men due to caring responsibilities and the gender pay gap.<sup>20</sup> There is also a body of evidence which tells us that when time poverty is taken into account, poverty rates substantially increase, particularly for women.<sup>21</sup> There are deep overlaps between the undervaluing of care and gender inequalities.

As mentioned previously, we would like to see the budget prioritise investment in the care sector as a low-carbon, gender-just foundation of the wellbeing economy, placing people with caring responsibilities at the heart of the recovery, whilst ensuring that no carer is left in poverty. This must include changes to procurement practices to ensure all workers in the paid care sector receive the

real Living Wage as a minimum and payment of additional costs, for example, travel and personal protective equipment should be covered so that wages are not eroded by other costs.

Wales has played a role in international development for many years through the Wales and Africa Programme and has an important role to play in responding to global disasters. Over the past 10 years the number of people affected by humanitarian crises has almost doubled.<sup>22</sup> However, with no increase in the Wales and Africa programme budget over the last decade, the financial value of Wales' contribution to international development is decreasing over time. An increase in the Wales and Africa budget to enable larger grants to partners, over a 3-year period would allow for greater sustainability and impact. With the UK Government cutting the 0.7% aid budget to 0.5%, it is vital that a globally responsible Wales steps up.<sup>23</sup> The people of Wales have responded generously to emergency appeals with successive Welsh governments playing an active role by raising awareness and vital funds. Welsh Government support for DEC Cymru to co-ordinate this effort must continue and be strengthened.

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

Our economic system is failing to deliver human and ecological wellbeing. The current economic system responds to the common needs of humanity and the planet in ways that do not address the heart of problems and do not make life better for all. In fact, often problems are made worse or at best responses act as 'sticking plasters'. In a wellbeing economy, responses should be person-centred, geared towards environmental protection and regeneration, positive and long-term. Short term political cycles, party politics and political football between local, devolved and national government do not lend themselves to dealing with the global challenges we face or the urgency with which we need to act.

We cannot continue to trade off long term gain for short term gain in decision making. All decision making needs to be evidence based and made on the principle of 'do no harm'. For example, it is easier to manage inequalities created by unemployment resulting from a decision to close a carbon intensive industry than it is to deal with the consequences of climate change. In such instances, investment could be made in retraining people for work in the other sectors and ensuring people have access to a basic level of income whilst retraining.

### **How the Welsh Government should use taxation powers and borrowing.**

We would like Welsh Government to raise new revenue, for example, through a Welsh social care levy<sup>24</sup>, and use this to significantly boost investment in the care sector to protect paid care workers from poverty and to relieve pressure on unpaid carers.

### **What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

These are heart-breaking times. Since the World Health Organization declared Covid-19 a global pandemic, more than 1,313,919 people have died from the disease.<sup>25</sup> An estimated 495 million people, and disproportionately women, have lost their jobs.<sup>26</sup> Up to half a billion people could be pushed into poverty by the time the pandemic is over.<sup>27</sup> In Wales we face a post-pandemic jobs crisis, with an estimated 250,000 jobs in 'shutdown sectors' and women disproportionately at risk.<sup>28</sup>

We are at a critical juncture. We have a choice between returning to 'business as usual' or learning from this moment to begin again and build a fairer and more sustainable economy. The current crisis has shattered many central assumptions. It has illustrated our shared fate; demonstrated how deeply interconnected our economic, mental and physical health truly are; exposed who are the real essential workers; reinforced the need for effective governments; and highlighted the fragile basis of our economy.

Despite five years passing since the enactment of the pioneering Wellbeing of Future Generations (Wales) Act<sup>29</sup>, ending the Act's first implementation and reporting cycle, our systems are still failing to deliver human and ecological wellbeing. In a wellbeing economy, responses should be person-centred, geared towards environmental protection and regeneration, positive and long-term. The fact that Welsh Government has joined the Wellbeing Economy Government Network<sup>30</sup> is a positive step forward. We are proud of the Wellbeing of Future Generations Act but more needs to be done to realise the significant potential of the Act and ensure compliance and accountability.

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

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

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

Through the Wellbeing Economy Government Network, there is much that could be learned from the New Zealand Treasury Living Standards Framework.<sup>31</sup> The budget is an important tool for communicating how we value Welsh assets (or 'capitals'), such as nature, human and social assets and how budget allocations help embed and grow these important asset bases.

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<sup>1</sup> Clifton, A. (2020). Coronavirus: Adult Social Care. Senedd Research, Welsh Parliament. Available at <https://seneddresearch.blog/2020/05/19/coronavirus-adult-social-care/>

<sup>2</sup> Oxfam Cymru, (2020). Political leaders urged to act as poverty crisis places 'intolerable pressure' on frontline of Coronavirus battle in Wales. Available at <https://oxfamapps.org/cymru/political-leaders-urged-to-act-as-poverty-crisis-places-intolerablepressure-on-carers-on-frontline-of-coronavirus-battle-in-wales/>

<sup>3</sup> Women's Budget Group, (2020). A Care-Led Recovery from Coronavirus. Available at <https://wbg.org.uk/analysis/reports/a-care-led-recovery-from-coronavirus/>

<sup>4</sup> Oxfam (2020) Care, poverty & coronavirus <https://oxfamapps.org/cymru/wp-content/uploads/2020/09/Care-Poverty-and-Coronavirus-in-Wales-ENG.pdf>

<sup>5</sup> <https://www.livingwage.org.uk/what-real-living-wage>

<sup>6</sup> <https://senedd.wales/Research%20Documents/20%20-34%20-%20Flooding%20and%20Coastal%20Erosion/2020-34-eng.pdf>

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- <sup>7</sup> Statistics for Wales (2019) National Survey for Wales, 2018-19 climate change and environmental action <https://gov.wales/sites/default/files/statistics-and-research/2019-10/climate-change-environmental-action-national-survey-wales-april-2018-march-2019-827.pdf>
- <sup>8</sup> <https://gov.wales/welsh-government-makes-climate-emergency-declaration>
- <sup>9</sup> There are two methods for measuring our consumption of CO<sub>2</sub>. Emissions can be measured on either a territorial or consumptive (footprint) basis. Territorial emissions are those relating only to the CO<sub>2</sub> produced within Wales. Consumptive emissions take a broader approach and include estimates of CO<sub>2</sub> embedded in our imports of goods and services.
- <sup>10</sup> Oxfam Cymru (2020) "The Welsh Doughnut: A framework for environmental sustainability and social justice" <https://policy-practice.oxfam.org.uk/publications/the-welsh-doughnut-2020-a-framework-for-environmental-sustainability-and-social-620979>
- <sup>11</sup> <https://www.futuregenerations.wales/wp-content/uploads/2019/06/10-Point-Plan-to-Fund-Wales-Climate-Emergency-Detailed-Report.pdf>
- <sup>12</sup> [https://manifesto.wwf.org.uk/cms-data/welcome/WWF-Manifesto-to-Wales-3\\_1.pdf](https://manifesto.wwf.org.uk/cms-data/welcome/WWF-Manifesto-to-Wales-3_1.pdf)
- <sup>13</sup> <http://foe.cymru/sites/default/files/ClimateActionPlanforWales.pdf>
- <sup>14</sup> <https://www.bevanfoundation.org/publications/putting-poverty-at-the-centre-of-the-welsh-governments-2020-21-budget/>
- <sup>15</sup> JRF (2020) "Poverty in Wales 2020" <https://www.jrf.org.uk/report/poverty-wales-2020>
- <sup>16</sup> Cardiff University (2020) "Covid-19 and the Welsh economy: Shutdown sectors and key workers." [https://www.cardiff.ac.uk/\\_data/assets/pdf\\_file/0017/2410343/Covid-19-and-the-Welsh-economy-shutdown-sectors-and-key-workers-briefing-paper.pdf](https://www.cardiff.ac.uk/_data/assets/pdf_file/0017/2410343/Covid-19-and-the-Welsh-economy-shutdown-sectors-and-key-workers-briefing-paper.pdf)
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- <sup>18</sup> Senedd (2020) <https://senedd.wales/laid%20documents/cr-ld13403/cr-ld13403-e.pdf>
- <sup>19</sup> National Education Union, (2019), Women are more likely to experience persistent poverty. Available at <https://neu.org.uk/advice/women-and-poverty>
- <sup>20</sup> Chapman, B. (2019). Women's pensions £100,000 less than men's due to gender pay gap and childcare commitments, Independent. Available at <https://www.independent.co.uk/news/business/news/pension-savings-gap-childcare-gender-pay-gap-women-a9000066.html>
- <sup>21</sup> Zacharias A. (2017). How time deficits and hidden poverty undermine the sustainable development goals, Levy Economics Institute. Available at [http://www.levyinstitute.org/pubs/pn\\_17\\_4.pdf](http://www.levyinstitute.org/pubs/pn_17_4.pdf)
- <sup>22</sup> Global Humanitarian Overview (2019) <https://reliefweb.int/report/world/global-humanitarian-overview-2019-trends-humanitarian-needs-and-assistance> Accessed November 2020
- <sup>23</sup> <https://www.theguardian.com/global-development/2020/nov/17/uk-aid-budget-facing-billions-in-cuts>
- <sup>24</sup> <https://gov.wales/sites/default/files/publications/2018-11/paying-for-social-care.pdf>
- <sup>25</sup> <https://covid19.who.int/>
- <sup>26</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_755910.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_755910.pdf)
- <sup>27</sup> Oxfam (2020) "Power, profits and the pandemic" <https://www.oxfam.org/en/research/power-profits-and-pandemic>
- <sup>28</sup> Learning & Work Institute (2020) "Understanding the impact of coronavirus in Wales" <https://learningandwork.org.uk/resources/research-and-reports/understanding-the-potential-impact-of-coronavirus-in-wales/>
- <sup>29</sup> Well-Being of Future Generations (Wales) Act 2015, Section 4 <http://www.legislation.gov.uk/anaw/2015/2/section/4/enacted>
- <sup>30</sup> <https://wellbeingeconomy.org/wego>
- <sup>31</sup> <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

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Enw'r sefydliad: Coleg Brenhinol y Meddygon Cymru  
Prif gyswllt: Lowri Jackson, Pennaeth polisi ac ymgyrchoedd Cymru  
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Mae Coleg Brenhinol y Meddygon o'r farn bod ffocws newydd ar gyllid hirdymor ar gyfer meddygaeth gymunedol, gofal cymdeithasol ac iechyd y cyhoedd yn hanfodol erbyn hyn. Mae pandemig COVID-19 wedi amlygu a gwaethygu problemau presennol yn y GIG – o brinder gweithlu i anghydraddoldebau iechyd. Gan hynny, rydym yn galw ar Lywodraeth Cymru i flaenoriaethu gofal cymdeithasol a gwasanaethau canolraddol a chymunedol yn y gyllideb ddrafft nesaf.

Ar wahân i fylchau yn y rota, y pryder mwyaf a nodwyd gan ein meddygon yw'r diffyg capasiti yn y system i drosglwyddo pobl adref neu i ofal yn y gymuned. Mae llawer o'r rhai sy'n ddigon da i adael yr ysbyty yn dal yn gaeth yn y system, yn methu â mynd adref na symud i ofal cymunedol oherwydd diffyg capasiti a staff gwasanaethau cymdeithasol. Po hiraf y bydd rhywun yn aros mewn gwely ysbyty, y mwyaf yw'r effaith ar ei les a'r mwyaf yw'r risg o gwmpo, iselder a heintiau a geir mewn ysbyty.

Er ein bod yn cydnabod bod adolygiad gwariant diweddar llywodraeth y Deyrnas Unedig yn cynnwys rhywfaint o arian ychwanegol ar gyfer y GIG (cyllid canlyniadol a ddaw i Lywodraeth Cymru), ni all ein meddygon ddarparu'r gofal integredig a chyfannol y mae ein cleifion ei angen ac yn ei haeddu heb setliad cyllido cynaliadwy hirdymor ar gyfer gofal cymdeithasol.

Mae effaith COVID-19 wedi bod yn enfawr, ac mae wedi effeithio ar bob rhan o'r GIG. Ym mis Mehefin, roedd bron i hanner yr arbenigeddau meddygol yn disgwyl y byddant yn gweithio ar lefelau gweithgarwch is na'r lefelau cyn COVID am flwyddyn o leiaf, ac ym mis Tachwedd, adroddodd 82% o'n haelodau ledled y Deyrnas Unedig am oedi o ran profion endosgopi ar gyfer cleifion allanol. Rhaid i ni fanteisio ar y cyfle hwn i ymateb ac ailadeiladu drwy:

- wella ffyrdd integredig o weithio a buddsoddi mewn gofal cymdeithasol a gofal sy'n canolbwyntio ar yr unigolyn
- cynyddu'r gweithlu, cefnogi addysg a blaenoriaethu llesiant staff
- annog amser a ddiogelir ar gyfer gwella ansawdd, ailddylunio gwasanaethau ac ymchwil
- harneisio potensial technolegau newydd ac adeiladu ar gynnydd ym maes iechyd digidol.

Er y bydd cyllid wedi ei dargedu yn helpu clinigwyr i ymdopi yn ystod y 12 mis nesaf, mae llawer o'r pwysau maent yn ei wynebu yn cael ei achosi gan brinder gweithlu, ac nid oes ateb sydyn i hyn. Y ffordd fwyaf effeithiol o leihau ôl-groniadau'r GIG a lleddfu'r pwysau yw cynyddu'r gweithlu sydd ar gael i drin cleifion. Bydd hyn angen ymrwymadau cyllido hirdymor sy'n ategu'r gwaith o weithredu strategaeth newydd y GIG a'r gweithlu gofal cymdeithasol i flaenoriaethu iechyd, llesiant a bodlonrwydd staff a denu doniau newydd.

Lansiodd Coleg Brenhinol y Meddygon Cymru ei [ofynion maniffesto ar gyfer 2021](#) ym mis Medi 2019, ac rydym wedi atodi'r rhain fel atodiad i'r cyflwyniad hwn.

Fodd bynnag, rydym yn diweddarau'r papur hwn yng ngoleuni'r pandemig COVID-19, a byddwn yn cyhoeddi fersiwn wedi ei diweddarau yn y flwyddyn newydd. Bydd hyn yn cynnwys enghreifftiau o wasanaethau sy'n darparu gofal meddygol arbenigol yn y gymuned a sut maent wedi addasu i weithio gyda COVID-19 tra'n cadw pobl allan o'r ysbyty ac yn ddiogel yn eu cartrefi eu hunain.

Mae croeso i chi gysylltu â'm cydweithiwr Lowri Jackson, Pennaeth polisi ac ymgyrchoedd Coleg Brenhinol y Meddygon Cymru, drwy e-bostio [Lowri.Jackson@rcplondon.ac.uk](mailto:Lowri.Jackson@rcplondon.ac.uk) os oes gennych chi gwestiynau. Mae ein holl adroddiadau sy'n canolbwyntio ar Gymru ar gael i'w [llwytho i lawr oddi ar ein gwefan](#).

Mae copi o'n maniffesto ar gyfer 2021 wedi ei gynnwys gyda'r ymateb hwn.

Cofion gorau,



**Dr Olwen Williams**

Is-lywydd Coleg Brenhinol y Meddygon dros Gymru



# Chwalu rhwystrau

Ein cynllun gweithredu  
ar gyfer llywodraeth  
nesaf Cymru

Medi 2019

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## Rhagair

Rôl tîm Coleg Brenhinol y Meddygon yng Nghymru yw gwrandao ar ein haelodau, cymrodyr a chymdeithion meddygol sy'n gweithio yn y GIG o ddydd i ddydd, a thynnu sylw at y prif faterion sy'n cael eu codi ganddynt er mwyn sicrhau rhagoriaeth o ran y safonau hyfforddi a gweithio sy'n darparu'r gofal gorau i gleifion.

Mae'r tîm meddygol amlddisgyblaethol yn bodoli mewn amgylchedd cynyddol heriol sy'n newid o hyd, a'n nod yw arloesi a datblygu modelau darparu gofal iechyd newydd a fydd yn gynaliadwy am ddegawdau.

Mae'r cysyniad o ofal iechyd darbodus sy'n seiliedig ar werth yn gadarn, ac rydym yn annog clinigwyr i'w atgyfnerthu. Rydym wedi croesawu *Cymru iachach: ein cynllun iechyd a gofal cymdeithasol a gyhoeddwyd gan Lywodraeth Cymru yn 2018*. Mae'n gynllun sy'n galw am gamau gweithredu y gellir eu mesur, ac er mwyn cyflawni hyn mae angen i'r newid gael ei arwain gan gleifion a chlinigwyr.

Mae ein themâu yn gyfarwydd, yn heriol ac eto'n rhai y gellir eu cyflawni: sicrhau bod pobl o bob sector cymdeithasol yn byw mewn amgylchedd iach a'u bod yn gallu gofalu am eu hiechyd eu hunain; bod y systemau iechyd a gofal cymdeithasol wedi'u hintegreiddio'n llawn er mwyn gwneud siwrnai'r claf o fewn y system honno mor rhwydd ag sy'n bosibl; bod gwell gofal i gleifion yn fwyaf tebygol o gael ei gyflawni mewn unedau lle mae clinigwyr yn cymryd rhan mewn ymchwil, a bod angen diogelu amser ar gyfer ymchwil; a bod angen ymrwymiad i fuddsoddi mewn cynyddu nifer y myfyrwyr meddygol yng Nghymru, ac i gynyddu cyfleoedd hyfforddi i feddygon a chaniatáu datblygiad gyrfaol hyblyg, i gyd â'r nod yn y pen draw o ehangu a chreu'r gweithlu modern a fydd yn darparu gofal o safon uchel ym mhob rhan o Gymru.

Mae'n fraint cael gweithio yn GIG Cymru er lles ein cleifion. Mae angen i ni sicrhau bod egwyddorion gwneud penderfyniadau ar y cyd yn ymestyn nid yn unig i'r berthynas rhwng meddyg a chleifion, ond hefyd i'r rhyngweithiad rhwng cleifion, meddygon a llunwyr polisïau.

**Dr Gareth Llewelyn**  
Is-lywydd Coleg Brenhinol y Meddygon ar gyfer Cymru

# Argymhellion

Mae Coleg Brenhinol y Meddygon yn galw ar bob plaid wleidyddol yng Nghymru i ymrwymo i'n cynllun gweithredu pedwar pwynt ar gyfer llywodraeth nesaf Cymru. Dylai llywodraeth nesaf Cymru wneud y canlynol:

## 1 Datblygu, cefnogi a gwerthfawrogi gweithlu'r GIG.

Rhaid i lywodraeth nesaf Cymru gynorthwyo meddygon i ddarparu'r gofal gorau posibl drwy fuddsoddi mewn hyfforddiant, addysg a datblygu gyrfaedd. Rhaid annog meddygon ymgynghorol, meddygon dan hyfforddiant a myfyrwyr meddygol i aros yng Nghymru drwy sicrhau gwell cydbwysedd rhwng gwaith a bywyd a darparu cyfleoedd ar gyfer arweinyddiaeth glinigol. Bydd hyrwyddo rolau newydd fel cymdeithion meddygol yn sicrhau gofal amlddisgyblaethol o safon uchel i gleifion ac yn lleihau'r pwysau sydd ar weithlu'r GIG.

## 2 Chwalu rhwystrau er mwyn darparu gofal sy'n canolbwyntio ar y claf.

Rhaid i lywodraeth nesaf Cymru gynorthwyo clinigwyr i ddatblygu atebion arloesol i argyfwng y GIG, yn enwedig mewn ardaloedd gwledig ac anghysbell. Dylai llywodraeth nesaf Cymru fuddsoddi yng nghynaliadwyedd hirdymor y system iechyd a gofal cymdeithasol. Dylid canolbwyntio o'r newydd ar ddatblygu modelau gofal integredig a gwella profiad cleifion sydd ag anghenion cymhleth.

## 3 Gwneud amser ar gyfer ymchwil sy'n ymwneud â chleifion ac arloesi.

Rhaid i lywodraeth nesaf Cymru weithio gyda GIG Cymru i gefnogi gweithgaredd ymchwil yn ein hysbytai a'n cymunedau drwy ddiogelu amser clinigwyr ar gyfer ymchwil, arddangos canfyddiadau prosiectau a chynnwys cleifion. Dylid rhoi lle canolog i'r GIG a gofal cleifion mewn trafodaethau ynglŷn â Brexit.

## 4 Lleihau anghydraddoldebau iechyd a helpu pobl i fyw bywydau iach.

Rhaid i lywodraeth nesaf Cymru ddangos arweinyddiaeth genedlaethol ym maes iechyd y cyhoedd drwy ganolbwyntio ar bwysigrwydd cynorthwyo pobl i fyw bywydau iachach, lleihau salwch y gellir ei osgoi a helpu i gadw pobl allan o ysbytai. Mae hyn yn cynnwys camau effeithiol i fynd i'r afael â gordewdra, llygredd aer, smygu a chamddefnyddio alcohol.



# GIG y dyfodol yng Nghymru

Mae ein meddygon yn gweithio mewn ysbytai ac yn y gymuned mewn 30 o wahanol feysydd meddygol arbenigol. Mae dros 1,300 o'n haelodau'n gweithio yng Nghymru, gan ddiagnosisio a thrin miloedd o gleifion bob blwyddyn sydd ag anhwylderau meddygol o bob math, gan gynnwys strôc, cyflyrau'r galon, diabetes a gofalu am bobl hŷn.

Mewn gwirionedd, mae meddygon ymgynghorol, hyfforddeion a meddygon arbenigedd Coleg Brenhinol y Meddygon yn trin mwy o gleifion nag erioed. Wrth i bobl fyw'n hŷn, â chyflyrau mwy cymhleth, mae'r cynnydd hwn yn nifer y cleifion yn bygwth llethu'n system iechyd a gofal cymdeithasol – ac mae gan Gymru boblogaeth sy'n heneiddio. Yn 2008, roedd 18% o'r boblogaeth dros 65; disgwylir y bydd hyn yn codi i bron i 26% erbyn 2033.<sup>1</sup>

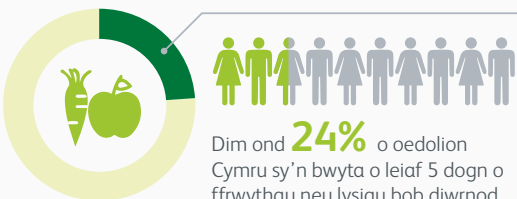
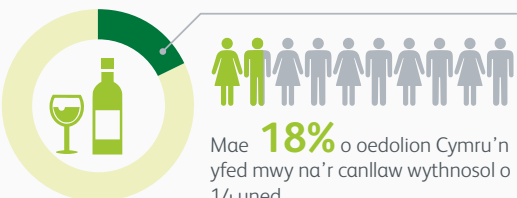
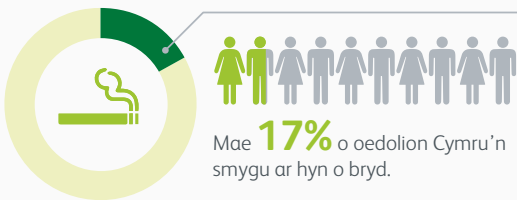
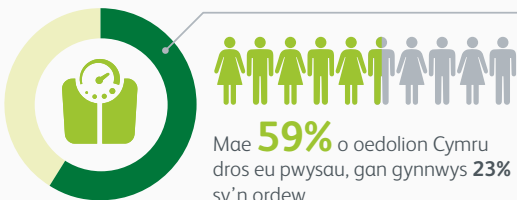
Mae cyfran yr oedolion sydd â salwch hirdymor yng Nghymru yn cynyddu gydag oedran, ac mewn ardaloedd lle mae amddifadedd cymdeithasol ac economaidd. Anhwylderau cyhyrsgerbydol (17%) a chlefyd y galon ac anhwylderau cylchrediad (13%) yw'r cwynion mwyaf cyffredin yr adroddir amdanynt.<sup>3</sup>

**'Mae nifer y cleifion sy'n mynychu'r unedau derbyniadau meddygol a'r adrannau brys wedi cynyddu'n raddol dros y blynnyddoedd, yn enwedig yn ystod y 5 mlynedd diwethaf. Gwelwyd cynnydd yn nifer y staff, ond dim digon ar gyfer y gofynion.'**

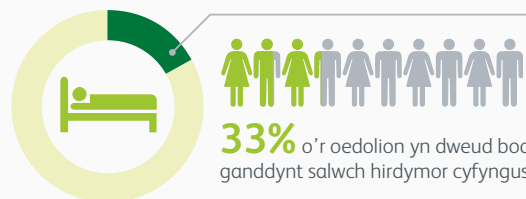
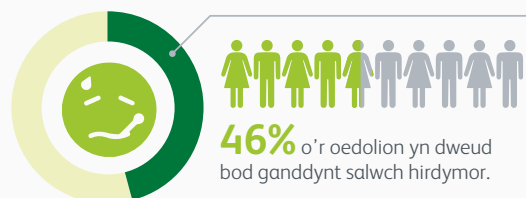
Meddyg ymgynghorol, GIG Cymru

**Mae arnom angen gweithlu sy'n diwallu anghenion poblogaeth sy'n heneiddio.**

## Cipolwg<sup>2</sup>



## Cipolwg<sup>3</sup>



## Grymuso clinigwyr i arwain y ffordd

Mae gan wleidyddion ym mhob plaid gyfrifoldeb i gefnogi newid seiliedig ar dystiolaeth, sy'n cael ei arwain gan glinigwyr, a fydd yn sicrhau gwell gofal i gleifion. Rhaid i fyrdau iechyd a llywodraeth Cymru sicrhau bod newid yn cael ei arwain o ddifri gan gleifion a chlinigwyr, ac nid yn cael ei gyflwyno fel 'trefniadau wedi'u cadarnhau' yn hwyr yn y broses gynllunio. Mae risg go iawn y bydd peidio â chynnwys cleifion a chlinigwyr yn arwain at sefyllfa lle nad oes ymdeimlad o berchnogaeth dros newidiadau arfaethedig, na hygyrdd ynddynt, a lle nad ydynt yn debygol o arwain at newid parhaol.

## Darparu gweledigaeth hirdymor i'r GIG yng Nghymru

Yn 2018, cyhoeddodd llywodraeth Cymru gynllun yn dwyn y teitl Cymru iachach: ein cynllun ar gyfer iechyd a gofal cymdeithasol.<sup>4</sup> Mae Coleg Brenhinol y Meddygon wedi croesawu'r cynllun hirdymor hwn sy'n amlinellu 'gweledigaeth hirdymor ar gyfer system gyfan iechyd a gofal cymdeithasol, gan ganolbwyntio ar iechyd a llesiant ac atal salwch.' Ond er bod y nodau eang yn cael eu croesawu, nid oes digon o fanylion yn y cynllun. Mae llywodraeth Cymru wedi addo £100 miliun tuag at drawsnewid gwasanaethau'r GIG, ond ychydig o wybodaeth ddefnyddiol sydd ar gael i'r cyhoedd ar hyn o bryd ynglŷn â ble mae hyn yn cael ei wario. Dros flwyddyn ers cyhoeddi Cymru iachach, mae angen trosi'r weledigaeth hon yn gynllun gweithredu clir ac uchelgeisiol sy'n cynnwys canlyniadau y gellir eu mesur a gwerthusiad allanol cadarn.

## Effaith Brexit

Yn ystod y blynyddoedd diwethaf rydym wedi clywed llawer o drafodaethau ynglŷn â phryd a sut y dylai'r DU adael yr UE. Bydd y penderfyniad yn 2016 i adael yr UE yn cael effaith sylweddol ar ystod o faterion polisi, yn enwedig yng nghyswllt y GIG ac iechyd pobl Cymru.

Mae gan y GIG weithlu rhyngwladol. Er mwyn cwrdd â'r galw cynyddol a dygymod â phrinder meddygon dan hyfforddiant, mae'r gwasanaeth iechyd ledled y DU wedi mynd yn gynyddol ddibynnol ar feddygon sydd wedi cymhwyso y tu allan i'r DU.<sup>5</sup> Yn 2017–18, roedd hanner y rhai a ymunodd â'r GIG wedi graddio y tu allan i'r DU, o gymharu â 44% yn 2012.<sup>6</sup> Ar ôl i'r DU ymadael â'r UE, efallai y bydd yn anos i feddygon rhyngwladol weithio yn y DU, ac mae'n bosibl y bydd angen i rai gael fisa i weithio.

Mae'r GIG eisoes yn brin o staff ac yn cael anhawster i ddiwallu anghenion cleifion – mae ansicrwydd ymhlith meddygon a fyddant hwy neu eu cydweithwyr yn gallu aros yn y DU yn achosi ansicrwydd ac yn effeithio ar forâl staff. Mae tystiolaeth yn dangos bod morâl isel yn effeithio ar ddiogelwch cleifion.<sup>7</sup>



## Y Cynllun Hyfforddiant Meddygol

Mae'r rheolau mewnfudo presennol hefyd yn rhwysr i feddygon rhyngwladol sy'n gweithio yn y GIG. Mae Cynllun Hyfforddiant Meddygol Coleg Brenhinol y Meddygon yn darparu llwybr arall i recriwtio meddygon o dramor,<sup>8</sup> ond mae rheolau llym y Pwyllgor Cynghori ar Ymfudo ar gyfer meddygon wedi cyflwyno cyfyngiadau sylweddol.

Mae'r Cynllun Hyfforddiant Meddygol yn gynllun cyd-fuddiannol sy'n rhoi cyfle i feddygon iau o bob cwr o'r byd weithio a hyfforddi yn y DU, tra'n rhoi dewis arall hirdymor o safon uchel i ymddiriedolaethau yn lle defnyddio staff locwm i lenwi bylchau ar y rota.

Dylai gweithlu'r GIG gael hawl i aros yn y DU a chael eu heithrio o'r negodiadau. Rydym yn croesawu cefnogaeth llywodraeth Cymru ar gyfer rhoi statws preswlydd parhaol clir i holl weithwyr iechyd a gofal cymdeithasol yr Ardal Economaidd Ewropeaidd a'u teuluoedd sy'n gweithio yn y DU ar hyn o bryd, a'u galwad am sicrwydd y byddwn yn dal i recriwtio staff meddygol o Ewrop drwy systemau cyflym a dibynadwy.<sup>9</sup>

## Yn dilyn Brexit, rhaid i lywodraeth y DU sicrhau ei bod:

- > yn galluogi meddygon y GIG sy'n dod o aelod-wladwriaethau'r UE i aros yn y DU pan fydd yn gadael yr UE
- > yn caniatáu i'r GIG ddal i recriwtio meddygon o dramor o ganlyniad i'r cynnydd yn nifer y cleifion
- > yn llacio rheolau'r Pwyllgor Cynghori ar Ymfudo ar gyfer meddygon rhyngwladol.

## Dylai llywodraeth nesaf Cymru wneud popeth sydd yn ei gallu:

- > i ddiogelu hawliau gweithlu'r GIG i aros yng Nghymru
- > i weithredu cynllun hirdymor clir ar gyfer staffio gwasanaethau iechyd a gofal cymdeithasol yng Nghymru.

# Chwalu rhwystrau er mwyn... gwerthfawrogi gweithlu'r GIG

Mae ysbytai Cymru yn brin o staff ac wedi'u hystyngi i'r eithaf. Mae nifer o resymau dros hyn: poblogaeth sy'n heneiddio, cynnydd yn nifer y cleifion sydd â nifer o broblemau iechyd cymhleth, anawsterau recriwtio staff, ac agwedd fwy hyblyg at waith ymhlith meddygon iau. Dydyn ni ddim wedi edrych yn ddigon pell ymlaen a gwneud cynlluniau yn unol â hynny.

Mae Addysg a Gwella Iechyd Cymru a Gofal Cymdeithasol Cymru bellach wedi cyhoeddi eu strategaeth ddrafft ar gyfer y gweithlu iechyd a gofal.<sup>10</sup> Mae'n braf gweld bod y ddogfen yn cydnabod cymaint o her yw recriwtio a chadw staff y GIG yng Nghymru a pha mor bwysig yw gweithlu llawn cymhelliant. Er mwyn gweithredu syniadau'r strategaeth, rhaid i'r GIG fabwysiadu dull gweithredu uchelgeisiol, sy'n canolbwyntio ar y cleifion, ac yn cael ei arwain gan glinigwyr, a rhoi lle canolog i iechyd a llesiant staff. I gyd-fynd â'r strategaeth derfynol rhaid cael cynllun gweithredu clir, cerrig milltir mesuradwy, digon o adnoddau ariannol a'r modd i alw cyrff y GIG i gyfrif. Mae angen i ni gyflymu'r newid.

Mae data am y gweithlu yn aml yn dameidiog ac yn annibynadwy, ac mae hyn yn golygu bod cynllunio ar gyfer y dyfodol bron yn amhosibl. Rhaid i lywodraeth Cymru, GIG Cymru ac AaGIC ymrwymo i weithio gyda'i gilydd er mwyn casglu tystiolaeth ddibynadwy am staffio, llwybrau gyrfaol a phatrymau gweithio, a dylent ymrwymo i weithio gyda sefydliadau allanol gan gynnwys colegau brenhinol i sicrhau bod y data hyn yn hygyrch, yn dryloyw ac yn hawdd eu deall i gleifion, teuluoedd a'r cyhoedd.

**Mae timau ysbytai dan bwysau cynyddol oherwydd prinder staff.**

Un o'r pryderon mwyaf i feddygon yw bylchau ar y rota: yn 2017, dywedodd 60% o'r meddygon ymgynghorol yng Nghymru wrthym eu bod yn wynebu bylchau yn rota eu tîm yn aml. Dywedodd un o bob pump fod bylchau ar y rota'n achosi problemau o ran diogelwch cleifion – a dywedodd pob un o'r lleill wrthym fod bylchau ar y rota yn debygol o achosi problemau oni bai am atebion dros dro a ffyrdd o weithio o amgylch y broblem.<sup>11</sup> Mae hyn yn cynyddu'r pwysau ar staff y GIG, yn effeithio ar forâl ac yn rhoi gofal cleifion mewn perygl.

**'Dros y blynyddoedd mae nifer y derbyniadau meddygol wedi cynyddu ond mae nifer y gwelyau wedi lleihau a hyd arhosiad wedi byrhau. Rydym bellach yn wynebu maen tramgwydd – does dim llawer mwy y gallwn ei wneud i leihau hyd arhosiad ymhellach.'**

## Meddyg ymgynghorol, GIG Cymru

Gallai'r GIG wneud llawer mwy i wella amgylchiadau gwaith a morâl y gweithlu meddygol. Mae adroddiad Coleg Brenhinol y Meddygon Cymru, *Gwneud pethau'n wahanol*, yn awgrymu amrywiaeth eang o argymhellion i gefnogi meddygon.<sup>12</sup> Bydd buddsoddi mewn iechyd a llesiant staff, gwneud rotas yn fwy hyblyg, a sicrhau cydbwysedd o ran amser rhwng ymarfer clinigol a gweithgareddau eraill megis hyfforddiant, ymchwil a rolau arweinyddiaeth i gyd yn helpu i wella morâl y gweithlu ac ansawdd gofal i gleifion.

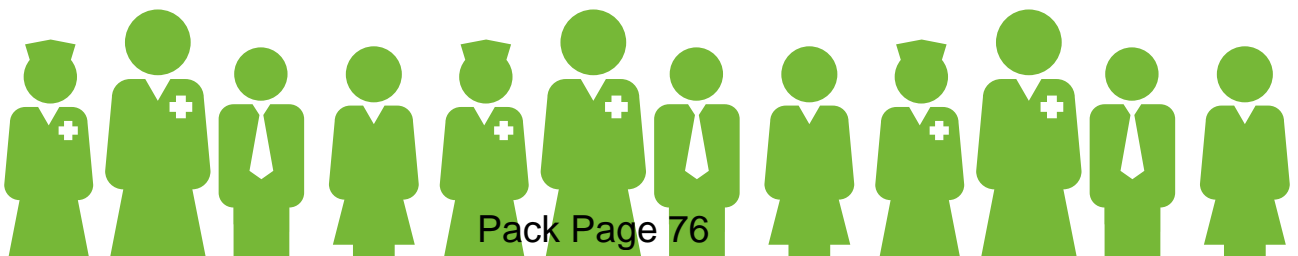
Gall hybu modelau staffio arloesol, â rolau gofal iechyd newydd, gan gynnwys cymdeithion meddygol, helpu timau meddygol i ddarparu gofal o safon uchel a lleihau rhywfaint o'r pwysau sy'n wynebu'r GIG yng nghyswllt y gweithlu. Mae cymdeithion meddygol yn gweithio ochr yn ochr â meddygon, meddygon teulu a llawfeddygon, gan ddarparu gofal meddygol fel rhan annatod o'r tîm amlddisgyblaethol. Mae eu dyletswyddau'n cynnwys cofnodi storïau cleifion, gwneud archwiliadau corfforol, a datblygu a chyflawni cynlluniau triniaeth. Fodd bynnag, heb reoliadau statudol, mae cyfyngiadau sylweddol ar y cymorth y gall cymdeithion meddygol ei gynnig – er enghraifft, ni all cymdeithion meddygol ofyn am archwiliad pelydr-X na rhagnodi ar hyn o bryd.



Gan fod pedair llywodraeth y DU bellach wedi cyhoeddi mai'r Cyngor Meddygol Cyffredinol yw'r corff rheoleiddio statudol ar gyfer cymdeithion meddygol, mae angen cyflwyno'r ddeddfwriaeth angenrheidiol a'i rhoi ar waith cyn gynted ag y bo modd.

## Dylai llywodraeth nesaf Cymru weithio gyda GIG Cymru er mwyn:

- > gweithredu strategaeth genedlaethol uchelgeisiol, yn canolbwyntio ar y cleifion ac yn cael ei harwain gan glinigwyr, ar gyfer y gweithlu a hyfforddiant
- > adeiladu timau meddygol cryf ac annog ymdeimlad o berthyn a hunaniaeth mewn ysbyty
- > mabwysiadu dull gweithredu strategol sy'n cael ei gydlynw'n genedlaethol ar gyfer cynllunio'r gweithlu a chasglu data
- > gwarantu amser wedi'i ddiogelu ar gyfer ymchwil, addysg, gwella ansawdd a chynlluniau arweinyddiaeth
- > buddsoddi mewn rhaglenni cenedlaethol megis y cynllun prif gofrestrydd<sup>13</sup> a hyfforddiant portffolio hyblyg<sup>14</sup>
- > datblygu meddygaeth wledig ac anghysbell fel llwybr hyfforddiant lle mae Cymru yn arwain y byd
- > cynyddu'r cyflenwad o feddygon ym mhob rhan o'r gweithlu meddygol
- > cynyddu nifer y myfyrwyr meddygol a'r swyddi hyfforddiant i raddedigion yng Nghymru
- > cynyddu nifer y lleoedd mewn ysgolion meddygol a gynigir i fyfyrwyr sy'n huanu o Gymru
- > gwneud iechyd a llesiant staff yn flaenoriaeth genedlaethol
- > penodi staff llesiant er mwyn gwella'r broses gynefino a chefnogi meddygon dan hyfforddiant wrth iddynt symud o amgylch Cymru
- > cynllunio rotas teg a hyblyg a lleihau'r pwysau ar feddygon dan hyfforddiant drwy sicrhau nad eu lle hwy yw canfod rhywun i weithio yn eu lle
- > sefydlu fforwm meddygon iau ym mhob ysbyty a sicrhau bod cymorth ar gael i staff
- > cynorthwyo meddygon arbenigedd sy'n gweithio mewn swyddi ar wahân i swyddi dan hyfforddiant i ddatblygu eu gyrfaoedd
- > llenwi bylchau ar y rota drwy fuddsoddi arian hyfforddeion sydd heb ei wario mewn cymrodoriaethau clinigol arloesol
- > datblygu a buddsoddi mewn cyrsiau tystysgrif cymhwysedd ar gyfer cofrestru arbenigwyr (CESR) strwythuredig â gwasanaeth mentora a chefnogaeth i feddygon arbenigedd
- > buddsoddi mewn rolau gofal iechyd newydd, megis cymdeithion meddygol, a'u rheoleiddio
- > rhoi cyfle i feddygon tramor hyfforddi yn y GIG drwy ddefnyddio'r Cynllun Hyfforddiant Meddygol.<sup>15</sup>



# Chwalu rhwystrau er mwyn... darparu gofal sy'n canolbwyntio ar y claf

Ar wahân i fylchau ar y rota, y pryder unigol mwyaf y cyfeirir ato gan ein meddygon yw'r diffyg capasiti yn y system i drosglwyddo cleifion i'w cartrefi neu i ofal yn y gymuned. Wrth i fwy o ysbytai ganfod eu hunain dan bwysau eithafol, mae cleifion yn aros am fwy o amser am driniaeth wrth y drws ffrynt. Mae llawer o'r rhai sy'n ddigon da i adael yr ysbyty wedi cael eu dal yn y system, yn methu â mynd adref na symud i ofal yn y gymuned oherwydd diffyg capasiti a phrinder staff.

Mae buddsoddi mewn gofal cymdeithasol a chymunedol yn hanfodol ar gyfer cynaliadwyedd hirdymor y GIG. Ni ddylai hyn fod yn fater o gymharu gofal sylfaenol a gofal eilaidd – mae angen newid y system gyfan. Mae mwy o feddygon teulu'n gweithio wrth ddrws ffrynt ysbytai yng Nghymru, ac mae mwy a mwy o arbenigwyr mewn ysbytai yn cynnal clinigau yn y gymuned. Yn ogystal ag annog a chynorthwyo meddygon a gweithwyr gofal iechyd proffesiynol eraill i arwain newid, mae angen i ni rannu'r hyn rydym yn ei ddysgu gyda'r byrddau iechyd er mwyn gallu trawsnewid gwasanaethau'n gyflymach. Mae'n bryd i'r system gyfan newid – gofal sylfaenol, cymunedol, eilaidd a chymdeithasol – er mwyn mynd i'r afael ag effaith y pwysau cynyddol ar ofal heb ei drefnu.

**Dylid datblygu rôl y meddyg cymunedol.**

Dylai llywodraeth nesaf Cymru ymrwymo i fuddsoddi a hyrwyddo Cymru fel arweinydd byd-eang ym maes meddygaeth wledig a chymunedol. Mae'r rhan fwyaf o'r hyfforddeion yn dweud wrthym y byddent yn hoffi cael swydd fel meddyg ymgynghorol yn y man lle maent wedi cwblhau eu hyfforddiant arbenigol.<sup>16</sup> Gallai datblygu llwybr hyfforddiant iechyd gwledig arbenigol sy'n rhannu'r amser rhwng yr ysbyty a'r gymuned roi hwb i recriwtio meddygol yng Nghymru yn y dyfodol. Mae gennym gyfle go iawn i arwain y ffordd ym maes cynllunio gwasanaeth iechyd cymunedol arloesol.

Mae angen i'r GIG ddechrau rhoi pobl wrth graidd y gwasanaeth iechyd. Mae hyn yn golygu cynnwys cleifion a'u teuluoedd mewn trafodaethau ynglŷn â chynllunio gofal, a chydabod beth y gellir ei newid ynglŷn â'u dewisiadau, a beth na ellir ei newid. Dylai pobl sy'n byw mewn cartrefi gofal nyrso neu ofal preswyl, ac sy'n aml yn cael eu heffeithio gan fwy nag un cyflwr, ac sydd ag anghenion cymhleth, gael mynediad at dimau gofal sylfaenol gwell, â meddygon arbenigol sydd â diddordeb mewn gofalu am bobl hŷn. Ni ddylai gofal sylfaenol fod yn gyfystyr â meddygaeth gyffredinol mwyach – rhaid i ofal iechyd cymunedol gynnwys amrywiaeth eang o wahanol broffesiynau, arbenigeddau a therapïau.

Dylai timau amlddisgyblaethol fod yn gweithio yn y gymuned er mwyn atal derbyniadau (cysyniad y ward rithwir).<sup>17</sup> Dylai pob ysbyty yng Nghymru fabwysiadu trefniadau rhyddhau ac asesu.<sup>18</sup> Dylai adrannau brys gael gweithwyr cymdeithasol, therapyddion galwedigaethol a gweithwyr proffesiynol eraill perthynol i iechyd ymhlith y staff er mwyn asesu a datblygu cynlluniau gofal ar gyfer cleifion eiddil a chymhleth; dylai gwasanaethau cymdeithasol, clinigwyr a thimau eiddilwch fod yn gweithio gyda'i gilydd o'r adeg y mae'r claf yn cael ei dderbyn i'r ysbyty er mwyn sicrhau bod cynlluniau'n cael eu rhoi ar waith cyn gynted ag sy'n bosibl a bod modd rhyddhau'r claf yn gynharach ac yn ddiogel.

Dylai cleifion sy'n mynychu adrannau brys yn rheolaidd gael cynllun gofal y cytunwyd arno gan glinigwyr, y claf a'i eiriolydd (os yw hynny'n berthnasol). Mae gwasanaeth mynychwyr aml Caerdydd a'r Fro yn enghraifft ragorol o'r hyn y gellir ei gyflawni pan fydd gweithwyr iechyd proffesiynol yn derbyn perchnogaeth ac yn integreiddio eu gwaith â gwaith asiantaethau eraill.<sup>19</sup> Dylai staff sy'n gweithio ym maes gofal heb ei drefnu gael mynediad cyffredinol at bob cofnod meddygol ar gyfer pob arbenigedd, bwrdd iechyd a gofal sylfaenol yng Nghymru.



## Dylai llywodraeth nesaf Cymru weithio gyda GIG Cymru er mwyn:

- > cydweithio â meddygon a gweithwyr proffesiynol eraill ym maes iechyd i ailgynllunio gwasanaethau arbenigol
- > hybu dadl gyhoeddus ddeallus ar ailgynllunio gwasanaethau iechyd lleol, yn genedlaethol ac yn lleol
- > mabwysiadu dull cynllunio system gyfan ar draws gofal sylfaenol, cymunedol, eilaidd a chymdeithasol
- > sefydlu a chryfhau cyfathrebu hygyrch a safonau'r Gymraeg drwy Gymru gyfan
- > buddsoddi yn y gwaith o ganfod cyflyrau cronig a risg uchel yn gynnar a'u rheoli
- > sicrhau bod llwybrau clinigol Cymru gyfan yn cael eu cymhwyso'n gyson ym mhob bwrdd iechyd
- > rhoi sylw i amrywiadau mewn triniaethau a threfniadau rhyddhau rhwng gwahanol fyrddau iechyd
- > darparu gofal meddygol mwy arbenigol yn y gymuned
- > canolbwyntio ar gefnogi a datblygu modelau gofal newydd ar gyfer cymunedau gwledig ac anghysbell
- > datblygu rôl y meddyg cymunedol
- > mynd i'r afael â phrinder nyrsys a gweithwyr gofal iechyd proffesiynol arbenigol, a phrinder staff mewn timau clinigol ehangach
- > ymwreiddio technolegau newydd mewn ymarfer o ddydd i ddydd er mwyn lleihau'r pwysau ar glinigau cleifion allanol
- > gwella cysylltiadau cyfathrebu rhwng gofal sylfaenol, eilaidd, cymunedol a chymdeithasol
- > cyflwyno cofnodion cleifion electronig er mwyn arbed amser a gwella diogelwch cleifion
- > cefnogi rhwydweithiau ar gyfer rhannu ymarfer da a gwella gofal cleifion ar draws y system
- > hybu arweinyddiaeth glinigol a phrosiectau gwella ansawdd sy'n cael eu harwain gan glinigwyr
- > gwella profiad cleifion drwy gefnogi prosesau gwneud penderfyniadau ar y cyd a hunanreolaeth
- > datblygu cynllun cenedlaethol ar gyfer y cleifion hynny sydd â chyflyrau hirdymor cronig niferus ac anghenion cymhleth
- > ymrwymo i weithredu cenedlaethol i gefnogi gwelliannau mewn gofal diwedd oes.



# Chwalu rhwystrau er mwyn... cyflawni ymchwil sy'n ymwneud â chleifion ac arloesi

Mae ymchwil yn y GIG yn berthnasol i amrywiaeth eang o feysydd, yn amrywio o wella ansawdd i epidemioleg a threialon clinigol. Mae ysbytai sy'n ymwneud ag ymchwil wedi gwella canlyniadau i gleifion<sup>20,21</sup> ac mae llawer o feddygon yn ystyried ymchwil fel rhan bwysig o'u gwaith a phrofiad cadarnhaol iawn.

Mae GIG Cymru yn wynebu llawer o heriau. Mae'n amlwg na ellir anwybyddu prinder staff a phwysau ariannol, na'r angen i ddarparu mwy o ofal integredig i gefnogi cleifion, ond ni allwn fforddio crynhoi problemau ar gyfer y dyfodol drwy adael i ymchwil syrthio ar fin y ffordd. Mewn gwirionedd, yng Nghymru, gall ein system iechyd integredig agor mwy o gyfleoedd ar gyfer ymchwil i'r boblogaeth drwy ganiatáu prosesau casglu data helaethach ar draws lleoliadau. Bydd buddsoddi mewn ymchwil yn arwain at enillion hirdymor i gleifion ac i iechyd y cyhoedd – sef yr hyn y mae'r GIG yn ceisio'i gyflawni.

Mae gan y sector gwyddoniaeth ac ymchwil yng Nghymru gysylltiadau cryf â'r UE hefyd, drwy drefniadau cyllido a chydweithio ar draws yr UE ar brosiectau ymchwil. Ar hyn o bryd mae'r DU yn cael mynediad at gyllid ymchwil o'r UE, sydd â chyllideb ymchwil ac arloesi o tua €120 biliwn ar gyfer 2014–20,<sup>22</sup> ac mae'r DU yn un o'r arweinwyr yn Ewrop ar gyfer cynnal treialon clinigol.<sup>23</sup>

Ar hyn o bryd mae'r Asiantaeth Feddyginiaethau Ewropeaidd (EMA) yn chwarae rhan bwysig yn y gwaith o gefnogi mynediad cynnar i gleifion at y triniaethau mwyaf newydd a datblygiadau arloesol. Gall systemau rheoleiddio cenedlaethol yn aml gymryd mwy o amser – er enghraifft, fel arfer mae'n cymryd 6–12 mis yn fwy i gyffuriau newydd gyrraedd Canada ac Awstralia o'i gymharu â'r DU.<sup>24</sup> Mae'n hollbwysig er mwyn dal i ddarparu gofal cleifion o safon uchel bod y DU yn cadw'i safle byd-eang fel canolfan ymchwil ac arloesi.



**Mae ymchwil o safon uchel yn y GIG yn gyfrifoldeb i bawb.**

Mae'n bwysig bod pob clinigydd sy'n gweithio yn y GIG yn ymwneud ag ymchwil: gall hyn olygu canfod cyfleoedd ar gyfer ymchwil newydd, recriwtio cleifion, cefnogi cydweithwyr neu arwain treialon eu hunain. Dylai ymchwil ac arloesi fod yn rhan o weithgaredd craidd byrddau iechyd a dylid deall ei fod yn ddangosydd allweddol o welliant mewn gofal cleifion. Dylai ysbytai a lleoliadau cymunedol gynyddu eu gweithgaredd ymchwil a dylid cefnogi meddygon i ymgymryd â gweithgaredd ymchwil, fel bod mwy o gleifion nag erioed yn gallu bod yn rhan o waith ymchwil clinigol neu gael budd ohono.<sup>25</sup>

Mae gormod o glinigwyr yn ffitio ymrwymadau ymchwil o amgylch gweddill eu gwaith. Â nifer cynyddol o fylchau ar y rota mewn llawer o ysbytai, mae 43% o'r meddygon ymgynghorol yng Nghymru yn dweud mai eu hymchwil yw un o'r pethau cyntaf sy'n cael ei ollwng pan mae'r gwasanaeth dan bwysau.<sup>11</sup>

Dylai holl gyrff y GIG yng Nghymru dderbyn adroddiad rheolaidd am weithgaredd ymchwil. Dylai cyfarwyddwr gweithredol ym mhob bwrdd iechyd neu ymddiriedolaeth y GIG gael ei wneud yn gyfrifol am hyrwyddo ymchwil ar draws y sefydliad ehangach, cydlynu gweithgaredd ar draws gofal sylfaenol, eilaidd a chymunedol, ac adrodd am weithgaredd ymchwil a'i effaith yn rheolaidd. Dylid hysbysu cleifion ynglŷn â gweithgaredd ymchwil sy'n mynd rhagddo a dylent gael cyfle i gymryd rhan lle bo'n briodol. Mae hyn yn cynnwys astudiaethau arsylwi, treialon clinigol a defnyddio data o gofnodion cleifion. Dylid rhannu canlyniadau astudiaethau â chleifion sydd wedi cymryd rhan.

Dylid annog a chefnogi'r holl staff meddygol a gweithwyr proffesiynol perthynol i iechyd, gan gynnwys meddygon dan hyfforddiant, i ddysgu mwy am fethodoleg ymchwil a chyfranogiad yn ystod eu hyfforddiant ar gyfer gradd gyntaf er mwyn i hynny fod yn rhan sylfaenol o'u haddysg a'u hyfforddiant wrth iddynt symud ymlaen â'u gyrfaoedd. Dylai staff sy'n gweithio llai nag amser llawn gael yr un cymorth a mynediad at gyfleoedd hyfforddiant a datblygiad ym maes ymchwil.

## Dylai llywodraeth nesaf Cymru wneud y canlynol:

- > gweithredu argymhellion adolygiadau Reid<sup>26</sup> a Diamond<sup>27</sup>
- > darparu arweinyddiaeth genedlaethol glir ar bwysigrwydd ymchwil feddygol
- > cynyddu cyllid ymchwil sy'n gysylltiedig ag ansawdd i brifysgolion Cymru yn 2019/20
- > adolygu ffrydiau cyllid ar gyfer ymchwil glinigol yng Nghymru, yn enwedig os bydd y DU yn gadael yr UE yn unol â'r cynlluniau
- > mynd i'r afael â'r bwch sgiliau cynyddol mewn pynciau gwyddoniaeth, technoleg, peirianeg a mathemateg (STEM)
- > gwerthuso cynlluniau megis Sêr Cymru<sup>28</sup> sy'n ceisio cynyddu capasiti'r gweithlu ymchwil
- > gweithio gyda'r gymuned feddygol i sicrhau bod staff y GIG yn cael amser ymchwil wedi'i ddiogelu.



## Dylai llywodraeth nesaf Cymru weithio gyda chyrrff y GIG er mwyn:

- > sicrhau bod gweithgaredd ymchwil yn rhan annatod o waith eu sefydliad
- > sicrhau bod byrddau'r GIG yn derbyn diweddariad rheolaidd am weithgaredd a chanfyddiadau ymchwil
- > sicrhau bod cysylltiad uniongyrchol rhwng timau ymchwil a'r bwrdd
- > defnyddio cynllunio swyddi i ddiogelu amser ar gyfer ymchwil glinigol
- > darparu cyfleoedd i arddangos ymchwil, gan gynnwys arddangos i gleifion a'r cyhoedd
- > sicrhau bod gan adrannau ymchwil a datblygu ddigon o adnoddau i ddarparu arweinyddiaeth, cefnogaeth a chynghor
- > sicrhau tryloywder ar gyfer dyrannu cyllid ac adnoddau
- > hwyluso'r gwaith o droi ymchwil yn waith ymarferol ledled y GIG.

## Dylai llywodraeth nesaf Cymru weithio gyda llywodraeth y DU er mwyn:

- > cadw safle'r DU a Chymru fel arweinydd byd-eang ar gyfer ymchwil ac arloesi
- > negodi mynediad parhaus at gyllid ymchwil yr UE, neu ddarparu cyllid cyfatebol yn lle'r cyllid hwnnw
- > egluro sut y bydd mabwysiadu rheoliadau'r UE yn effeithio ar Gymru er mwyn lleihau ansicrwydd yn y sector.



# Chwalu rhwystrau er mwyn... helpu pobl i fyw bywydau iachach

Mae cynorthwyo pobl i fyw bywydau iachach, lleihau achosion o salwch y gellir ei osgoi a helpu i gadw pobl allan o ysbytai am fwy o amser yn bwysicach heddiw nag y mae wedi bod erioed. Mae polisiâu llwyddiannus blaenorol, megis y gwaharddiad ar smygu mewn mannau cyhoeddus a'r ardoll ar ddiodydd llawn siwgr, yn dangos yr effaith y gall ymyriadau ei gael.

Roedd Deddf Iechyd y Cyhoedd (Cymru) 2017 yn gam pwysig ymlaen, ond mae llawer o waith i'w wneud eto. Rhaid i lywodraeth nesaf Cymru ddangos arweinyddiaeth genedlaethol go iawn ym meysydd iechyd y cyhoedd ac anghydraddoldeb drwy roi i weithwyr iechyd proffesiynol yr annibyniaeth, yr awdurdod a'r adnoddau i wneud gwahaniaeth. Dylai iechyd y genedl fod wrth graidd pob penderfyniad sy'n cael ei wneud gan lywodraeth Cymru.

**'Mae gwell iechyd yn ganolog i hapusrwydd a llesiant pobl. Mae hefyd yn gwneud cyfraniad pwysig i gynnydd economaidd, gan fod poblogaethau iach yn byw'n hirach, yn fwy cynhyrchiol, ac yn cynilo mwy.'**<sup>29</sup>

Mae gan feddygon a thimau meddygol ran allweddol i'w chwarae, nid yn unig drwy reoli afiechyd, ond hefyd drwy gynorthwyo pobl i fyw bywydau iachach. Gall defnyddio sgiliau ac arbenigedd meddygon ar draws y system helpu i adeiladu dyfodol iachach i unigolion, cymunedau a Chymru.



Fel mater o flaenoriaeth, rhaid i'r GIG fuddsoddi mewn gwasanaethau rheoli pwysau arbenigol, aml-ddisgyblaethol, sy'n cael eu harwain gan glinigwyr ledled Cymru, â safonau cenedlaethol ar gyfer gwasanaethau a chyflawni.<sup>30</sup> Mae gordewdra'n glefyd cronig nad yw'n eistedd yn gyfforddus o fewn y strwythurau cyllido a'r cyfundrefnau presennol. Mae angen dull gweithredu trosfwaol, sy'n darparu triniaeth drwy dîm aml-ddisgyblaethol, ac yn cael ei arwain gan glinigwyr – rhywbeth nad yw Llwybr Gordewdra Cymru Gyfan wedi gallu ei gyflawni yn y degawd diwethaf. Mae miloedd o gleifion yn cael eu gadael i lawr bob blwyddyn, a disgwylir y bydd cost gordewdra i GIG Gymru yn cyrraedd £465 miliwn y flwyddyn erbyn 2050, â chost ehangach i'r gymdeithas a'r economi o £2.4 biliwn.<sup>31</sup>

Mae llygredd aer yn effeithio ar bawb. Mae'n ffactor risg mewn strôc, clefyd y galon ac asthma, ac yn gallu achosi canser. Bob blwyddyn mae dros 2,000 o fywydau'n cael eu byrhau yng Nghymru o ganlyniad i ansawdd aer gwael.<sup>32</sup> Byddai Deddf Aer Glân yng Nghymru'n cynnwys canllawiau ansawdd aer Sefydliad Iechyd y Byd mewn cyfraith; yn gorfodi llywodraeth Cymru i gynhyrchu strategaeth ansawdd aer statudol bob 5 mlynedd; yn rhoi dyletswydd statudol ar awdurdodau lleol i fonitro ac asesu llygredd aer yn briodol, a chymryd camau i'w atal; ac yn cyflwyno 'hawl i anadlu' lle mae awdurdodau lleol yn gorfod hysbysu grwpiau agored i niwed pan mae lefelau neilltuol yn cael eu torri. Dylai llywodraeth nesaf Cymru hefyd gyflwyno targedau i leihau llygredd aer yn y GIG drwy ddarparu cynlluniau parcio a theithio di-dâl, buddsoddi yn y gwaith o drydaneiddio cerbydau'r GIG ac annog staff i feicio, cerdded a defnyddio cludiant cyhoeddus i ddod i'w gwaith.

Mae camddefnyddio alcohol yn faich mawr ar y GIG, yr heddlu a'r gymuned ehangach. Mae bron i un o bob pump oedolyn yng Nghymru yn yfed mwy na'r cyfanswm sy'n cael ei argymhell bob wythnos.<sup>2</sup> O'r holl alcohol sy'n cael ei werthu, y cynnyrch rhad iawn, megis poteli mawr o seidr cryf, sy'n bennaf gyfrifol am niwed sy'n gysylltiedig ag alcohol. Y ffordd hawddaf o leihau'r galw am alcohol yw codi'r pris a gwyddom fod cyflwyno isafswm ar gyfer pris uned o alcohol yn ffordd effeithiol, seiliedig ar dystiolaeth, o fynd i'r afael ag anghydraddoldeb o ran iechyd a lleihau'r defnydd o alcohol.<sup>33</sup> Rydym wedi cefnogi cyflwyno isafswm pris uned yng Nghymru ac rydym yn annog llywodraeth nesaf Cymru i weithredu deddfwriaeth 2018 cyn gynted ag y bo modd, a gwerthuso ei heffaith. Dylid sefydlu gwasanaethau integredig ar gyfer trin ac atal camddefnyddio alcohol a sylweddau os oes bylchau'n bodoli. Dylai'r rhain fod yn seiliedig ar driniaeth person cyfan sy'n cydnabod anghenion cymhleth ac yn darparu cymorth integredig ar draws ystod o wasanaethau gan gynnwys gofal iechyd, gofal cymdeithasol, tai ac eraill.

Yn ôl yr amcangyfrif ceidwadol a roddwyd yn 2015, roedd cyfanswm cost smygu i'r gymdeithas, gan gynnwys gofal iechyd, gofal cymdeithasol, colli cynhyrchiant, sbwriel a thanau, o gwmpas £14 biliwn y flwyddyn yn y DU.<sup>34</sup> Yng Nghymru, mae dros 5,000 o farwolaethau y flwyddyn yn cael eu priodoli i smygu, ac mae dros 26,000 o'r derbyniadau i ysbysai bob blwyddyn yn gysylltiedig â smygu.<sup>35</sup> Dylai llywodraeth nesaf Cymru ddatblygu a bwrw ymlaen â chynllun rheoli tybaco newydd ac uchelgeisiol ar ôl i gynllun 2017–20 ddod i ben.

### Dylai llywodraeth nesaf Cymru:

- > sicrhau bod pob bwrdd iechyd yn buddsoddi mewn gwasanaethau arbenigol i drin gordewdra, a'r rheini'n wasanaethau sy'n cael eu harwain gan glinigwyr
- > penodi arweinydd clinigol cenedlaethol ar gyfer gordewdra difrifol a chymhleth, a fydd yn atebol i'r prif weinidog
- > gosod targedau clir ac atebol ar gyfer atal a lleihau gordewdra
- > casglu data sy'n caniatáu gwerthusiad parhaus o lwyddiant rhaglenni iechyd y cyhoedd
- > ymrwmo i ddefnyddio incwm o Ardoll y Diwydiant Diodydd Meddal i ariannu rhaglenni iechyd y cyhoedd
- > dechrau labelu calorïau ar fwydlenni
- > cyflwyno Deddf Aer Glân ar gyfer Cymru a fydd yn gwella ansawdd yr aer rydym yn ei anadlu
- > cyflwyno targedau i leihau llygredd aer yn y GIG
- > mynd i'r afael ag effeithiau niweidiol alcohol drwy weithredu deddfwriaeth isafswm pris uned
- > cefnogi a buddsoddi mewn gwasanaethau integredig ar gyfer trin ac atal camdefnyddio alcohol a sylweddau
- > buddsoddi mewn dull triniaeth person cyfan sy'n cefnogi pobl sydd ag anghenion cymhleth o bob math
- > canolbwyntio o'r newydd ar gyflawni ac ymestyn Cynllun Rheoli Tybaco uchelgeisiol ar gyfer Cymru<sup>36</sup>
- > lleihau anghydraddoldeb mewn iechyd drwy dargedu gwasanaethau rhoi'r gorau i smygu at grwpiau risg uchel penodol
- > cefnogi'r ymgyrch 'Mannau Di-fwg'
- > cymryd camau i helpu pobl ifanc drwy ariannu gwasanaethau rhoi'r gorau i smygu ar gyfer pobl ifanc yn benodol
- > creu datganiad consensws clir ynglŷn â defnyddio e-sigarêts er mwyn rhoi'r gorau i smygu
- > gweithredu trefniadau effeithiol i reoleiddio e-sigarêts
- > mynd i'r afael â thybaco anghyfreithlon yng Nghymru drwy fuddsoddi mewn ymgyrch i godi ymwybyddiaeth y cyhoedd drwy Gymru gyfan
- > sicrhau bod pob fferyllfa yng Nghymru'n cynnig gwasanaethau rhoi'r gorau i smygu lefel 3.

### Dylai llywodraeth nesaf Cymru weithio gyda llywodraeth y DU er mwyn:

- > cyfyngu ar weithgareddau hyrwyddo cynnyrch afiach a gwahardd dangos hysbysebion bwyd sothach cyn 9pm
- > adolygu cyfraddau tollau alcohol er mwyn sicrhau eu bod yn adlewyrchiad cywir o'r alcohol sydd mewn unrhyw ddiod
- > sicrhau bod defnyddwyr yn gallu gweld gwybodaeth gywir ar gynnyrch a chanllawiau ynglŷn â faint i'w fwyta neu ei yfed.



# Beth mae Coleg Brenhinol y Meddygon yn ei wneud i helpu?

Drwy ein gwaith gyda chleifion, meddygon ymgynghorol a hyfforddeion, rydym yn gweithio i sicrhau newid gwirioneddol ym mhob ysbyty ac yn y sector iechyd a gofal cymdeithasol ehangach yng Nghymru. Gallwch chi hefyd gyfrannu at waith Coleg Brenhinol y Meddygon yng Nghymru drwy anfon eich sylwadau, syniadau ac enghreifftiau o arferion da aton ni.

Mae ein 36,000 o aelodau drwy'r byd (yn cynnwys 1,300 yng Nghymru) yn gweithio mewn ysbytai ac yn y gymuned mewn 30 o arbenigeddau clinigol gwahanol, gan ddiagnosio a thrin miliynau o gleifion sydd ag anhwylderau meddygol o bob math, yn cynnwys strôc, gofal am bobl hŷn, cardioleg a chlefydau anadlol. Rydym yn ymgyrchu o blaid gwelliannau mewn gofal iechyd, addysg feddygol ac iechyd y cyhoedd. Yng Nghymru, byddwn yn cydweithio'n uniongyrchol â byrddau iechyd, ymddiriedolaethau GIG ac Addysg a Gwella Iechyd Cymru; byddwn yn ymweld ag ysbytai yn rheolaidd i gyfarfod clinigwyr, cleifion a rheolwyr; a byddwn yn cydweithredu â sefydliadau eraill i hybu ymwybyddiaeth o heriau i iechyd y cyhoedd.

Rydym yn trefnu cynadleddau o ansawdd da a digwyddiadau addysgu a gweithdai sy'n denu cannoedd o feddygon bob blwyddyn. Drwy ein gwaith gyda Chymdeithas y Meddygon yng Nghymru, rydym yn ceisio tynnu sylw at yr arferion gorau yng Nghymru, drwy gystadlaethau llunio posterï a gwobrwyo hyfforddeion, ac rydym yn cynnal seremoni dra llwyddiannus bob yn ail flwyddyn ar gyfer aelodau a chymrodyr Coleg Brenhinol y Meddygon yng Nghymru.

Drwy ddylanwadu i greu newid ar lefel genedlaethol yng Nghymru, rydym wedi sicrhau llais cryf i Goleg Brenhinol y Meddygon mewn nifer o wahanol feysydd polisi, yn cynnwys y gweithlu meddygol, diwygio'r GIG a heriau i iechyd y cyhoedd. Rydym wedi galw'n gyson am ddull mwy cydgysylltiedig o recriwtio a chadw staff y GIG, am weithredu i sicrhau gwell cydbwysedd bywyd a gwaith i feddygon, ac am gynllun gweithlu a hyfforddi cenedlaethol dan arweiniad clinigwyr. Mae ein negeseuon am alcohol, gordewdra a thybaco wedi bod yn hanfodol wrth lunio polisi iechyd y cyhoedd dros y degawdau diwethaf.

Byddwn yn parhau â'n gwaith i gadw meddygaeth yn wych, ond mae problem system gyfan yn galw am ateb system gyfan. Mae'n bryd i'r sector iechyd a gofal ddod at ei gilydd i wneud pethau'n wahanol.

**Er mwyn helpu i lunio dyfodol gofal meddygol yng Nghymru, ewch i'n gwefan:**

[www.rcplondon.ac.uk/wales](http://www.rcplondon.ac.uk/wales)

**I roi'ch barn – neu ofyn am fwy o wybodaeth – anfonwch neges e-bost atom yn:**

[wales@rcplondon.ac.uk](mailto:wales@rcplondon.ac.uk)

**Trydarwch i'n cefnogi:**

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# Chwalu rhwystrau Yn rheng flaen gofal cleifion yng Nghymru

Medi 2019

## ‘Mae’n bwysig deall y berthynas gymhleth sydd gan gleifion â’u meddyginiaeth’

Roeddem yn awyddus i werthuso sut y gall y Rhwydwaith Cleifion a Gofalwyr weithio gyda chlinigwyr mewn ysbytai acíwt i helpu cleifion i ddeall y penderfyniadau sy’n cael eu gwneud ynglŷn â’u gofal. Mae gennym ddiddordeb arbennig mewn dadragnodi – y broses o adolygu a rhoi’r gorau i feddyginiaethau a allai fod yn amhriodol er mwyn gwella ansawdd bywyd.<sup>1</sup> Mae meddyginiaeth ar bresgripsiwn yn rhan annatod o ofal llawer o gleifion hŷn bregus, ac mae rhai cleifion yn cymryd hyd at 25 o wahanol feddyginiaethau ar bresgripsiwn yr un pryd. Er hyn, gwyddom nad oes llawer o ymchwil wedi’i wneud i ganfod sut mae cleifion yn teimlo ynglŷn â dadragnodi yn yr ysbyty, felly rydym wedi bod yn casglu gwybodaeth drwy broses cydsyniad deallus a chasglu data, a holiadur manwl i gleifion.

Mae’n bwysig deall y berthynas gymhleth sydd gan gleifion â’u meddyginiaeth. Sut maen nhw’n ymdopi â chymryd meddyginiaeth gartref ar ôl gadael yr ysbyty? Beth yw effeithiau seicolegol cael nifer o feddyginiaethau ar bresgripsiwn? Ydyn nhw’n awyddus i wneud penderfyniadau drostyn eu hunain ynglŷn â’u meddyginiaeth? Yn ddiddorol iawn o safbwynt clinigol, roeddem yn awyddus i ganfod a yw’r claf yn teimlo bod meddyg sy’n tynnu meddyginiaeth oddi ar bresgripsiwn yn meddwl nad oes pwrpas parhau i drin claf.

Yr agwedd fwyaf cadarnhaol ar y prosiect oedd y cyfle i’r Rhwydwaith Cleifion a Gofalwyr ymgysylltu â chleifion, meddygon a nyrsys, gan fod y perthnasoedd hyn yn greiddiol i rôl y Rhwydwaith. Mae dadragnodi – yn enwedig yn ein grŵp targed o gleifion â chapasiti sydd dros 65 oed ac sy’n cymryd mwy nag un feddyginiaeth – wedi cael ei groesawu gan gleifion sy’n awyddus i ddysgu rhagor, er bod y pwnc yn un a allai fod yn un dadleuol. Cawsom gefnogaeth eithriadol gan y tîm ymchwil a datblygu ym Mwrdd Iechyd Prifysgol Aneurin Bevan; fe wnaethon nhw ddarparu canllawiau ar gyfer y prosiect a threfnu mynediad i leoliadau clinigol pan oedd angen. Ar ben hynny, mae staff y wardiau wedi bod yn hynod o groesawus a pharod i helpu, er eu bod yn gweithio mewn amgylchedd prysur.

Roedd y trefniadau yr oedd angen eu dilyn er mwyn cael caniatâd i aelod o’r Rhwydwaith fynd i’r wardiau yn rhwystr, ond rydym wedi dysgu gwersi a hyderwn y bydd pethau’n symlach i brosiectau eraill yn y dyfodol. Rydym yn awyddus i rannu’r gwersi a ddysgwyd drwy ein rhwydweithiau a’n pwyllgorau yng Nghymru, a thrwy gyflwyniadau mewn cynadleddau, ac rydym yn gobeithio defnyddio hyn fel peilot ar gyfer prosiect mwy a fydd yn cael ei gynnal ar raddfa genedlaethol, yn ddelfrydol drwy aelodau’r Rhwydwaith Cleifion a Gofalwyr.

### Dr Richard Gilpin

Cofrestrydd arbenigol mewn geriatreg a meddygaeth gyffredinol  
Bwrdd Iechyd Prifysgol Aneurin Bevan  
Cynrychiolydd Cymru o Bwyllgor Hyfforddeion Coleg  
Brenhinol y Meddygon

### Ceri McDade

Cynrychiolydd Cymru o Rwydwaith Cleifion a Gofalwyr  
Coleg Brenhinol y Meddygon



## ‘Cawsom ein hannog i herio arferion cyfeirio cleifion allanol’

Mae angen diwygio'r system cleifion allanol – mae mwy a mwy o alw am adolygiad o'r system cleifion allanol, gan fod prinder staff clinigol yn cael effaith gynyddol arni, ac oherwydd bod y defnydd o dechnoleg a gynlluniwyd er mwyn gwella effeithlonrwydd yn dameidiog. Mae hyn wedi arwain at amseroedd aros hirach i'r rhai sydd â'r angen clinigol mwyaf, er gwaetha'r gydnabyddiaeth bod nifer o apwyntiadau diangen yn cael eu trefnu i'r rhai hynny a allai gael eu rheoli'n well yn rhywle arall. Roedd adolygiad Swyddfa Archwilio Cymru o reoli apwyntiadau cleifion allanol yn 2015<sup>2</sup> yn annog clinigwyr i herio arferion cyfeirio cleifion allanol, ac yn argymhell y dylai arweinwyr clinigol gymryd risgiau wedi'u rheoli er mwyn sicrhau bod gwasanaethau'n cynnig adolygiad amserol i'r rhai sydd â'r angen clinigol mwyaf.

Yn 2014, cynlluniodd y tîm rhiwmatoleg ym Mwrdd Iechyd Prifysgol Abertawe Bro Morgannwg (Bwrdd Iechyd Prifysgol Bae Abertawe erbyn hyn) brosiect i edrych ar y gallu a'r galw yng nghyswllt cleifion allanol. Roedd tri ar ddeg y cant o'r cleifion newydd wedi bod yn aros ers dros 26 wythnos (targed Llywodraeth Cymru) ac roedd 1,624 o gleifion wedi bod yn aros am apwyntiadau dilynol ers mwy na'r targed ar eu cyfer. I ddechrau, cynaliasom werthusiad manwl o lwybrau cyfeirio yn ystod digwyddiad yn cael ei hwyluso a fynychwyd gan glinigwyr, rheolwyr a staff neilltuo lle ar restr aros. Roeddem yn canolbwyntio ar flaenoriaethu atgyfeiriadau, ar sail egwyddorion gofal iechyd darbodus,<sup>3</sup> gyda'r bwriad o leihau amseroedd aros ar gyfer cleifion newydd a rhoi sylw i'r amseroedd aros eithafol ar gyfer ein llwyth achosion dilynol presennol.

### Dr Usha Srinivasan

Meddyg ymgynghorol mewn rhiwmatoleg  
Bwrdd Iechyd Prifysgol Bae Abertawe

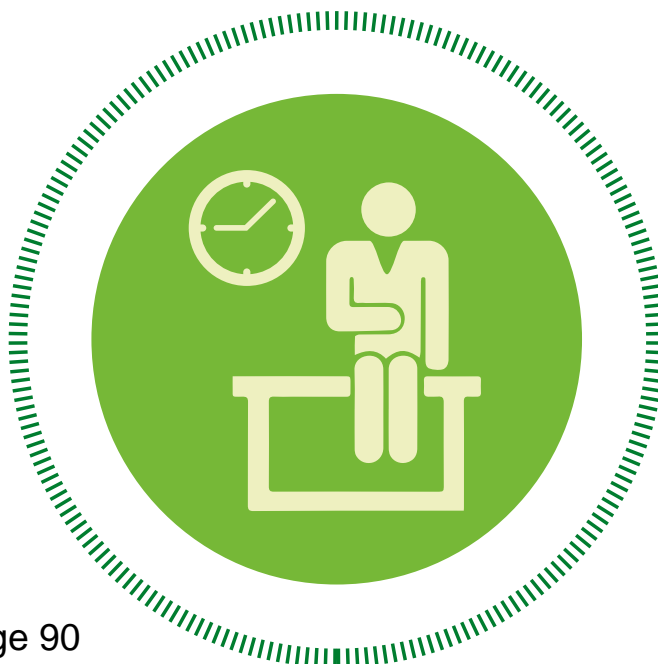
### Andrea Mills

Rheolwr gwasanaeth rhiwmatoleg  
Bwrdd Iechyd Prifysgol Bae Abertawe

Cynlluniwyd y meini prawf ar gyfer derbyn cleifion newydd a oedd yn cael eu hatgyfeirio gan ddefnyddio canllawiau cenedlaethol sy'n diffinio llwyth achosion rhiwmatoleg priodol. Cafodd atgyfeiriadau amhriodol eu hailgyfeirio at wasanaethau eraill megis ffisiotherapi/poen cronig, neu eu dychwelyd at y sawl a'u cyfeiriodd, â chynlluniau ymchwilio/rheoli wedi'u teilwra. Anfonwyd llythrau'n uniongyrchol at gleifion, gan egluro'r sail resymegol y tu ôl i'r penderfyniadau hyn.

Erbyn Mawrth 2015, roedd amseroedd aros cleifion newydd wedi gostwng i 4–6 wythnos ym mhob safle yn y bwrdd iechyd. Llwyddasom i drosi clinigau cleifion newydd yn weithgaredd dilynol, a sicrhau gostyngiad sylweddol yn nifer y cleifion a oedd yn aros am fwy na'u dyddiad targed o 1,624 ym Mawrth 2014 i 253 ym Ionawr 2016. Dangosodd gwaith dilynol yn 2018 mai dim ond pedwar, allan o 474 o gleifion y cafodd eu hatgyfeiriadau eu dychwelyd rhwng Mehefin 2015 a Mai 2016, gafodd ddiagnosis o anhwylder llidiol yn ddiweddarach, ar ôl cael eu hailgyfeirio â nodweddion newydd.

Cafodd amheuan cychwynnol ynglŷn ag atebolrwydd personol posibl atgyfeiriadau a gamgyfeiriwyd eu goresgyn drwy gytuno i dderbyn cyfrifoldeb ar y cyd am y prosiect a rhoi adborth rheolaidd. Mae cyflwyno trefniadau blaenoriaethu atgyfeiriadau electronig yn hwyluso deialog electronig amserol ac effeithiol gydag atgyfeirwyr a byddem yn argymhell y dull gweithredu hwn yn fawr iawn. Rydym hefyd wedi gallu dangos bod yr egwyddorion sy'n sail i'r prosiect yn gadarn ac yn helpu i leihau amrywio amhriodol drwy ddulliau sy'n seiliedig ar dystiolaeth.



## 'Rwy'n falch o ddweud bod gofal canolraddol yng Nghymru'n amlygu ei hun fel maes arbenigol o fewn maes arbenigol'

Yn 2007, dechreuasom ar ein taith i gynllunio trefniadau cydweithio arloesol rhwng gwasanaethau iechyd a gwasanaethau gofal cymdeithasol yng Ngwent. Ein nod oedd darparu'r gofal cymunedol gorau posibl i bobl hŷn ac i unrhyw oedolyn sy'n cael anhawster oherwydd eiddilwch clinigol – 12 mlynedd yn ddiweddarach, mae Rhaglen Eiddilwch Gwent wedi esblygu a datblygu i fod yn un o'r gwasanaethau uchaf ei barch yn y DU, ac mae'r model gofal wedi cael ei efelychu gan lawer o ganolfannau yn Lloegr a'r Alban. Mae Cymru wedi dangos y ffordd wrth wireddu'r rhaglen – mae sawl rhan arall o'r DU wedi cael anhawster i wneud hynny.

Mae wedi bod yn daith lafurus ar adegau. Wrth i'r rhaglen ddatblygu, roedd anghenion cleifion yn newid o hyd, o ganlyniad i'r newid cyflym yn nemograffeg Gwent a rhannau eraill o'r wlad. Mae'n dal i deimlo ar brydiau fel pe bai rhywun yn ceisio taro targed sy'n symud. Yr hyn sydd wedi'n helpu i gadw'r elfen berthnasol yw'n gallu i addasu ac ymateb i newid. Mae craffu a gwerthuso rheolaidd wedi helpu'r rhaglen i barhau'n hyfyw a chanfod ei lle ymhlith gwasanaethau craidd Gwent.

Timau adnoddau cymunedol yw craidd Rhaglen Eiddilwch Gwent. Maent yn cynnwys aelodau o dimau amlddisgyblaethol, yn amrywio o staff therapi, gweithwyr gofal cymdeithasol a'r sector gwirfoddol, i gangen ymateb cyflym yn cael ei chefnogi gan uwch staff meddygol ac uwch staff nyrsio. Mae adnoddau a sgiliau'r tîm wedi'u cynllunio yn unol ag anghenion pobl eiddil a hŷn sydd ag anghenion cymhleth ac sy'n cael eu heffeithio gan fwy nag un cyflwr. Telir y gweithwyr o gyllideb gyfunol ar gyfer iechyd a gofal cymdeithasol.

### Dr Jaideep S Kitson

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Meddyg ymgynghorol mewn meddygaeth geriatric  
Bwrdd Iechyd Prifysgol Aneurin Bevan

Caiff cleifion eu cyfeirio at y gwasanaeth o ofal sylfaenol ac eilaidd drwy un pwynt mynediad. Mae'r timau'n canolbwyntio ar atal derbyniadau diangen i ysbytai, caniatáu i gleifion gael eu rhyddhau o'r ysbyty'n gynnar â chymorth, a chefnogi ailalluogi ac atal cwympiadau. Asesiad geriatric cynhwysfawr<sup>4</sup> yw'r gonglfaen ar gyfer adeiladu a datblygu cynlluniau gofal. Mae mynediad at therapyddion, gofal cymdeithasol a gwasanaethau meddygol cyflym dan arweiniad ymgynghorydd yn hollbwysig er mwyn darparu ein hymateb cymunedol, sydd yn ei dro'n darparu gofal yn nes at y cartref yn unol â rhaglen Dyfodol Clinigol<sup>5</sup> Bwrdd Iechyd Prifysgol Aneurin Bevan.

Mae'r cleifion yn fodlon iawn â'r gwasanaeth. Mae nifer y marwolaethau annisgwyl yn isel iawn, diolch i linellau llywodraethu clir a goruchwyliaeth drylwyr yn y gymuned gan y timau clinigol. Mae cost y rhaglen yn cael ei gwerthuso drwy hap-dreial wedi'i reoli mewn mwy nag un ganolfan a bydd y canlyniadau ar gael yn fuan. Mae integreiddio, llesiant a'r defnydd o dechnolegau newydd i gyd ar yr agenda ar gyfer y dyfodol. Rydym hefyd yn datblygu unedau eiddilwch cymunedol sy'n gallu darparu gwell gofal nyrsio a gofal meddygol. Rwy'n falch o ddweud bod gofal canolraddol yng Nghymru'n amlygu ei hun fel maes arbenigol o fewn maes arbenigol.



### 'Mae hwn wedi bod yn brosiect anhygoel i fod yn rhan ohono'

Mae diabetes yn fwy cyffredin yng Nghymru nag yn unrhyw wlad arall yn y DU. Erbyn hyn mae bron i 200,000 o bobl yn byw gyda diabetes, hynny yw 7.4% o'r boblogaeth sy'n oedolion – ac mae'r niferoedd yn codi bob blwyddyn. Os bydd y patrwm presennol yn parhau, amcangyfrifir y bydd 311,000 o bobl yn byw gyda diabetes yng Nghymru erbyn 2030. Mae'r clefyd yn costio tua £500 miliwn y flwyddyn i'r GIG yng Nghymru, ac mae 80% o'r swm hwn yn cael ei wario ar reoli cymhlethdodau, y rhan fwyaf ohonynt yn rhai y gellid eu hatal.<sup>6</sup>

Mae darparu cyngor a chymorth priodol i gynifer o bobl sydd â diabetes math 2 yn hanfodol ac yn dipyn o her hefyd. Dangosodd data archwilio o 2015 fod llai nag 1% o'r grŵp hwn wedi bod ar gwrs addysg wedi'i ddilysu yng Nghymru.<sup>7</sup> Roedd arnom angen ffordd newydd o gyrraedd y miloedd o bobl sydd â diabetes ac nad ydynt yn cael y cymorth maen nhw'n ei haeddu i reoli eu clefyd yn iawn – yn enwedig y rhai sy'n byw mewn ardaloedd gwledig, anghysbell, sydd efallai'n teimlo ar wahân yn gymdeithasol, ac efallai'n ddfreintiedig o safbwynt economaidd.

Dechreuasom feddwl am ffyrdd o gefnogi a grymuso cleifion sydd â chyflyrau cronig. Ffurfiwyd gweithgor sy'n cynnwys: Diabetes UK Cymru; Uned Ymchwil Diabetes Cymru; grŵpiau cleifion; ac eHealth Digital Media Ltd. Ein nod oedd datblygu cynnwys, a meddwl hefyd sut y gallem ddsbarthu'r cynnwys hwnnw. Penderfynasom greu cyfres o ffilmiau addysgol digidol a oedd yn canolbwyntio ar newid ymddygiad cleifion sydd â diabetes. Aeth ein partneriaid sy'n gwmnïau cyfryngau ati i lunio tua 10 ffilm am ddiabetes math 2 i ni a chysylltwyd â dwy feddygfa, un ohonynt â rhestr faith o bobl a oedd wedi cael eu cyfeirio ar gyfer pecyn addysgol am diabetes, ond nad oedd pecyn addysgol ar gael. Derbynasom adborth ar unwaith drwy'r system, a'n helpodd i ddatblygu ffilmiau ar bynciau eraill, a llwyddodd yr arweinydd cenedlaethol ar gyfer diabetes yng Nghymru i sicrhau rhywfaint o gyllid drwy Gymru gyfan i ni. Gellir anfon y dolenni cyswllt drwy neges testun yn syth i ffôn symudol a'u defnyddio wrth symud ymlaen.

Mae'r prosiect wedi bod yn hynod o effeithiol, ac mae'r gost yn gymharol isel. Os bydd y cyfraddau defnyddio presennol yn parhau, disgwylir y bydd y prosiect yn cael 30,000 o gliciau yn 2019, â diabetes yn unig yn cael 2,000 o gliciau y mis. Mae'r defnydd yn cynyddu'n raddol ac mae wedi dyblu ers y llynedd. Rydym hefyd yn ehangu i rai rhannau o Loegr gan ddefnyddio system sydd wedi'i datblygu i gostio ychydig geiniogau y claf. Mae ein gwerthusiad cychwynnol wedi dangos gostyngiad sylweddol o safbwynt ystadegol yn lefelau cyfartalog glwcos yn y gwaed (HbA1c) ymhlith y rhai sy'n ymwneud â'r cynnwys.<sup>8</sup> Cafodd y prosiect ei roi ar y rhestr fer ar gyfer Gwobr Arloesi gan NHS England ac ar gyfer Gwobrau NHS Cymru. Cafodd ganmoliaeth yng Ngwobrau Ansawdd mewn Gofal (QiC) Diabetes yn 2018 ac yn 2019 cyrhaeddodd rownd derfynol Gwobrau Ansawdd mewn Gofal Diabetes am animeiddiad ar ddiogelwch inswlin ar y cyd â Rhaglen Addysg Diabetes Caergrawnt.

Mae'r ffilmiau'n para am tua 5 i 10 munud, gan ddibynnu ar y cynnwys. Maen nhw'n gweithio'n dda i bobl sydd mewn gwaith – os ydych newydd gael diagnosis o ddiabetes, mae'n anodd iawn i chi fynd ar gwrs addysg am hanner diwrnod bob wythnos am 6 wythnos, hyd yn oed os oes un yn eich ardal. Gwyddom fod nifer y cleifion sy'n mynd ar y cyrsiau hyn yn isel iawn. Rydym yn darparu dolenni cyswllt ar ddiwedd y ffilmiau i gyfeirio cleifion at ragor o wybodaeth, neu ddeunyddiau dysgu eraill.

Mae hwn wedi bod yn brosiect anhygoel i fod yn rhan ohono, ond fel unrhyw ffordd newydd o weithio, roedd angen tipyn o ymdrech i hyrwyddo'r system newydd. Ar adegau, mae wedi bod yn anodd i gael y proffesiwn gofal iechyd i ymwneud ag ef. Mae wedi cymryd tipyn o amser i ymwreiddio'r ddarpariaeth mewn ymarfer gofal sylfaenol safonol, ond mae gwaith gyda darparwyr TG gofal sylfaenol yn ddiweddar wedi bod o gymorth mawr, ac erbyn hyn mae'r ffilmiau diabetes yn cael eu hymgorffori'n swyddogol yn y system meddygaeth gyffredinol fel rhan o adolygiad diabetes. Y peth pwysig i ni nawr yw codi ymwybyddiaeth a chyfleu'r neges i gleifion a chlinigwyr. Yn dilyn llwyddiant y ffilmiau diabetes, rydym wedi dod â chynnwys at ei gilydd ar gyfer clefyd rhwystrol cronig yr ysgyfaint (COPD), poen cronig, lymffoedema, methiant y galon, presgripsiynu cymdeithasol,<sup>9</sup> gofal diwedd oes, goresi canser, ac yn fwy diweddar, dementia.<sup>10</sup> Mae rhai o'r rhain yn cael eu hariannu gan Lywodraeth Cymru drwy Gymru gyfan.

**'Mae hon yn ffilm wych. Mae'n dangos sut brofiad yw byw gyda dementia, ac mae hynny'n gymaint gwell na darllen amdano. Mae'r ffilm yn dangos sut mae pobl go iawn sydd â dementia yn cael anhawster i ganolbwyntio ar darged pan mae gwybodaeth arall o'u cwmipas yn tynnu eu sylw. Mae'r holl arsylwadau a syniadau sydd yn y ffilm yn cyd-fynd â'r dystiolaeth wyddonol, ond mae tystiolaeth o'r fath braidd yn sych i'w darllen a dydy hi ddim mewn gwirionedd yn cyrraedd yr union bobl a allai gael y budd mwyaf o'r wybodaeth hon.'**

**Yr Athro Andrea Tales, cadair mewn ymchwil niwroseicoleg a dementia, Canolfan Heneiddio Arloesol, Prifysgol Abertawe**

Rydym bellach yn datblygu ffilmiau i gefnogi'r agenda gwellhad dros dro o diabetes, yn ogystal â chynhyrchu cynnwys mewn gwahanol ieithoedd, ac rydym hefyd yn gweithio gyda chydweithwyr dramor i edrych ar ffyrdd o allforio'r system y tu allan i'r DU, yn enwedig i India. Rydym yn awyddus iawn i wneud rhywbeth tebyg ar gyfer gordewdra. Y broblem â gordewdra yw'r ffaith nad yw'n rhan o unrhyw ffyrdd cyllido sy'n bodoli'n barod, ond mae'n cael effaith ar bron bob cyflwr cronig. Byddai'n help pe gellid brigdorri rhywfaint o'r cyllid presennol ar gyfer cyflyrau cronig gan nad oes arian penodol ar gyfer gordewdra. Ni all helpu pobl i deimlo bod ganddynt fwy o rym ond bod yn beth cadarnhaol.

**Dr Sam Rice, Professor Jeff Stephens and Dr Julia Platts** Meddygon ymgynghorol mewn diabetes ac endocrinoleg Bwrdd Techyd Prifysgol Hywel Dda

### ‘Gall fferyllwyr gynnig gwasanaeth arbenigol o safon uchel fel rhan o’r tîm derbyniadau ehangach’

Yn 2015, diweddarodd y Sefydliad Cenedlaethol dros Ragoriaeth mewn Iechyd a Gofal (NICE) eu canllawiau cysoni meddyginiaethau gan ddweud y dylai meddyginiaethau cleifion gael eu cysoni cyn pen 24 awr ar ôl iddynt gael eu derbyn i’r ysbyty, ac yn ddelfrydol, y byddai aelod o dîm y fferyllfa’n ymwneud â’r gwaith. Mae’r argymhelliad hwn wedi newid llwyth gwaith fferyllwyr clinigol yn sylweddol.

Mae’n dra hysbys y gall problemau yn ymwneud â’r ffordd y mae gwybodaeth am feddyginiaethau’n cael ei throsglwyddo o un lleoliad gofal i un arall, neu pan mae pobl yn symud o un lleoliad gofal i un arall, efallai o’u cartref eu hunain neu o gartref nyrsio i ysbyty, achosi niwed. Fel proffesiwn, roeddem yn derbyn argymhellion newydd NICE gan eu bod i gyd yn ymwneud â diogelwch cleifion – ond y gwir amdani yw bod y rhan fwyaf o systemau cysoni meddyginiaethau fferyllfeydd ysbytai yn adweithiol. Yn aml iawn mae tîm y fferyllfa’n methu â chysoni meddyginiaethau am oriau, weithiau ddiwrnodau, ar ôl derbyn claf i ysbyty, pan mae camgymeriadau presgripsiynu wedi digwydd yn barod. Mae aneffeithlonrwydd aruthrol yn y broses bresennol ac mae’n golygu bod angen ail-wneud llawer o bethau.

Felly dyma ni’n meddwl, beth pe bai tîm y fferyllfa yno ar y dechrau? Beth pe baem ni’n gwneud y gwaith o glercio hanes cyffuriau a phe baem ni’n rhan o’r broses o’r dechrau un? Byddai’n well gan bob un ohonom fod yn gwneud cyfraniad cadarnhaol i ofal cleifion, yn hytrach na chywiro camgymeriadau y gallem fod wedi’u hatal. Mae rhan helaeth o’n llwyth gwaith yn ymwneud â chanfod beth sydd wedi mynd o’i le: pe bai’r broses yn fwy slic, neu yn sicr pe bai llai o gamgymeriadau’n cael eu gwneud, byddai’n well i’r cleifion. Mae’n helpu’n cydweithwyr meddygol drwy dynnu rhywfaint o’r baich oddi ar eu hysgwyddau nhw, ac mae’n bodloni’r egwyddorion gofal iechyd darbodus, drwy wneud yr hyn rydyn ni’n fwyaf cymwys i’w wneud.

Roedd Ysbyty Singleton yn Abertawe eisoes yn paratoi’r ffordd ar gyfer hyn gyda fferyllwyr. Felly penderfynasom weld sut y byddai pethau’n mynd gyda thechnegwyr fferyllfa, gan ein bod yn hyderus bod y gallu ganddynt. Credwn mai dyma’r enghraifft gyntaf o dechnegwyr yn trawsgrifio siart feddyginiaeth ar y pwynt derbyn yn y DU, felly mae’n ddull gweithredu cymharol newydd ac nid yw’n gyffredin o gwbl.

Fel arfer, yn achos oedolion sy’n cael eu cyfeirio i’r ysbyty gan eu meddyg teulu, pan mae’r claf yn cyrraedd, bydd yn cael ei frysbennu gan nyrs a bydd yn aros i weld meddyg iau, a fydd yn cofnodi ei fanylion, yn canfod pa gyffuriau y mae wedi bod yn eu cymryd ac yn ysgrifennu’r siart feddyginiaeth, a bydd yn cael ei weld yn ddiweddarach gan feddyg ymgynghorol. Efallai y bydd yn cael ei dderbyn i’r ysbyty bryd hynny, ond nid o reidrwydd. Os bydd yn cael ei dderbyn bryd hynny bydd aelod o dîm y fferyllfa’n ei weld (cyn pen 24 awr gobeithio, ond bron yn sicr cyn pen 48 i 72 awr) ac yn ailwiro’r hanes cyffuriau a’r trawsgrifiad ar ffurf siart a wnaethpwyd gan y meddyg iau.

Yn ystod ein peilot, ar ôl i’r alwad atgyfeirio ddod gan y meddyg teulu, byddai tîm y fferyllfa (y technegydd fel arfer) yn edrych ar wybodaeth y claf yn y cofnod iechyd unigol electronig ac yn dechrau casglu hanes y cyffuriau. Ar ôl i’r claf gyrraedd, roedd ein technegwyr yn cwblhau hanes y cyffuriau gyda’r claf, ac yn edrych ar ffynonellau eraill fel cofnodion clinigau cleifion allanol – rydym bob amser yn croeswiro ein data yma, sy’n ymarfer da. Rydym yn falch iawn o’n technegwyr; maen nhw’n wych. Roedd pawb a gymerodd ran yn y cynllun peilot wedi gwirfoddoli.

**‘Cafwyd adborth geiriol da gan y meddygon iau. Ro’n i’n meddwl ei fod yn wych oherwydd ro’n i’n gallu darllen popeth, roedd yn gynhwysfawr iawn – yn llawer mwy cywir a chyfredol.’**

#### Meddyg ymgynghorol

Ein gwaith ni oedd cofnodi hanes y cyffuriau yn y ddogfen glercio feddygol, a thrawsgrifio’r meddyginiaethau o hanes y cyffuriau i siart feddyginiaethau’r claf: dwy dasg y byddai’r meddygon iau yn arfer eu gwneud. Yna byddai’r ddogfen glercio a’r siart feddyginiaethau’n cael eu rhoi mewn amlen werdd, a oedd yn cael ei selio, a sticer yn cael ei roi ar y cefn i ddweud mai dim ond y presgripsiynydd ddylai agor yr amlen. Byddai’r presgripsiynydd yn dal i wirio a llofnodi’r siartiau a phenderfynu a yw’r meddyginiaethau’n briodol, ond erbyn hyn maen nhw’n gwybod eu bod yn edrych ar restr gywir o hanes y cyffuriau.



Mae meddyginiaethau newydd yn dod ar y farchnad o hyd, felly byddai bron yn amhosibl i'r rhan fwyaf o feddygon iau geisio cadw golwg ar bob un. Pan oedden ni'n casglu ein data sylfaenol, yn ein grŵp rheoli o 16 o gleifion, roedd 44 o anghysonderau ar y siartiau meddyginiaethau a oedd wedi'u hysgrifennu gan feddygon iau, ond nid oedd unrhyw anghysonderau i'w gweld yng ngwaith ein technegwyr fferyllfa – y mae rhai ohonyn nhw'n trin a thrafod hanes cyffuriau bob diwrnod – wrth drawsgrifio 25 siart yn ystod y cynllun peilot. Ers hynny rydym wedi treialu fersiwn o'r prosiect yn adran achosion brys yr ysbyty, lle mae mwy fyth o bwysau a straen, ac aeth popeth yn dda.

**'Mae'n ymwneud â darparu gofal yn y lle iawn, gan y person iawn, ar yr adeg iawn. Pan fyddwn yn dechrau ysgrifennu ein cynlluniau tymor canolig integredig nesaf, bydd y prosiect hwn yn cael ei gynnwys oherwydd byddai'n llawer llai o drafferth yn yr hirdymor.'**

#### Meddyg ymgynghoro

Pe baem ni eisiau cyflwyno hyn yn ehangach, byddai angen buddsoddi yn y gweithlu – aelodau newydd yn nhîm y fferyllfa. Beth wnaethon ni ei ganfod mewn gwirionedd oedd bod bron i hanner y cleifion a welsom heb gael eu derbyn, felly roedd y rhain yn gleifion na fyddent yn dod i gysylltiad â'r gwasanaeth fferyllfeydd fel arfer. Ond yr un pryd, roedden ni hefyd yn rhyddhau amser meddygon iau drwy ymgymryd â'r rôl honno, gan ailddyrranu adnoddau'n sylweddol. Mater arall sy'n codi yw addysg a hyfforddiant ychwanegol i'n technegwyr – mae hon yn ffordd o weithio sy'n golygu bod angen iddyn nhw weithio dan fwy o bwysau nag sydd i'w weld yn y system bresennol. Mae hefyd yn hollbwysig ein bod yn cadw llinellau cyfathrebu ar agor ac yn sicrhau bod pawb sy'n rhan o'r gwaith yn cael ei frifio'n dda – mae ymgysylltu cynnar rhwng gwahanol dimau yn hanfodol. Yn olaf, dydyn ni ddim eisiau achosi risg o golli sgiliau meddygon iau, gan fod y penderfyniad terfynol ynglŷn â gofal cleifion yn dal yn nwylo'r meddygon.

**'Yn y bôn, amser yw'r broblem. Y sefyllfa ddelfrydol yw rownd ward amlddisgyblaethol, ambroffesiynol ar gyfer pob claf unigol, ond dyw hynny ddim yn ymarferol. Fodd bynnag, drwy gael cydweithwyr o'r fferyllfa ar y ward, rydym yn cael ein cydleoli, a gallwn ofyn am gyngor ynglŷn ag asesiad a rheolaeth glinigol claf.'**

#### Meddyg ymgynghorol

Fodd bynnag, yn y pen draw mae'n ymwneud â newid y ffordd y mae pob un ohonom yn meddwl. Gall fferyllwyr gynnig gwasanaeth arbenigol o safon uchel fel rhan o'r tîm derbyniadau ehangach. Dydyn ni ddim yna i fod dan draed ein cydweithwyr meddygol – rydyn ni yno i helpu ac i arbed amser, ac i wella diogelwch cleifion.

#### David McRae

Arweinydd tîm y fferyllfa – gofal heb ei drefnu  
Adran fferyllfa, Ysbyty'r Tywysog Siarl  
Bwrdd Iechyd Prifysgol Cwm Taf Morgannwg



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**27 November 2020**

**Consultation: Welsh government draft budget 2021-22**

Name of organisation: Royal College of Physicians (RCP) Cymru Wales  
Lead contact: Lowri Jackson, head of policy and campaigns for Wales  
Contact detail: Lowri.Jackson@rcplondon.ac.uk

The RCP believes that a new focus on long-term funding for community medicine, social care and public health is now vital. The COVID-19 pandemic has exposed and exacerbated existing problems in the NHS – from workforce shortages to health inequalities. We therefore call on the Welsh government to prioritise social care, intermediate and community services in the next draft budget.

Aside from rota gaps, the single biggest concern reported by our doctors is the lack of capacity in the system to transfer people home or into community care. Many of those who are well enough to leave hospital remain trapped in the system, unable to go home or move into community care because of a lack of social services capacity and staff. The longer a person stays in a hospital bed, the greater the impact on their wellbeing and the bigger the risk of falls, depression and hospital-acquired infections.

While we acknowledge that the UK government's recent spending review included some extra money for the NHS (a consequential of which will come to the Welsh government), without a long-term sustainable funding settlement for social care, our doctors cannot provide the integrated, holistic care that our patients need and deserve.

The impact of COVID-19 has been huge, and it has affected every part of the NHS. In June, almost half of medical specialties expected to be working at lower than pre-COVID activity levels for at least a year and in November, 82% of our members across the UK reported delays in endoscopy tests for outpatients. We must use this opportunity to respond and rebuild by:

- improving integrated ways of working and investing in social and person-centred care
- increasing the workforce, supporting education and prioritising staff wellbeing
- encouraging protected time for quality improvement, service redesign and research
- harnessing the potential of new technologies and building upon progress in digital health.



While targeted funding will support clinicians to get by in the next 12 months, many of the pressures they face are caused by workforce shortages and there is no quick fix to this. The most effective way to reduce NHS backlogs and ease pressure is to increase the workforce that is available to treat patients. This will require long-term funding commitments which support the implementation of the new NHS and social care workforce strategy to prioritise the health, wellbeing and job satisfaction of staff and attract new talent.

RCP Cymru Wales launched its [2021 manifesto asks](#) in September 2019, and we have attached these as an appendix to this submission.

However, we are updating this paper in light of the COVID-19 pandemic, and we will publish an updated version in the new year. This will include examples of services providing specialist medical care in the community and how they have adapted to working with COVID-19 while keeping people out of hospital and safe in their own homes.

Please do not hesitate to contact my colleague Lowri Jackson, RCP head of policy and campaigns for Wales by emailing [Lowri.Jackson@rcplondon.ac.uk](mailto:Lowri.Jackson@rcplondon.ac.uk) if you have any questions. All our Wales-focused reports are available to [download from our website](#).

A copy of our 2021 manifesto asks is included with this response.

With best wishes,

A handwritten signature in black ink, appearing to be 'Olwen Williams', with a long horizontal line extending to the right.

**Dr Olwen Williams**

RCP vice president for Wales



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## Foreword

As the Royal College of Physicians' team in Wales, our role is to listen to our members, fellows and physician associates working day in and day out in our NHS, and to highlight the key issues they raise to ensure excellence in the standards of training and working which delivers the best patient care.

The multidisciplinary medical team exists in an ever-changing and increasingly challenging environment, and our goals are to innovate and develop new healthcare delivery models that are sustainable for decades to come.

The concept of prudent and value-based healthcare is sound and we encourage its reinforcement by clinicians. We welcomed the Welsh government's 2018 publication *A healthier Wales: our plan for health and social care*. It is a plan that requires actions that are measurable, and to achieve this, the change needs to be led by patients and clinicians.

Our themes are familiar, challenging and deliverable: ensuring that people from all social sectors live in a healthy environment and are able look after their own health; that the health and social care systems are fully integrated to make the patient's journey within that system as easy as possible; that improved patient care is most likely to be achieved in units where clinicians are participating in research, the time for which needs to be protected; and that there needs to be a commitment to invest in increasing medical student numbers in Wales, and to expanding training opportunities for doctors and allowing for flexible career development, all with the ultimate aim of expanding and creating the modern workforce that will deliver uniformly high-quality care across Wales.

It is an honour to work in the Welsh NHS for our patients. We need to ensure that the principles of shared decision making extend not only to the doctor–patient relationship but also to the interaction between patient, doctor and policy makers.

**Dr Gareth Llewelyn**  
RCP vice president for Wales

# Recommendations

The RCP calls on all political parties in Wales to commit to our four-point action plan for the next Welsh government. The next Welsh government should:

## 1 **Develop, support and value the NHS workforce.**

The next Welsh government must support doctors to deliver the best care possible by investing in training, education and career development. Consultants, trainee doctors and medical students must be encouraged to stay in Wales through an improved work–life balance and clinical leadership opportunities. Promoting new roles such as physician associates (PAs) will deliver high-quality multidisciplinary patient care and relieve NHS workforce pressures.

## 2 **Break down the barriers to patient-centred care.**

The next Welsh government must support clinicians to develop innovative solutions to the NHS crisis, especially in rural and remote areas. The next Welsh government should invest in the long-term sustainability of the health and social care system. A renewed focus should be placed on developing integrated models of care and improving the experience of patients with complex needs.

## 3 **Make time for patient-facing research and innovation.**

The next Welsh government must work with NHS Wales to support research activity in our hospitals and communities by protecting clinician time for research, showcasing project findings and involving patients. The NHS and patient care should be placed at the centre of Brexit negotiations.

## 4 **Reduce health inequalities and help people to healthy lives.**

The next Welsh government must show national leadership on public health by focusing on the importance of supporting people to live healthier lives, reducing avoidable illness and helping to keep people out of hospital. This includes effective action to tackle obesity, air pollution, smoking and alcohol abuse.



# The Welsh NHS of the future

Our doctors work in hospitals and the community across 30 different medical specialties. More than 1,300 of our members work in Wales, diagnosing and treating thousands of patients every year with a huge range of conditions, including stroke, heart disease, diabetes and care of older people.

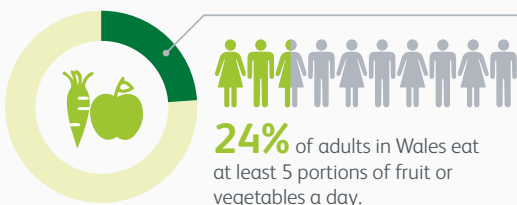
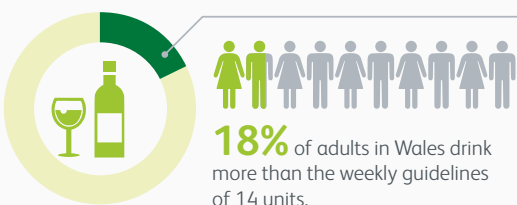
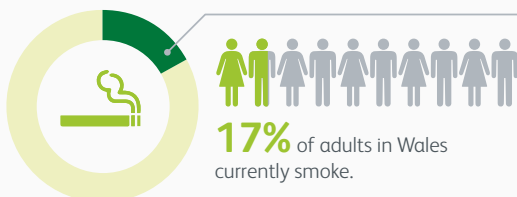
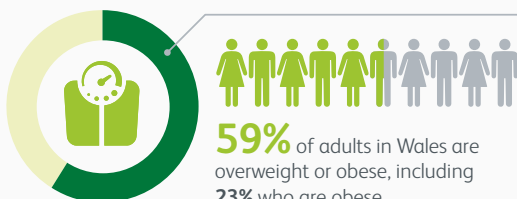
In fact, RCP consultants, trainees and specialty doctors are treating more patients than ever before. As people live longer, with more complex conditions, this increase in patient numbers is threatening to overwhelm our health and social care system – and Wales has an ageing population. In 2008, 18% of the population was over 65; by 2033 this is expected to rise to almost 26%.<sup>1</sup>

The proportion of adults in Wales with longstanding illnesses increases with age and in areas of social and economic deprivation. Musculoskeletal disorders (17%) and heart and circulatory illness (13%) are the most commonly reported complaints.<sup>3</sup>

**‘The number of patients attending the emergency and medical admissions units has steadily increased over the years, especially over the past 5 years. There has been an increase in the number of staff, but not enough to meet the requirements.’**

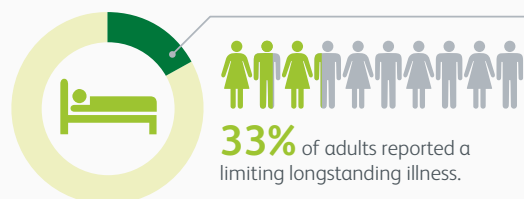
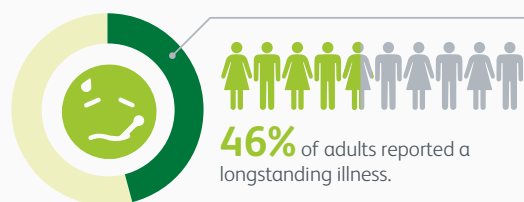
Consultant physician, NHS Wales

## At a glance<sup>2</sup>



**We need a workforce that meets the needs of our ageing population.**

## At a glance<sup>3</sup>



## Empowering clinicians to lead the way

Politicians in all parties have a responsibility to support clinically led, evidence-based change that will deliver better care for patients. Health boards and the Welsh government must ensure that change is genuinely led by patients and clinicians, and not presented as a 'done deal' at a late stage in the planning process. There is a real risk that without the genuine involvement of patients and clinicians, any proposed changes will lack ownership, credibility and are unlikely to result in lasting change.

## Delivering a long-term vision for the NHS in Wales

In 2018, the Welsh government published *A healthier Wales: our plan for health and social care*.<sup>4</sup> The RCP has welcomed this long-term plan, which outlines a 'future vision of a whole system approach to health and social care, which is focused on health and wellbeing, and on preventing illness.' However, while the broad aims are to be welcomed, the plan lacks detail. The Welsh government has promised £100 million towards the transformation of NHS services, but there is currently very little useful information publicly available about where this is being spent. More than a year after the publication of *A healthier Wales*, this vision urgently needs to be translated into a clear and ambitious action plan which includes measurable outcomes and robust external evaluation.

## The Brexit effect

The last few years have been dominated by discussions about when and how the UK should leave the EU. The 2016 decision to leave the EU will have significant implications on a range of policy issues, in particular for the NHS and the health of the people of Wales.

The NHS has an international workforce. To meet increasing demand and to cope with the shortage of doctors in training, the health service across the UK has become increasingly reliant on doctors who qualified outside the UK.<sup>5</sup> In 2017–18, half of new joiners were non-UK graduates, up from 44% in 2012.<sup>6</sup> Following the UK's withdrawal from the EU, it may become more difficult for international doctors to work in the UK, and some may have to acquire visas to work.

The NHS is already understaffed and struggling to meet patient need – uncertainty among doctors about whether they or their colleagues will be able to remain in the UK harms morale. Evidence shows that low morale has a negative effect on patient safety.<sup>7</sup>



## The Medical Training Initiative

Existing immigration rules are also a major barrier to international doctors working in the NHS. The RCP's Medical Training Initiative (MTI) provides another avenue through which to recruit doctors from overseas,<sup>8</sup> but strict Migration Advisory Committee (MAC) rules for doctors have introduced significant restrictions.

The MTI is a mutually beneficial scheme that provides junior doctors from all over the world with the opportunity to work and train in the UK, while giving trusts a high-quality, longer-term alternative to using locums to fill rota gaps.

The NHS workforce should be given the right to remain in the UK and be exempt from negotiations. We welcome Welsh government support for unambiguous permanent residence status to be granted to all European Economic Area health and social care workers and their families currently working in the UK, and their call for assurance that we will continue to recruit medical staff from Europe through quick and reliable systems.<sup>9</sup>

## Following Brexit, the UK government must ensure that they:

- > enable NHS doctors from EU member states to remain in the UK when it leaves the EU
- > allow the NHS to continue to recruit doctors from overseas to meet rising patient numbers
- > relax MAC rules for international doctors.

## The next Welsh government should do everything in its power to:

- > protect the rights of the NHS workforce to remain in Wales
- > implement a clear long-term plan for staffing health and social care services in Wales.

# Breaking down the barriers to... valuing the NHS workforce

Welsh hospitals are understaffed and overstretched. There are a number of reasons for this: an ageing population, an increase in patients with multiple complex health problems, difficulties in recruiting staff, and a more flexible approach to work among younger doctors. We simply haven't looked far enough ahead and planned accordingly.

Health Education and Improvement Wales (HEIW) and Social Care Wales (SCW) have now published their draft health and care workforce strategy.<sup>10</sup> It is reassuring that the document clearly acknowledges the huge challenge of recruiting and retaining NHS staff in Wales and the importance of a well-motivated workforce. To implement the ideas in this strategy, the NHS must now take an ambitious, patient-centred, clinically led approach, with staff health and wellbeing at its centre. The final strategy must be accompanied by a clear action plan, measurable milestones, sufficient financial resource and the means to hold NHS bodies to account. We need to accelerate change.

Workforce data are often patchy and unreliable – making it almost impossible to plan ahead. The Welsh government, NHS Wales and HEIW must commit to working together to gather reliable evidence on staffing, career pathways and working patterns, and they should commit to working with outside organisations including royal colleges to make these data readily accessible, transparent and easy to understand for patients, families and the general public.

**Hospital teams are under increasing pressure from staffing shortages.**

Rota gaps present one of the biggest concerns for doctors: in 2017, 60% of consultant physicians in Wales told us that they faced frequent rota gaps in their team. One-fifth reported that rota gaps were causing problems with patient safety – and the others all told us that rota gaps would probably cause problems were it not for stopgap solutions and workarounds.<sup>11</sup> This increases pressure on NHS staff, damages morale and puts patient care at risk.

**'Over the years, the number of medical admissions has increased as the number of beds has declined and length of stay has reduced. We have now hit the buffers – there is not much more we can do to reduce length of stay further.'**

**Consultant physician, NHS Wales**

The NHS could do much more to improve the working conditions and the morale of the medical workforce. The RCP Cymru Wales *Doing things differently* report suggests a wide variety of recommendations to support doctors.<sup>12</sup> Investing in staff health and wellbeing, improving flexibility in rotas, and balancing time between clinical practice and other activities such as training, research and leadership roles will all help to improve the morale of the workforce and the quality of patient care.

Promoting innovative staffing models, with new healthcare roles including PAs, can support medical teams to deliver high-quality care and relieve some of the workforce pressures facing the NHS. PAs work alongside physicians, GPs and surgeons, providing medical care as an integral part of the multidisciplinary team (MDT). Their duties include taking patient stories, carrying out physical examinations, and developing and delivering treatment plans. However, without statutory regulation, there are significant limitations on the level of support that PAs can provide – for example, PAs cannot currently order X-rays or prescribe. Now that the four UK governments have announced the General Medical Council (GMC) as the statutory regulator for PAs, the necessary legislation needs to be brought forward and enacted as soon as possible.



## The next Welsh government should work with NHS Wales to:

- > implement an ambitious patient-centred and clinically led national workforce and training strategy
- > build strong medical teams and encourage a sense of belonging and identity at a hospital
- > take a nationally coordinated and strategic approach to workforce planning and data collection
- > guarantee protected time for research, education, quality improvement and leadership schemes
- > invest in national programmes such as the chief registrar scheme<sup>13</sup> and flexible portfolio training<sup>14</sup>
- > develop rural and remote medicine as a training pathway in which Wales is a world leader
- > increase the supply of doctors across all parts of the medical workforce
- > increase the number of medical student and postgraduate training posts in Wales
- > increase the number of medical school places offered to Welsh-domiciled students
- > make staff health and wellbeing a national priority
- > appoint wellbeing staff to improve induction and support trainee doctors as they move around Wales
- > plan fair and flexible rotas and take the pressure off trainee doctors to organise their own cover
- > establish a junior doctor forum in every hospital with access to staff support
- > support specialty doctors working in non-training jobs to develop their careers
- > fill rota gaps by investing unspent trainee money in innovative clinical fellowships
- > develop and invest in structured certificate of eligibility for specialist registration (CESR) courses with mentoring and support for specialty doctors
- > invest in and regulate new healthcare roles such as PAs
- > give overseas doctors the chance to train in the NHS using the MTI.<sup>15</sup>



## Breaking down the barriers to... delivering patient-centred care

Aside from rota gaps, the single biggest concern reported by our doctors is the lack of capacity in the system to transfer patients home or into community care. As more hospitals find themselves under extreme pressure, patients are waiting longer for treatment at the front door. Many of those who are well enough to leave hospital remain trapped in the system, unable to go home or move into community care because of a lack of capacity and staff.

Investing in social and community care is vital to the long-term sustainability of the NHS. The focus shouldn't be on primary care vs secondary care – it's about changing the whole system. More GPs are working at the front door of hospitals in Wales, and hospital specialists are increasingly running clinics in the community. In addition to encouraging and supporting doctors and other healthcare professionals to lead change, we need to share this learning between health boards to increase the pace of service transformation. It is time for a whole-system approach across primary, community, secondary and social care to deal with the impact of the growing pressure on unscheduled care.



The next Welsh government should commit to investing and promoting Wales as a world leader in rural and community-based medicine. Most trainees tell us that they would like to gain a consultant post where they have undertaken specialist training.<sup>16</sup> Developing a specialist rural health training pathway which splits time between the hospital and the community could boost medical recruitment in Wales in the future. We have a real opportunity to lead the way on innovative community health service design.

The NHS needs to start putting people at the very centre of the health service. This means including patients and their families in discussions about care planning, and acknowledging what can be changed about their choices, and what cannot. People who live in nursing or residential care and often have multiple health conditions and complex needs should have access to enhanced primary care teams, with specialist physicians who have an interest in the care of older people. Primary care should no longer be synonymous with general practice – community healthcare must include a wide variety of different professions, specialties and therapies.

MDTs should be working in the community to prevent admissions (the virtual ward concept).<sup>17</sup> All hospitals in Wales should adopt a discharge to assess approach.<sup>18</sup> Emergency departments should have social workers, occupational therapists and other allied health professionals on staff to assess and develop care plans for frail and complex patients; social services, clinicians and frailty teams should be working together from the point of admission to ensure that plans are put in place as soon as possible to allow for safe, earlier discharge.

Patients who regularly attend emergency departments should have a care plan agreed between clinicians, the patient and their advocate (if relevant). The Cardiff and Vale frequent attender service is an excellent example of what can be achieved when health professionals take ownership and integrate their work with that of other agencies.<sup>19</sup> Staff working in unscheduled care should have universal access to all medical records for each specialty, health board and primary care in Wales.



## The next Welsh government should work with NHS Wales to:

- > collaborate with doctors and other health professionals to redesign specialist services
- > promote informed public debate on local health service redesign, nationally and locally
- > adopt a whole system planning approach across primary, community, secondary and social care
- > embed and strengthen all-Wales accessible communications and Welsh language standards
- > invest in the early detection and management of chronic and high-risk conditions
- > ensure the consistent application of all-Wales clinical pathways across every health board
- > address health board variation in treatment and discharge procedures
- > deliver more specialist medical care in the community
- > focus on supporting and developing new models of care for rural and remote communities
- > develop the role of community physicians
- > address nurse, specialist healthcare professional and wider clinical team workforce shortages
- > embed new technologies into everyday practice to reduce pressures on outpatient clinics
- > improve communication links between primary, secondary, community and social care
- > introduce electronic patient records to save time and improve patient safety
- > support networks for sharing good practice and improving patient care across the system
- > promote clinical leadership and clinically led quality improvement projects
- > improve the patient experience by supporting shared decision-making and self-management
- > develop a national plan for those patients with multiple chronic long-term conditions and complex needs
- > commit to national action to support improvements in end-of-life care.



# Breaking down the barriers to... patient-facing research and innovation

Research in the NHS covers a wide variety of areas, from quality improvement to epidemiology and clinical trials. Research-active hospitals have improved outcomes for patients<sup>20,21</sup> and many doctors regard research as an important part of their job and a very positive experience.

The Welsh NHS faces many challenges. Staffing shortages and financial pressures clearly cannot be ignored, nor can the need to deliver more integrated care to support patients, but we cannot afford to store up problems for the future by letting research fall by the wayside. In fact, in Wales, our integrated health system may open up more opportunities for population research by allowing more extensive data collection across settings. Investing in research will deliver long-term gains for patients and public health – which is after all what the NHS is there to do.

The science and research sector in Wales also has strong ties with the EU, through funding arrangements and EU-wide collaboration on research projects. The UK currently enjoys access to research funding from the EU, whose research and innovation budget for 2014–20 is around €120 billion,<sup>22</sup> with the UK being one of the leaders in Europe for conducting clinical trials.<sup>23</sup>

The European Medicines Agency (EMA) currently plays an important role in supporting early access for patients to the newest treatments and innovations. National regulatory systems can often take longer – for example, it takes typically 6–12 months longer for new drugs to reach Canada and Australia than the UK.<sup>24</sup> It is vitally important to the continued delivery of high-quality patient care that the UK maintains its global position as a centre for research and innovation.



It is important that every clinician working in the NHS is research-active: this can mean identifying opportunities for new research, recruiting patients, supporting colleagues or leading trials themselves. Research and innovation should be part of health boards' core activity and understood to be a key indicator of improving patient care. Hospitals and community settings should increase their research activity and doctors should be supported to pursue research activity, allowing more patients than ever before to be involved with or benefit from clinical research.<sup>25</sup>

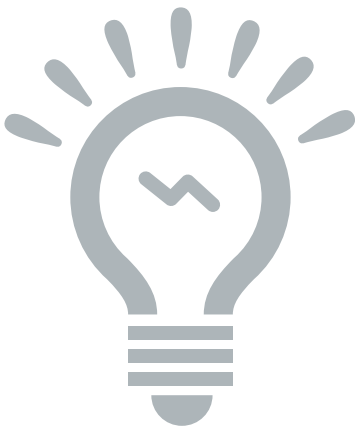
Too many clinicians fit in their research commitments around the rest of their job. With an increasing number of rota gaps in many hospitals, 43% of consultant physicians in Wales tell us that their research is one of the first things to be dropped when the service is under pressure.<sup>11</sup>

All NHS bodies in Wales should receive a regular report of research activity. An executive director on each health board or NHS trust should be made responsible for promoting research across the wider organisation, coordinating activity across primary, secondary and community care, and reporting on research activity and its impact on a regular basis. Patients should be made aware of ongoing research activity and given the opportunity to participate where appropriate. This includes observational studies, clinical trials and the use of data from patient records. The results of studies should be disseminated to patients who have participated.

All medical and allied health professionals, including doctors-in-training, should be encouraged and supported to learn more about research methodology and participation during their undergraduate training so that it becomes embedded in their education and training as they move forward in their careers. Staff working less-than-full-time should be given equal support and access to research training and development.

### The next Welsh government should:

- > implement the recommendations of the Reid<sup>26</sup> and Diamond reviews<sup>27</sup>
- > provide clear national leadership on the importance of medical research
- > increase quality-related research funding to Welsh universities in 2019/20
- > review clinical research funding streams in Wales, especially if the UK leaves the EU as planned
- > tackle the growing skills gap in science, technology, engineering and mathematics (STEM) subjects
- > evaluate schemes such as Sêr Cymru<sup>28</sup> which aim to increase research workforce capacity
- > work with the medical community to ensure NHS staff have protected research time.



### The next Welsh government should work with NHS bodies to:

- > ensure that research activity is integral to the work of their organisation
- > ensure that NHS boards receive a regular update on research activity and findings
- > ensure there is a direct link between research teams and the board
- > use job planning to protect time for clinical research
- > provide opportunities to showcase research, including to patients and the public
- > ensure research and development departments are equipped to provide leadership, support and advice
- > ensure transparency for funding and resource allocation
- > facilitate the translation of research into practice across the NHS.

### The next Welsh government should work with the UK government to:

- > maintain the UK's and Wales' position as a world leader for research and innovation
- > negotiate continued access to EU research funding, or provide equivalent replacement funding
- > clarify how the adoption of EU regulations will impact on Wales to reduce uncertainty in the sector.



## Breaking down the barriers to... helping people live healthier lives

It has never been more important to support people to live healthier lives, reduce avoidable illness and help keep people out of hospitals for longer. Previous successful policies, such as the smoking ban in public places and the sugary drinks levy, show the impact that interventions can have.

The Welsh Public Health Act 2017 was a welcome step forward, but there is still plenty to be done. The next Welsh government must show real national leadership on public health and inequalities by giving health professionals the independence, authority and resources to make a difference. The health of the nation should be a driving force in every single Welsh government decision.

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**‘Better health is central to human happiness and wellbeing. It also makes an important contribution to economic progress, as healthy populations live longer, are more productive, and save more.’<sup>29</sup>**

Physicians and medical teams have a key role to play, not only in managing ill health, but also in supporting people to lead healthier lives. Harnessing the skills and expertise of doctors across the system can help to build a healthier future for individuals, communities and Wales.



As a priority, the NHS must invest in multidisciplinary, clinically led specialist weight management services across Wales, with national standards for service and delivery.<sup>30</sup> Obesity is a chronic disease which doesn't sit comfortably within current funding and organisational structures. It needs an overarching and clinically led MDT treatment approach which has not been achieved by the All Wales Obesity Pathway over the past decade. Thousands of patients are being let down every year, while the cost of obesity to the Welsh NHS is projected to reach £465 million per year by 2050, with a wider cost to society and the economy of £2.4 billion.<sup>31</sup>

Air pollution affects everyone. It is a risk factor in strokes, heart disease and asthma attacks, and can cause cancer. Every year more than 2,000 lives are cut short in Wales as a result of poor air quality.<sup>32</sup> A Welsh Clean Air Act would enshrine WHO air quality guidelines in law; mandate the Welsh government to produce a statutory air quality strategy every 5 years; place a statutory duty on local authorities to appropriately monitor and assess air pollution, and take action against it; and introduce a 'right to breathe' where local authorities have to inform vulnerable groups when levels are breached. The next Welsh government should also introduce targets to reduce air pollution in the NHS by providing free park-and-ride schemes, investing in the electrification of NHS vehicles and encouraging staff to cycle, walk and take public transport to work.

Alcohol misuse places a huge burden on the NHS, the police and the wider community. Almost one in five adults in Wales drink more than the weekly recommended limit.<sup>2</sup> Of all alcohol sold, it is the very cheap products, such as large bottles of strong cider, that play the biggest part in alcohol-related harm. The simplest way to reduce demand for alcohol is to raise its price and we know that the introduction of a minimum unit price (MUP) for alcohol is an effective and evidence-based way to tackle health inequalities and reduce consumption.<sup>33</sup> We have strongly supported the introduction of a MUP in Wales and we urge the next Welsh government to implement the 2018 legislation as soon as possible, and to evaluate its impact. Integrated alcohol and substance misuse treatment and prevention services should be established where there are gaps. These should take a whole-person treatment approach which recognises complex needs and provides integrated support across a range of services including healthcare, social care, housing and others.

The total cost of smoking to society, including healthcare, social care, lost productivity, litter and fires, was conservatively estimated in 2015 to be around £14 billion per year in the UK.<sup>34</sup> More than 5,000 deaths every year in Wales are attributable to smoking, and more than 26,000 hospital admissions every year are linked to smoking.<sup>35</sup> The next Welsh government should develop and push ahead with a renewed and ambitious tobacco control plan once the 2017–20 plan comes to an end.

### The next Welsh government should:

- > ensure all health boards invest in specialist, clinically led obesity treatment services
- > appoint a national clinical lead for severe and complex obesity, accountable to the first minister
- > set clear and accountable targets for preventing and reducing obesity
- > collect data which allows continuous evaluation of the success of public health programmes
- > commit to using income from the Soft Drinks Industry Levy to fund public health programmes
- > introduce calorie labelling on menus
- > introduce a Clean Air Act for Wales that will improve the quality of the air we breathe
- > introduce targets to reduce air pollution in the NHS
- > tackle the harmful impact of alcohol by implementing MUP legislation
- > support and invest in integrated alcohol and substance misuse treatment and prevention services
- > invest in a whole-person treatment approach that supports people with a range of complex needs
- > place a renewed focus on delivering and extending an ambitious Tobacco Control Plan for Wales<sup>36</sup>
- > reduce health inequalities by targeting smoking cessation services at specific high risk groups
- > support the 'Smokefree Spaces' campaign

- > take action to help young people by funding youth-specific smoking cessation services
- > create a clear consensus statement on the use of e-cigarettes for smoking cessation
- > implement effective regulation of e-cigarettes
- > tackle illegal tobacco in Wales by investing in a Wales-wide public awareness campaign
- > ensure that all pharmacies across Wales offer advanced smoking cessation level 3 services.

### The next Welsh government should work with the UK government to:

- > restrict unhealthy promotions and introduce a 9pm watershed on junk food adverts
- > review alcohol duty rates so that they accurately reflect the amount of alcohol in any drink
- > ensure that consumers have accurate on-product information and consumption guidelines.



## What is the RCP doing to help?

Through our work with patients, consultants and trainees, we are working to achieve real change across hospitals and the wider health and social care sector in Wales. You can also help to inform the RCP's work in Wales by sending us your comments, ideas and examples of good practice.

Our 36,000 members worldwide (including 1,300 in Wales) work in hospitals and the community across 30 different clinical specialties, diagnosing and treating millions of patients with a huge range of medical conditions, including stroke, care of older people, cardiology and respiratory disease. We campaign for improvements to healthcare, medical education and public health. In Wales, we work directly with health boards, NHS trusts and HEIW; we carry out regular hospital visits to meet clinicians, patients and managers; and we collaborate with other organisations to raise awareness of public health challenges.

We organise high-quality conferences, teaching and workshop events that attract hundreds of doctors every year. Our work with the Society of Physicians in Wales aims to showcase best practice in Wales, through poster competitions and trainee awards, and we host a highly successful biennial RCP membership and fellowship ceremony for Wales.

Our work to influence national change in Wales has ensured that the RCP has a powerful voice across a wide variety of policy areas, including the medical workforce, NHS reform and public health challenges. We have consistently called for a more joined-up approach to the recruitment and retention of NHS staff, for action to ensure a better work-life balance for doctors, and for a clinically led national health and care workforce and training plan. Our messages on alcohol, obesity and tobacco have been instrumental in shaping public health policy over the past few decades.

We will continue our work to keep medicine brilliant, but a whole-system problem needs a whole-system solution. Now is the time for the health and care sector to come together and do things differently.

**To help shape the future of medical care in Wales, visit our website:**

[www.rcplondon.ac.uk/wales](http://www.rcplondon.ac.uk/wales)

**To tell us what you think – or to request more information – email us at:**

[wales@rcplondon.ac.uk](mailto:wales@rcplondon.ac.uk)

**Tweet your support:**

[@RCPWales](https://twitter.com/RCPWales)

[#MedicineisBrilliant](https://twitter.com/hashtag/MedicineisBrilliant)

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## ‘It is important to understand the complicated relationship patients have with their medication’

We wanted to evaluate how the Patient and Carer Network (PCN) can work with clinicians in acute hospitals to help patients understand the decisions made about their care. We are especially interested in the area of deprescribing – the process of reviewing and stopping potentially inappropriate medications in order to improve quality of life.<sup>1</sup> Prescription medication is an integral aspect of care for many frail older patients, with some patients prescribed up to 25 different medications at one time. However, we know that there has been little research into how patients feel about deprescribing in hospital, and so we have been gathering information through informed consent and data collection, and a detailed patient questionnaire.

It is important to understand the complicated relationship patients have with their medication. How do they cope with taking medication at home after leaving hospital? What are the psychological effects of being prescribed multiple medications? Are they keen to make decisions themselves about their medication? Particularly interesting from the clinical point of view, we wanted to explore whether the patient feels that the doctor is giving up on them if a medication were to be stopped.

The most positive aspect of the project has been the opportunity for the PCN to engage with patients, doctors and nurses, as these relationships are core to the role of the PCN. Deprescribing – especially in our target group of those with capacity and over 65 years old who are taking more than one medication – has been welcomed by patients who are eager to learn more, despite it being a potentially controversial subject. The level of support from the research and development team at Aneurin Bevan University Health Board has been outstanding; they have provided guidance for the project and arranged access to clinical settings where necessary. Furthermore, the ward staff have been exceptionally inviting and accommodating, despite working in a busy environment.

The logistics involved in obtaining permission for a PCN member to enter the ward environment was an obstacle, but we have learned from the process and hope it will be more streamlined for future projects. We are keen to share the learning through our networks and committees in Wales, and by presenting at conferences, and we hope to use this as a pilot for a larger project to be run on a national scale, ideally through our PCN members.

### Dr Richard Gilpin

Specialist registrar in geriatric and general medicine  
Aneurin Bevan University Health Board  
RCP Trainees Committee representative for Wales

### Ceri McDade

RCP Patient and Carer Network representative for Wales



## ‘We were encouraged to challenge outpatient referral habits’

Reform of the outpatient system is needed – demand for outpatient review continues to rise, while the system is increasingly affected by a shortage of clinical staff, and there is patchy uptake of technology which is designed to improve efficiency. This has resulted in increased waiting times for those at greatest clinical need, despite recognition of the large burden of unnecessary appointments for those who could be better managed elsewhere. The Wales Audit Office review of outpatient management in 2015<sup>2</sup> encouraged clinicians to challenge outpatient referral habits, and recommended that clinical leaders take managed risks to ensure services offer timely review for those at greatest clinical need.

In 2014, the rheumatology team at ABMU (now Swansea Bay University Health Board) designed a project to look at outpatient capacity and demand. Thirteen per cent of new patients were waiting for over 26 weeks (the Welsh government target) and 1,624 patients exceeded their target waiting time for follow-up appointments. We initially undertook a detailed evaluation of referral pathways during a facilitated event attended by clinicians, managers and waiting list booking staff. We focused on referral prioritisation, guided by prudent healthcare principles,<sup>3</sup> with the aim of reducing new patient waiting times and addressing the excessive waiting times for our existing follow-up caseload.

We designed criteria for accepting new patient referrals using national guidelines defining appropriate rheumatology caseload. Inappropriate referrals were redirected to other services such as physiotherapy / chronic pain or returned to the referrer with tailored investigation/management plans. Letters were sent directly to patients, explaining the rationale behind these decisions.

By March 2015, new patient waiting times had fallen to 4–6 weeks across all sites in the health board. We were able to convert new patient clinics to follow-up activity with a significant reduction in the number of patients waiting longer than their target date from 1,624 in March 2014 to 253 in January 2016. Subsequent work in 2018 showed that, of 474 patients whose referrals were returned between June 2015 and May 2016, only four were later diagnosed with inflammatory disorders, having been re-referred with new features.

Initial reservations regarding the potential personal liabilities of misdirected referrals were overcome by agreeing to collective responsibility for the project with regular feedback. The introduction of electronic referral prioritisation facilitates timely and effective electronic dialogue with referrers and we would strongly recommend this approach. We have also been able to demonstrate that the principles underpinning the project are robust and support the reduction of inappropriate variation through evidence-based approaches.

### Dr Usha Srinivasan

Consultant physician in rheumatology  
Swansea Bay University Health Board

### Andrea Mills

Service manager for rheumatology  
Swansea Bay University Health Board



## ‘I am proud to say that intermediate care in Wales is emerging as a specialty within a specialty’

In 2007, we began our journey to design a pioneering collaboration between health and social care services in Gwent. Our aim was to deliver the best possible community care for older people and for any adult struggling with clinical frailty – 12 years on, the Gwent Frailty Programme has evolved and transformed into one of the UK’s most respected and recognised services, and the model of care has been emulated by several centres across England and Scotland. Wales has led the way in making this programme a reality – many other parts of the UK have struggled to do the same.

The journey has, at times, been arduous. As the programme developed, patient needs kept altering, due to rapidly changing demographics in Gwent and across the country. It often still feels like hitting a moving target. The key to staying relevant has been our ability to adapt and respond to change. Being subjected to scrutiny and regular evaluations has helped the programme to stay viable and find its place among the core services of Gwent.

Community resource teams are the nerve centres of the Gwent Frailty Programme. They are made up of multidisciplinary team members, from therapy staff, social care and voluntary sector workers, to a rapid response arm supported by senior medical and nursing staff. The team’s resource and skills are designed in accordance with the needs of frail and older people with complex needs and multiple comorbidities. Employees are paid from a pooled health and social care budget.

### Dr Jaideep S Kitson

Consultant physician in geriatric medicine  
Clinical director for intermediate care  
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### Dr Gagan Belludi

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Referrals into the service are from primary and secondary care via a single point of access. The focus of the teams is to prevent unnecessary admissions into hospital, allow early supported discharges, and support re-enablement and falls prevention. Comprehensive geriatric assessment<sup>4</sup> is the cornerstone on which care plans are built and developed. Access to therapists, social care and consultant-led rapid medical services are fundamental in providing our community-based response, which, in turn, delivers care closer to home in line with the Aneurin Bevan University Health Board Clinical Futures programme.<sup>5</sup>

Patients are extremely satisfied with the service. Unexpected mortality is very low, thanks to clear lines of governance and rigid surveillance in the community by the clinical teams. The cost of the programme is being evaluated via a multicentre randomised controlled trial and the results are imminent. Integration, wellbeing and the use of new technologies are all on the agenda for the future. We are also developing community frailty units which are capable of delivering enhanced nursing and medical care. I am proud to say that intermediate care in Wales is emerging as a specialty within a specialty.



### 'This has been an amazing project to be involved with'

Wales has the highest prevalence of diabetes in the UK. Almost 200,000 people now live with diabetes, or 7.4% of the adult population – and the numbers are rising every year. If current trends continue, it is estimated that 311,000 people in Wales will have diabetes by 2030. The disease costs the NHS in Wales approximately £500 million a year, of which 80% is spent on managing complications, most of which could be prevented.<sup>6</sup>

Delivering appropriate advice and support to such large numbers of people with type 2 diabetes is both essential and a considerable challenge. Audit data from 2015 showed that less than 1% of this group had ever attended a validated education course in Wales.<sup>7</sup> We needed a new way to reach out to the many thousands of people who have diabetes and aren't receiving the support they deserve to manage their disease properly – especially those living in rural, isolated areas, perhaps feeling socially isolated, perhaps economically deprived.

We started thinking about ways to support and empower patients with chronic conditions. We put together a working group which includes: Diabetes UK Cymru; the Diabetes Research Unit Cymru; patient groups; and eHealth Digital Media Ltd. Our goal was not only to develop content, but also to think about how we could distribute that content. We decided to create a series of digital education films which focused on behavioural change in patients with diabetes.

Our media company partners put together around 10 films about type 2 diabetes for us and we approached two GP surgeries, especially one with a huge list of people who had been referred in for an education package for diabetes, but there no was no education package available. We received immediate feedback through the system, which helped us to develop films on other topics, and the national diabetes lead for Wales secured us some all-Wales funding. The links can be sent out through text message directly to a mobile phone and accessed on the move.

The project has been extremely effective, and it is relatively low-cost. If current rates of use continue, we are on track for a 30,000 click-through rate in 2019, with diabetes alone achieving 2,000 clicks per month. Usage is steadily growing and has doubled since last year. We're also expanding into some parts of England using a system developed to cost pennies per patient. Our primary evaluation has demonstrated a statistically significant reduction in average blood glucose levels (HbA<sub>1c</sub>) in those interacting with the content.<sup>8</sup> The project was previously shortlisted for the NHS England Innovation Awards and the NHS Wales Awards. It received a Quality in Care (QIC) Diabetes Award commendation in 2018 and in 2019, was announced as a QIC Diabetes Award finalist for an animation on insulin safety in collaboration with the Cambridge Diabetes Education Programme.

The films are between 5 and 10 minutes long, depending on content. It works well for people who are in work – if you've just received a diabetes diagnosis, there's no way you're going to

be able to get to an education course which is half a day every week for 6 weeks, even if there is one available in your area. We know the uptake is very poor for these courses. We provide links at the end of the films, signposting patients towards more information, or other learning materials.

This has been an amazing project to be involved with, but like any new way of working, a considerable amount of effort has been needed to promote the new system. At times, it has been difficult to get the healthcare profession to engage with it. Embedding the delivery into standard primary care practice has taken some time, but recent work with primary care IT providers has really helped, and now the diabetes films are officially built into the GP system as part of a diabetes review. The important thing for us now is to raise awareness and get the message out to patients and clinicians.

Following the success of the diabetes films, we have pulled together content for chronic obstructive pulmonary disease (COPD), chronic pain, lymphoedema, heart failure, social prescribing,<sup>9</sup> end-of-life care, cancer survival, and more recently, dementia,<sup>10</sup> some of which are funded by the Welsh government on an all-Wales basis.

**'This is a brilliant film. It shows what living with dementia is really like, which is so much better than reading about it. This film is a real-life example of how people with dementia struggle to focus on a target when surrounded by distracting information. All the observations and ideas in the film fit with the scientific evidence, but such evidence is bit dry to read and it doesn't really reach the very people who could make the most of this knowledge.'**

**Professor Andrea Tales, chair in neuropsychology and dementia research, Centre for Innovative Ageing, Swansea University**

We are now developing films to support the diabetes remission agenda, as well as producing content in different languages, and we are also working with colleagues abroad to explore ways of exporting the system outside of the UK, especially to India.

We really want to do something similar for obesity. The issue with obesity is that it's not part of any of existing funding streams, but has an impact on almost all chronic conditions. It would be helpful to top-slice some of the existing funding for chronic conditions because there is no specific money for obesity. Helping people to feel more empowered can only be a positive thing.

**Dr Sam Rice, Professor Jeff Stephens and Dr Julia Platts**  
Consultant physicians in diabetes and endocrinology  
Hywel Dda University Health Board

**Kimberley Littlemore**  
Director, eHealth Digital Media Ltd

### **‘Pharmacists can offer a high-quality specialist service as part of the wider admissions team’**

In 2015, the National Institute for Health and Care Excellence (NICE) updated their medicines reconciliation guidance saying that patients should have their medicines reconciled within 24 hours of admission to hospital, and ideally a member of the pharmacy team would be involved. This recommendation really changed the workload for clinical pharmacists.

It is well-documented that harm can be caused when there are problems in the way that information about medicines is transferred between care settings, or when people move between care settings, perhaps from their own home or from a nursing home into a hospital. As a profession, we accepted the new NICE recommendations because they are all about patient safety – but the reality is that most hospital-based pharmacy medicines reconciliation systems are reactive. The pharmacy team are often unable to carry out medicines reconciliation for hours, sometimes days after an admission, when prescribing mistakes have already happened. There is a staggering amount of inefficiency in the current process and it causes an awful lot of rework.

So we thought, what if the pharmacy team was there at the start? What if we did the clerking drug history and we fitted into the process from the beginning? All of us would prefer to be making a positive contribution to patient care, rather than correcting mistakes that we could have prevented. A great deal of our workload is focused on spotting what has gone wrong: if the process were slicker, or certainly if fewer errors were made, it would be better for the patients. It helps out our medical colleagues by taking some of the burden off them, and it meets prudent healthcare principles, being what we are best qualified to do.

Singleton Hospital in Swansea was already pioneering this with pharmacists. So we decided to try it out with pharmacy technicians, as we were confident that they were capable. We think it’s the first example of technicians transcribing a medication chart at the point of admission in the UK, so it’s a relatively novel approach and not at all widespread.

Ordinarily, with adult patients referred to hospital by their GP, when the patient arrives, they are triaged by a nurse and will wait to see a junior doctor, who will clerk them, perform the drug history and write the medication chart, and they’ll be seen later by a consultant physician. They may or may not be admitted at that stage, and if they are admitted, a member of the pharmacy team would see them (hopefully within 24 hours, but almost certainly within 48 to 72 hours) and double-check the drug history and chart transcription carried out by the junior doctor.

During our pilot, once the referral phone call came from the GP, the pharmacy team (usually the technician) would access the patient’s information from their electronic individual health record to start collating the drug history. When the patient arrived, our technicians completed the drug history together with the patient, as well as checking other sources like outpatient clinic records – we always cross-check our data here, which is best practice. We are really proud of our technicians, they are fantastic; everyone who took part in the pilot volunteered.

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**‘There was good verbal feedback from the juniors. I thought it was excellent because I could read everything, it was very comprehensive – it was far more accurate and up-to-date.’**

#### **Consultant physician**

Our job was to document the drug history in the medical clerking document, and transcribe the medicines from the drug history to the patient’s medication chart: two tasks that junior doctors would previously have done. Then the clerking document and medication chart would go into a green envelope, which was sealed and a sticker was put on the back to say that only the prescriber was to open the envelope. The prescriber would still check and sign the charts and decide if the medications are appropriate, but now they know they are looking at an accurate drug history list.



New medicines come onto the market all the time, so trying to keep track of them all would be almost impossible for most junior doctors. When we collected our baseline data, in our control group of 16 patients, there were 44 discrepancies on the medication charts written by junior doctors, whereas our pharmacy technicians – some of whom do drug histories all day every day – didn't make any discrepancies when transcribing 25 charts during the pilot. We've since trialled a version of the project in the hospital's emergency department, which is even more high-stress and high-pressure, and it went well.

**'It's about providing care in the right place, by the right person, at the right time. When we start writing our next integrated medium-term plans, this project will be included because it would save a huge amount of hassle in the long term.'**

#### Consultant physician

If we wanted to roll this out more widely, we would need investment in the workforce – new pharmacy team members. What we actually found is that almost half of the patients we saw were not admitted, so these were patients that wouldn't normally come into contact with the pharmacy service. But at the same time, we were freeing up junior doctor time by taking on that role, which is a big reallocation of resource. There's also the question of education and extra training for our technicians – this is a way of working which requires them to operate under more pressure than they experience in the current system. It's also crucial to keep lines of communication open and make sure everyone involved is well-briefed – early engagement between different teams is vital. Finally, we don't want to risk de-skilling junior doctors, as the final decision about patient care still rests with the medics.



**'It boils down to time. The ideal situation is that you have a multidisciplinary, multiprofessional ward round for every single patient, but that's not feasible. However, by having pharmacy colleagues on the ward, we're co-located, and we can ask their advice about a patient's clinical assessment and management.'**

#### Consultant physician

However, ultimately it's about changing the way that we all think. Pharmacists can offer a high-quality specialist service as part of the wider admissions team. We're not there to get in the way of our medical colleagues – we are there to help and to save time, and improve patient safety.

#### David McRae

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26 November 2020

## **Submission: A call for information – Welsh Government Draft Budget proposals for 2021-22**

The University and College Union (UCU Wales) represents almost 7,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, computer staff, librarians, and postgraduates in universities, colleges, adult education and training organisations across Wales. UCU Wales is a politically autonomous but integral part of UCU, the largest post-school union in the world. We welcome this opportunity to respond to the Ministers call for inspiration and fresh thought.

The Covid-19 crisis poses a double challenge. Beyond the public health emergency, the necessary immediate response has been an unprecedented economic shutdown. Yet that is only the beginning. When the medical emergency passes, we will re-emerge into a shattered economic landscape. The challenge will be to restart a severely stressed economy, with the risk being that the inequalities of wealth, power and opportunity we struggled with beforehand have been newly amplified.

These threats are made worse by UK Governments continuing refusal to provide details of the successor Shared Prosperity Fund or give assurances that Wales will receive the same amount of funding as would have been that expected had the UK remained within the EU. Beyond that, Covid, Brexit and the uncertain impact of the Internal Market Bill threaten additional strains on Welsh Government resources.

We commend Welsh Government for the positive action taken throughout this crisis. In an approach which contrasts to what has been seen in England, the post-16 sector has been stabilised absent from ideological constraints and the distraction of 'culture wars'. Instead, we now prepare for a recovery and reform process in which the value of education and the needs of the community take centre stage.

With both eyes to the future, UCU is committed to harnessing the diverse expertise of its members in delivering Welsh Governments economic, social and environmental ambitions. We believe that the substance of social partnership must stretch beyond the phrase. It is in this spirit that we make our brief submission.

## **1: Stabilising Further Education**

The Covid-19 pandemic has had an almost unimaginable impact across all UK nations. For the higher education sector in Wales, the pandemic continues to threaten financial consequences. Welsh universities have already suffered significant revenue losses in respect of accommodation, conferences, and events activity. Optimistically, assuming that a vaccine is available in early 2021, it is still possible that institutions will require further stabilisation in the short to medium term.

## **2: Digital Investment & Workload**

The response to Covid 19 has also seen unprecedented workforce collaboration. Acknowledging that much of the knowledge and expertise sits with our members, the necessity of adapting to new techniques of digital and blended learning will require time and investment. As physical distance is replaced with digital proximity, Wales is presented with opportunities to lead on innovation. Moreover, doing so will become all the more crucial as our economy changes in response to Brexit and accelerated automation. Institutions can be at the forefront of this revolution if staff are afforded the time to develop their own practise through collaboration and continuing professional development.

However, this need to adapt existing practise has also brought a substantial increase in workload. Pressures which were already unsustainable are now judged as impossible in many cases.

Whether it is provided via the Education or Skills Budget, substantial investment will be required to guarantee the success of Welsh Governments Digital 2030 strategy. In FE or Adult Community Learning, time must be put aside to enable teachers to develop practice and embrace new methods of delivery. Referencing money invested in Hwb (Welsh Governments school digital counterpart) it is vital the 2021 Budget MEG reflects these needs, as staff cannot be expected to subsidise transition through the contribution of their unpaid work. Nor do wish encounter a situation where funding is diverted from other essential streams in order to meet these costs.

## **3: Adult Community Education**

UCU believes that adult community learning (ACL) can make a decisive contribution to the coordinated programme of re-skilling and retraining which must follow the end of the medical emergency. We can no longer depend upon localised centres of prosperity to pull-up surrounding communities. There is now general recognition that place based and accessible provision provides by far the best way of meeting the needs of underrepresented groups who would otherwise be left behind. Consequently, Adult Community Learning is crucial to achieving a more prosperous Wales and equality led recovery.

However, in recent years ACL has suffered significant cutbacks beneath the impact of austerity. Provision has contracted across Wales, becoming severely eroded in some areas. UCU Wales is committed to ensuring that ACL is properly and adequately funded and that the planning and delivery issues are overcome in order to secure fair and equitable provision of ACL throughout Wales. Adult community learning can make real differences to people's lives by providing a platform for progression into further learning, training, community engagement and employment. As an immediate comparator, following an extensive conversation with stakeholders and providers, the Republic of Ireland recently allocated an additional €8 million

on top of an annual €20 million budget. This decision recognised the contribution that ACL makes both to poverty alleviation and regional development. In our view, it is imperative funding is invested into this vitally important service.

We hope you find these reflections useful and would be delighted to offer any further evidence.

Yours sincerely,

Jamie Insole – Wales Policy Officer

## Finance Committee: Response to pre-budget scrutiny November 2020

### Summary

Wales Environment Link (WEL) is a network of environmental NGOs, which each of a wide array of funding mechanisms, including membership fees; land management grants; grants from foundations; income from reserves and heritage properties; and various other innovative forms of fundraising. However, 2020 has been an incredibly difficult year for all of our members. In this response, we've answered the Committee's questions as far as we're able to and outlined how the backdrop of a pandemic, on top of dual nature and climate crises, has affected the environment NGO sector.

### **1. What has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?**

Last year, WEL welcomed a proposed small increase to the Environment, Energy & Rural Affairs MEG, particularly capital funding of £15m to restore the Natura 2000 network; £4.5m for the National Forest and £1m for peatland restoration. However, it's unclear how much of this – if any – has been taken forward due to the pandemic halting most restoration work. The Environment MEG was also the only one to see a reduction in the Second Supplementary Budget<sup>1</sup>, of £11m or 1.9%.

The Environmental Growth Fund was a very welcome idea that, unfortunately, wasn't developed fully prior to the pandemic. Some WEL members have noted that Natura 2000 funds were made available to be spent in this financial year, and whilst multi-year settlements were considered, nothing has yet been decided on this. In order for the funding to be truly effective, especially as on-the-ground programmes will have to drastically adapt to how restoration takes place, it needs to be sustained over multiple years.

The expected Natura 2000 funds have not been seen and anything on the other two projects must have only been spent by Welsh Government. We were pleased to see the National Forest to still be launched and that it remains an ongoing work programme<sup>2</sup>, albeit, one that has had to quickly adapt and will likely have delayed rollout and delivery. The £1m of peatland restoration has been allocated to the Natural Resources Wales Peatland programme and we hope that carbon capture and nature restoration will go hand and hand. It's a positive nature-based solution; the kind we should be focused on for delivering an ecosystem-based approach.

The Welsh Government has demonstrated leadership on sustainability through its legislative programme in the last 5 years. There is now an urgent need to see this translated into action, on the ground, to meet targets for nature and climate change. With sustainable investment, including grant funding, the eNGO sector is well placed to support the action required across Wales. However, Covid -19 has hit the sector hard. It is largely

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<sup>1</sup> Senedd Research, 2020. Blog: [Coronavirus: An early Second Supplementary Budget.](#)

<sup>2</sup> Business Wales, 2020. Farming Connect News: [National Forest Programme – An Introduction for Stakeholders.](#)

organisations who had diversified their businesses and started to generate their own income that have been hardest hit, although no one has escaped the impact. **Maintaining the expertise, knowledge and skills within the Welsh eNGO sector will require sustainable funding mechanisms that support recovery in the short term, as well as effective, long term action on the ground going forward.** Funding will need to be relatively easy to access and efficient to deliver as many organisations are struggling with capacity as a result of Covid-19.

The Welsh Government, along with other countries have missed their 2020 Biodiversity targets, and cannot afford to let the eNGO sector collapse. This sector will be needed even more than ever in the future to plan, develop and implement effective action to address the both the nature and climate crisis.

Aside from UK Government job retention schemes (i.e. furlough), there has been very limited funding targeted specifically to help eNGOs through Covid-19 provided through Welsh Government. For example,

- Local 'rates and rents relief schemes' delivered through councils have been accessed, but these are small scale and piecemeal.
- There was funding made available through NRW to help nature reserves open after the lockdown. Limited pots delivered through partners like WCVA – such as the Voluntary Services Emergency Scheme haven't been suitable for much of our work, were closed within a very short period of time due to demand from the wider sector and also seen to be risky and over complicated due to the loan element involved.
- The Economic Resilience Fund was supposed to be a way for small businesses and charities to access extra support, but unfortunately, not a single WEL member was able to benefit from this. The process seemed very much focused and aimed at businesses and those administering the scheme didn't have an understanding of how third sector organisations operate differently to SMEs.
- Environmental NGOs that don't own or manage land and don't have business premises have not been able to access any of the support available, except furlough, and even this has been limited for very small organisations.

This was highly disappointing, but we understand that not all organisations will be able to benefit from all pots. It's just a shame there wasn't anything from Welsh Government, specifically targeted at environmental NGOs, which our WEL members could access.

It should be noted, however, that National Lottery Emergency Funds have been a lifeline during this time and have been easy to access, and focus on supporting organisations. Some Trusts and Foundations have also been very supportive. As time goes on and we continue to experience significant financial impacts from Covid-19 impacts. The Welsh Government needs to work with eNGOs to support the sector or else the sector could be irrevocably damaged. We very much welcome that the Natural Resources Wales-led task force<sup>3</sup> – set up by the Minister, to develop ideas around the 'green recovery' – has also been looking at the stabilisation of the environmental NGO sector. If we can get through the crisis, then we will be more able to help deliver the recovery in a sustainable way, in partnership with the Welsh Government and public sector.

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<sup>3</sup> Natural Resources Wales, 2020. News: [NRW led taskforce set to accelerate a green recovery in Wales.](#)

## 1. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

WEL members have fed into the aforementioned NRW Green Recovery Taskforce, which we hope to be published or finalised internally soon. Against this backdrop, we recommend that the Welsh Government should do the following to help eNGOs to survive and continue their work:

- **Flexibility on existing grants to allow outdoor projects to be delivered** – many environmental projects will not be delivered on time and it's essential this funding is not simply lost due to the original deadlines being missed. Organisations need to be able to move delivery across financial years and timelines should be extended for providing information for claims whilst staff are still furloughed. There needs to be a quick and easy process to make changes that does not take too much staff time and does not delay claims and payments.
- **Payment of existing Welsh Government grant funding for work already done** – for some organisations this has caused extreme difficulties with cash flow as Welsh Government staff have been unable to quickly assess claims or provide any clarity on progress with payments. This concern has been raised with the Welsh Government repeatedly but problems persist. WEL has been in discussions recently with Rural Payments Wales to discuss how to improve the claims process for grants; ideally, we would like to have grants paid as soon as possible and for clawback mechanisms to be used for anything that doesn't end up meeting the grant criteria. We have welcomed their willingness on working with us as this would make a big difference to eNGOs.
- **Fully reopen or expedite opening of new funds that were expected as part of the Environmental Growth agenda** – this must be done with full involvement of the sector and rapidly. There are concerns that initial budgets have reduced at a time when the sector needs funding, not due to budgetary cuts, but due to internal Welsh Government concerns on their ability to administer funds and risk-averse approaches to auditing. It is extremely frustrating to have funds allocated but not made available for much needed projects.
- **Core funding from Welsh Government** – it should be recognised that many organisations' traditional sources of core funding are much reduced due to loss of income from visitors, being unable to campaign or recruit members or apply for other sources of funding. Project funding only provides limited overheads and doesn't cover core costs. Therefore, all core posts such as management, advice, land managers, accounting, fundraising and communications are under threat. This puts the viability of organisations under threat and compromises the sector's ability to deliver, including on key government priorities like the Nature Recovery Action Plan. While accepting that organisations need to generate their own income, core funding can **expand** their reach. It enables organisations to respond to need and to offer their services to local communities for free, with the range of benefits this provides.
- **A realignment of how funds operate** – by recognising that we are in the grip of climate & nature emergencies that are not going away, alongside the reduction in delivery capacity by the eNGO sector, will make it more difficult to tackle these issues. Increased investment in nature recovery and a long-term commitment to this across 3-5 years is necessary, including revenue as well as capital grants. Recent additional spending on nature has been in the form of one-off capital grants that must be spent within a year – this makes it difficult to deliver anything meaningful for nature. Whilst revenue funds announced via NLHF (National Lottery Heritage Fund) in November to help instigate a green recovery are very welcome, and needed, these again are incredibly short term and short timescale for

turnaround to apply, meaning an already exhausted sector may not be able to maximise use and be able to apply due to having to firefight daily operations.

Flexibility on budgets is particularly needed for Natura 2000 fund. The Welsh Government launched a much reduced budget for Natura 2000 restoration through grant funding in July<sup>4</sup> – via the Sustainable Management Scheme, with £4m for 19 projects announced in late September and signed off at the end of October. Whilst much needed and welcomed, the short timeframe for spend and the timing of the year, as well as being a capital-only fund, means that the extent of the improvements that can be made are significantly reduced and restricted. Multiyear funding to enable multiyear planning is critical in this area for impact.

## **2. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

Wales Environment Link (WEL) itself stopped applying for Welsh Government funding when the grants were re-profiled away from the Environment & Sustainable Development Grants which could be used for general costs (i.e. not just projects) and to the Enabling Natural Resources & Wellbeing (ENRAW) project funding. This required new and innovative partnerships to be forged at short notice and the few WEL members that did manage to apply have found this a very difficult fund to get to grips with and haven't found it the best use of time or resource to grapple with the requirements.

WEL itself is financially prepared for the next financial year as our funders – a mixture of UK-wide foundations & small policy-related grants – have been extremely understanding and flexible when it comes to what WEL has been able to deliver and achieve over the last year

However, **many of our members have found it more difficult to absorb the impact of the pandemic and it has made usual operations impossible for many**, especially those who rely on tourism income. For example, the National Trust<sup>5</sup> has had to make 514 compulsory redundancies across the UK, on top of 782 voluntary redundancies. This will affect the Trust for a long time and other NGOs are facing similar difficult decisions. Smaller organisations that depend on a mix of grants and business activities to survive (and have struggled to access Covid-19 support) are finding it difficult to maintain their staff and services. **In some cases, there is real concern over survival beyond the current financial year unless some support is made available to help them recover.**

In a survey on Covid-19's impact on WEL members earlier in the year, we found:

- The biggest impact was from loss of income from membership subscriptions, grants and from visitor, community, contract or trade income. Restrictions on certain types of work due to Covid-19 rules and lack of staff capacity (due to many being furloughed) are also important factors.
- Members report estimated income losses for this financial year (2020 – 21) as between 10% and 40% of their usual income.

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<sup>4</sup> Welsh Government, 2020. Press release: [£4m available for Natura 2000 sites to help Wales protect vital habitats and threatened species.](#)

<sup>5</sup> The National Trust, 2020. News: [We've reduced compulsory job losses following consultation.](#)

- Most expect further financial hardship next year with some organisations reporting that they expect it to take 3-5 years for their operations to recover to pre-March 2020 levels.
- The majority of respondents assessed their organisational viability as being at a medium level of risk. They expect to be able to continue to operate, but need to mitigate their financial losses by reducing operational capacity and are having to consider redundancies.

Importantly, the lack of staffing, capacity or ability to take forward work has meant important tasks were cancelled or postponed, including: habitat management and creation, species monitoring, environmental monitoring and research, disruption to long-term data sets, campaigning, fundraising, face-to-face membership recruitment and community regeneration work (e.g. path maintenance, beach & river cleaning).

WEL members also reported (via the survey and anecdotally over the past three months) higher incidences of fly-tipping<sup>67</sup>, littering, vandalism and wildlife crime during lockdown<sup>8</sup>, whilst enforcement has been reduced. On the positive side, they also report that many people have discovered a newfound interest in nature and outdoor recreation, which they believe should be positively harnessed. The pandemic has highlighted the importance of nature to all, against a backdrop of a nature crisis, so the Welsh Government should be more focused than ever on reviving our at-risk biodiversity. For the good of nature and people's enjoyment of it.

### **3. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?**

Although this is not the fault of the Welsh Ministers, both last year and this year, the UK Government has made late announcements on spending creating knock-on delays to the Welsh Government Budget process. For 2019 and now 2020, this means budget scrutiny has started a week before Christmas and committees have to wedge in as much analysis as they can over recess and in the first 2-3 weeks in January. To say the least, this is really not ideal and it would be helpful if planned or indicative budget plans could be announced earlier, and then any revisions from the impact of UK Government decisions could be embedded later on. This would mean that a lot of initial analysis could be conducted whilst stakeholders are available and not during the Christmas recess when most are on leave.

Last year, there wasn't even any type of formal consultation on the budget with stakeholders via Committees, as it was thought to be too short notice to ask so submissions were accepted on an ad-hoc basis to help Senedd Members with their scrutiny. Again, whilst the UK Government timings are beyond Welsh Ministers' control, this doesn't seem to be a pattern that's going away and it would greatly help our own scrutiny of our own Welsh budget.

**We hope to see some alignment between Covid-19 reconstruction funds and the ideas coming through the NRW Green Recovery Taskforce**, as a 'green recovery' will not be possible if eNGOs are too pre-occupied with trying to stabilise and still exist and find more funds, rather than deliver on restoring nature and developing effective climate change strategies.

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<sup>6</sup> WalesOnline, 2020. Article: ['The 'disgusting' fly-tipping in a Newport lane during lockdown'](#).

<sup>7</sup> WalesOnline, 2020. Article: ['The massive piles of rubbish in Llanelli communities which people keep adding to'](#).

<sup>8</sup> BBC Wales, 2020: Article: ['Coronavirus: Fly-tipping and wildlife cruelty 'up in lockdown''](#).

**4. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

The Fiscal Framework has increased capital borrowing powers to £1bn, which is helpful for Welsh Government to be able to invest long-term in capital projects. We are concerned that, if the Internal Market Bill passes as is, the Welsh Government will have less flexibility over their current powers and they need to be able to have additional flexibility over spending decisions as we strategise for a post-pandemic green recovery. We think this principle should be extended to forthcoming funding streams, such as the Shared Prosperity Fund, so devolved nations can align funds according to their specific needs.

**5. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

We have provided answers to the subjects relevant to the environment sector and green recovery below.

- **How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.**
- **To what extent alleviating climate change should be prioritised in supporting economic recovery**

**The need for a green recovery globally**

The economic recovery cannot be one that comes back as before. It was not sustainable and, whilst we are pleased that the Welsh Government are committed to a 'green recovery' from Covid-19, it is unclear at this stage how this will be implemented and financed.

The pandemic has made it more difficult to plan for the long-term, except that we know that we have failed our international biodiversity targets, and that we need to bring the global community together at COP 26 to refresh our approach to restoring nature. An economic pause means and we have an opportunity to build back with more sustainable thinking.

Ultimately, **we cannot have an economic recovery without nature's recovery.** WWF's Global Futures report<sup>9</sup> has modelled the impact of nature's decline across 140 countries and all key industry sectors. It assesses the impact of dwindling ecosystem services - such as water supply, timber supply, fisheries, crop pollination, flooding, erosion and carbon storage - if we continue with 'Business As Usual' economic approaches. By 2050, if we continue with 'Business As Usual', the global GDP will drop \$9.87 trillion. However, if we adopt an approach embedding conservation principles - with sustainable consumption of materials, protecting habitats and ecosystems; stabilising land-use change; and slowing the rise of greenhouse gases - the global GDP could rise to +\$0.23 trillion. So, it is essential that the recovery truly is a sustainable, green one that looks to the long-term needs of the planet and people, not just going back to business as usual.

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<sup>9</sup> WWF, 2020. Report: [Global Futures: Assessing the Global Economic Impacts of Environmental Change to Support Policy Making.](#)

### **UK approach to a green recovery**

It's also welcome that the UK Government has recognised the value of Natural Capital and the Dasgupta Review<sup>10</sup>, which published its interim report in April 2020, is exploring *"the sustainability of our engagements with Nature – what we take from it; how we transform what we take from it and return to it; why we have disrupted Nature's processes; and what we must urgently do differently to enhance our collective wealth and well-being, and that of our descendants"*. The final report with recommendations is expected by the end of 2020.

### **Wales' approach to a green recovery**

In Wales, we have been made aware of a newly allocated £920k fund for NGOs as part of a Green Recovery Capacity Building Scheme<sup>11</sup> (announced 23<sup>rd</sup> November by Welsh Government<sup>12</sup>). We welcome the set-up of this fund, but it is a comparatively small amount of money, when compared with England, which has put in the region of £80 million into a similar scheme<sup>13</sup>.

In terms of the Welsh Government's approach to a green recovery, we have embedded long-term sustainable thinking into the Wellbeing of Future Generations Act and the ecosystem-based approach in the Environment Act. We welcome that the Minister has recognised the urgent need to prioritise the environment, in declaring climate and nature emergencies and taking proactive work to gather experts at the NRW Green Recovery Taskforce, which is due to report shortly.

We also welcome the recent Welsh Government Covid-19 Reconstruction report<sup>14</sup>, however it is not clear yet what the allocation of funding will look like for policy priorities within this document. The Minister recognises that it has to be cross-portfolio so we hope an environmental perspective is embedded across portfolios. At a recent CCERA Committee meeting, the Minister said this herself: *"I remember when we first started looking at the Well-being of Future Generations (Wales) Act 2015 and people just think of 'sustainable' as the environment, and, of course, it isn't, and I don't think the green recovery is just environmental either; it has to be right across all parts of Government."*

The Minister also highlighted<sup>15</sup>: *"One of the things I asked Sir David Henshaw, the Chair of Natural Resources Wales, was to look at this from right across my portfolio, and I know there have been several meetings and I am awaiting a report around that. What we're looking at from a green recovery is around two areas. We're looking at stabilisation and reconstructing. So, I suppose we need to stabilise. We need to mitigate the direct effects of the pandemic, and then we need to ensure that the economy and our public services are strong enough going forward, and then, obviously, reconstruction will be the longer term challenge, and our desire to make sure that we take the public with us around this and what we want to do, and how we deliver better for*

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<sup>10</sup> UK Government, 2020 Independent report: [Interim report – The Dasgupta Review: Independent Review on the Economics of Biodiversity.](#)

<sup>11</sup> The National Lottery Heritage Fund, 2020. Funding: [Green Recovery Capacity Building Scheme.](#)

<sup>12</sup> Welsh Government, 2020. Press release: [Support for communities and organisations as Wales looks to tackle biodiversity crisis.](#)

<sup>13</sup> UK Government, 2020. Press release: [£80m fund for green jobs and new national parks to kick start green recovery.](#)

<sup>14</sup> Welsh Government, 2020. Report: [Coronavirus reconstruction: challenges and priorities.](#)

<sup>15</sup> CCERA Committee, 2020. [COVID-19: Scrutiny session with the Welsh Government. Transcript from 17/09/2020.](#)

*them.*" WEL thinks that report will be integral to advising on how to stabilise the environmental sector, which we enable us to be part of forming the green recovery.

Finally, we have also seen little reference or acknowledgment generally from Welsh Government civil servants as to how the green recovery will extend to the 'blue', to support management of the coast and seas surrounding Wales. The Welsh sea area managed by the Welsh Government is a third bigger than the land area that it manages, and has huge potential for both socio-economic and environmental recovery. We hope that the Welsh Government's draft budget - when published in December - will reflect the financial and social importance of our seas and coasts, and budget accordingly, for a green and blue recovery.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

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



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# Welsh Government Draft Budget Proposals 2020-21

## A RESPONSE FROM WCVA

1. Wales Council for Voluntary Action (WCVA) is the national membership organisation for the voluntary sector in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together.
2. We have consulted widely across the voluntary sector in drafting this response and are pleased to have the opportunity to feed a wide range of sectoral voices into planning for the draft Budget 2021-22. We thank the organisations who gave their input, including Marie Curie Cancer Care, AVOW, the Centre for Sign, Sight and Sound, Headway Cardiff, Citizens Advice, Social Farms and Gardens, Care and Repair Cymru and Menter Siabod, as well as some responses from private individuals.

## KEY POINTS

3. Although this response details a number of recommendations for the 2020-21 draft Budget, here are some we consider the most crucial. Each of these points is elaborated upon elsewhere.
  - In order to perform its crucial role within communities both during and post-pandemic, and given the loss of income many organisations have suffered, Welsh Government may need to further fund voluntary sector organisations assisting with the recovery.
  - Welsh Government should look to offer longer-term funding cycles of three or more years to help the sector be more secure and sustainable in these uncertain times.
  - Combating climate change should be central to all Welsh Government policy-making from this point on. The green recovery will be essential in 'building back better'.
  - The long-term policy aim should be to prevent poverty altogether, rather than reducing it. This will involve cross-government working and investment in sustainable jobs.

- Service providers should seek to work co-productively with communities and the sector from this point on, if they have not already been doing so, and Welsh Government should seek to support this wherever it can.
- To ensure services remain sustainable, organisations need to have their core costs funded and not be expected to rely on short term project funding.
- We remain seriously concerned about the UK Shared Prosperity Fund, especially in light of the Internal Markets Bill which appears to be a serious rowing back of the devolution settlement. We ask Welsh Government to exert its power to the fullest to ensure that Wales gets to decide how its share of the UKSPF is spent. The sector will continue to seek to influence the UK Government in this regard.
- Welsh Government should invest in the volunteering infrastructure to increase the diversity of people to contribute through volunteering in a variety of ways.

## **WHAT, IN YOUR OPINION, HAS BEEN THE IMPACT OF WELSH GOVERNMENT’S 20-21 BUDGET, INCLUDING FUNDING RELATED TO COVID-19**

4. The Covid-19 crisis has seen several voluntary sector organisations and charities scale back their operations severely by either reducing staff, reducing services or closing premises. The sector appreciates the quick action of Welsh Government to ensure targeted emergency funding was soon available to support organisations during the pandemic.
5. As administrators of the Third Sector Resilience Fund, we understand that the TSRF has been lifesaving for many organisations, providing vital income in lieu of fundraising or revenue-generating activities. We have much feedback evidencing this, while the Voluntary Services Emergency Fund has enabled approximately 6000 volunteers to provide services to the most vulnerable in Wales’ communities reaching numbers in excess of 700,000. The speed and flexibility of the funding packages we have been able to construct has been crucial. The co-production with Welsh Government was crucial and appreciated.
6. However, organisations have reported problems with accessing certain funding as the crisis continued, citing narrowing objectives of funding streams, while others have had issues with a lack of clear guidance, with some streams – such as the Stage 3 Business Grant – not making it clear at the outset that they applied to the third sector as well as the private sector.
7. Regarding the impact of the budget pre-pandemic, both AVOW and Care and Repair Cymru have said they did not receive a reduction in their funding, but at the same time received no inflationary increase, leaving them worse off in real terms year-on-year.

## **HOW DO YOU THINK WELSH GOVERNMENT PRIORITIES FOR 2021-22 SHOULD CHANGE IN RESPONSE TO COVID-19?**

8. In previous years, we have said the sector is being expected to continually do more with less. This must not be allowed to continue in the upcoming year and beyond. The sector should be central to the recovery, but must be resourced to meet the greater demands upon its services, and in line with the roles described in 'A Healthier Wales', the Social Services and Well-being Act (Wales) and the Well-being of Future Generations Act.
9. Welsh Government should continue to invest in recovery activities to build resilience across Welsh communities, through the voluntary groups that are operating in the heart of these communities and know the specific needs of their own members. The Centre for Sign, Sight and Sound particularly highlighted communities in North Wales, who have traditionally relied on a tourism industry that has mostly dried up.
10. Marie Curie have highlighted end of life care as of particular importance and in need of sustainable funding solutions.
11. WCVA would second Care and Repair Cymru's call to see budgeting decisions acknowledging and strengthening the link between good health and a secure home. Those who are homeless or at risk of homelessness tend to have poorer mental and physical health, for obvious reasons. Menter Siabod have called for tenants to be given a rent or lease break if they have been made redundant during the pandemic.
12. The need to invest in preventative services and mental health was also highlighted by several organisations.
13. We ask Welsh Government to:
  - support the proposed extension of the dormant assets scheme in order to release more funding to Wales, and that this funding be used to increase the levels of endowed funding.
  - Extend the Third Sector Resilience Fund to support the sector to increase resilience.
  - Develop a Voluntary Sector Recovery Fund to support organisations to contribute to a green and just recovery.
  - Support infrastructure services to build resilience, including governance, digital services, diversifying income and alternative finance.

## **HOW FINANCIALLY PREPARED IS YOUR ORGANISATION FOR THE 2021-22 FINANCIAL YEAR? HOW CAN THE BUDGET GIVE YOU MORE CERTAINTY IN PLANNING AND MANAGING BUDGETS GIVEN THE ONGOING VOLATILITY AND UNCERTAINTY?**

14. Although WCVA holds a reasonable level of reserves, due to Covid-19 and the impact on the worldwide market, the local government pension scheme liability increased significantly at the end of March 2020 from a liability of only £100,000 to £1.54m.

15. This had a significant impact on the level of general reserves and reduced the resilience of the organisation going into 2021-22, as we have yet to see what further effects there could be on our pension liability and, consequently, general reserves. Our main operational budget for 2020-21 was a break-even budget - however, payment of the local government pension scheme lump sum deficit payment created a deficit budget overall.
16. We did not furlough any staff members and redeployed people where appropriate to help support the increased levels of both grant and loan funding made available to the third sector, as well as providing advice on funding guidelines and governance as and when needed.
17. In November, WCVA will begin the strategic and financial plan for 2021-22. It will look specifically at its priorities and resources for 2021-22 and, clearly, the more certainty there is around funding for 2021-22 the less risk is involved in decision-making. This in turn will lead to a better service for the voluntary sector.
18. If we were to be informed of funding levels for 2021-22 before the end of 2020, it would greatly enhance the budget process and avoid decisions being taken needlessly. Longer-term budgeting would also assist - three or five-year planning would be useful.
19. This last point applies cross-sector, not just to WCVA. The sector would still like to see three-year funding cycles as a minimum – ideally this would be up to five. We appreciate that this is a more uncertain time than ever – however, longer-term cycles would not only benefit the sector, it would also benefit communities around Wales in guaranteeing they continue to receive the services they rely on.
20. Other organisations report concerns about tenants not moving back to offices, so losing some unrestricted income. There are also fears that if too much money is moved towards Covid-10 relief and recovery, it will mean less money for other sector organisations to attempt to fulfil their core purpose. Organisations still fear having to make staff redundant, if they haven't already.
21. It is imperative that as much financial planning and preparation work as possible is done to allow the sector to prepare for the upcoming year. We note the Chancellor has announced a date for his one-year Spending Review and are keen to see how this might affect Wales.
22. The [Code of Practice for Funding the Third Sector](#) is a hugely important document in providing principles and structure for how the voluntary sector is funded. Funders and those seeking funding should remember the importance of [Full Cost Recovery](#), including project costs and overheads.

**GIVEN THE ONGOING UNCERTAINTY AND RAPIDLY CHANGING FUNDING ENVIRONMENT, DO YOU THINK THERE SHOULD BE CHANGES TO THE BUDGET AND SCRUTINY PROCESSES TO ENSURE SUFFICIENT TRANSPARENCY AND MINISTERIAL ACCOUNTABILITY?**

23. As stated in previous responses, the sector remains concerned that there is insufficient transparency and evidence to show why particular budgeting decisions are made. It would be useful if the Budget document could explicitly state how decisions will benefit the seven wellbeing goals of the Future Generations Act.

**DOES THE FISCAL FRAMEWORK ADEQUATELY REFLECT THE IMPACT OF THE PUBLIC HEALTH EMERGENCY IN WALES COMPARED TO OTHER UK COUNTRIES? DO YOU SUPPORT INCREASING THE ANNUAL AND/OR OVERALL LIMITS TO WELSH GOVERNMENT BORROWING WITHIN THIS FRAMEWORK?**

24. Our engagement suggests the supports increasing annual limits to borrowing, but this process needs to be transparent and open, while ensuring that any debt accrued remains sustainable.

**COMMENTS ON:**

**HOW RESOURCES SHOULD BE TARGETED TO SUPPORT ECONOMIC RECOVERY AND WHAT SECTORS IN PARTICULAR NEED TO BE PRIORITISED**

25. [The Voluntary Sector Data Hub](#) showcases the important contribution the sector makes to the economy:

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

26. This second bullet point showcased the value of volunteers pre-pandemic. What value the volunteering activity taking place now?

27. Engagement with the sector shows that health, social care, climate change and education are among those viewed as most important to be prioritised, but there is also recognition

of the need to rebuild tourism, and the role that social enterprises can play as part of the economic recovery.

28. Resourcing the sector itself should be a priority given its key role in the recovery - it works more closely to communities than other sectors. This is an opportunity to drive better procurement practices to allow the sector to make even more and even better contributions to communities.
29. A Community Wealth programme could build the structures and capacity to empower communities, drawing on lessons from the crisis and alternative finance streams such as Dormant Assets.

## **...TO WHAT EXTENT ALLEVIATING CLIMATE CHANGE SHOULD BE PRIORITISED IN SUPPORTING ECONOMIC RECOVERY**

30. All plans and policy decisions Welsh Government make from this point forward must have environmental and climate change concerns embedded within them and, as far as possible, seek to sustain and encourage the new positive community and individual behaviours that have emerged during lockdown. Welsh Government should seek to create a funding and policy environment to allow the sector to play its role in addressing climate change, building on the learning gained in the immediate response to the pandemic.
31. The green recovery will be essential in 'building back better', and the Local Nature Partnerships have a significant role to play in this, for instance in working with partners to identify nature-based activities and developing green skills and jobs strategies with apprenticeship schemes.
32. However, to do this effectively, they will require resource and support. Environmental organisations have experienced severe financial losses during the outbreak. This has hindered their essential work and will continue to do so into the future. Work should be done to analyse the effects of the crisis on the environmental sector to ascertain its resilience and impact on the volunteer base. It is these volunteers that provide the ground-level activity that benefits us all.
33. The Foundational Economy can make a huge contribution to a low carbon future, particularly in the areas of food supply and local energy generation. However, there has not been an explicit link made between the Foundational Economy and climate change. The voluntary sector is well-placed to forge this link, building on [WWF Cymru's Environmental and Foundational Economy Conceptual Model](#).
34. Welsh Government's work on the Foundational Economy, the low carbon economy, decarbonisation of the public sector and the Economic Contract provide a framework for

tackling climate change. These strategies must be implemented effectively, but this implementation must be co-ordinated and co-produced with all stakeholders.

35. We echo Wales Environment Link's prior call for investment in green and blue jobs. These are jobs which have a role in restoring, protecting and maintaining the environment, such as nature conservation, land management and sustainable tourism, and are vital for ensuring a green and just recovery. However, these should have defined career paths and be paid the Real Living Wage.
36. A narrative change is required. Too often, nature is seen as a block on economic development – for instance, see some of the discourse surrounding the M4 relief road - rather than an asset complementing economic development. Early engagement – and co-production - with communities is necessary to showcase how nature can be an important part of the economic recovery.
37. Cuts to Natural Resources Wales' budget, due to Covid-19, will have a negative impact on their work and ability to support the work of the voluntary sector.

## **...WELSH GOVERNMENT POLICIES TO REDUCE POVERTY AND GENDER INEQUALITY**

38. The socio-economic duty should be at the forefront of budget decision making. Poorest people have arguably been the hardest hit by the pandemic, with low earners three times more likely to have lost their job or been furloughed than high earners (Resolution Foundation, 2020). It's estimated 16% of Wales' working age population is employed in sectors affected by the rolling shutdown measures. Employees under 25, women and workers of Bangladeshi, Black Caribbean and Pakistani ethnicity are also much more likely to work in sectors impacted by shutdown measures (Wales Fiscal Analysis, 2020).
39. The long-term policy aim should be to prevent poverty altogether, rather than reducing it. This will involve cross-government working and investment in sustainable jobs, including green and blue jobs. The social enterprise sector has a key role to play here.
40. There is likely to be increase in need for two types of support: direct poverty relief and employability and skills support. The voluntary sector is effective at reaching people who are more marginalised by society.
41. Citizens Advice have noted the need for income maximisation to be considered as part of any strategy to reduce poverty, with resources allocated to ensure people are aware of and able to claim the support to which they are entitled.

42. Why are other potential areas of inequality – race, religion, age, sexuality, etc – not included within the remit of this question? Pre-existing inequalities within the sector and wider society have been further highlighted during the crisis.
43. We ask Welsh Government to commit that a proportion of the overall skills and employability budget should be ringfenced for harder-to-reach groups, with an acknowledgement that voluntary sector agencies are a key part of achieving this.

### **...APPROACH TO PREVENTATIVE SPENDING AND HOW THIS IS REPRESENTED IN RESOURCE ALLOCATIONS**

44. The sector is agreed on the importance of preventative spending as a means of reducing later primary care costs. Mental health, social care, wellbeing and children and young people were all cited as important areas for resource allocation in this area.
45. Co-production must play a key part in the design and delivery of preventative services. However, this must be genuine co-production, without any one partner being seen as more 'junior' than the others, or overlooked until a significant way into development.
46. Social prescribing may become even more vital in terms of fighting loneliness, isolation and mental health issues that have developed as a result of the pandemic. The Connected Communities strategy sets out the importance of social prescribing to Welsh Government, but significant resource must go to community groups, sports clubs and so on in order for it to deal effectively and efficiently with a potentially large increase in prescribed activities.
47. WCVA and the 19 CVCs work on and promote [Infoengine](#), a database of voluntary sector services, as a vital search tool for citizens, public and third sector services. We would welcome the opportunity to work with government to promote this portal to local authorities and health boards to assist with the preventative agenda.

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

48. Over the summer, communities came together quickly, often without formal structures, to assist with services. This freedom empowered communities to come up with their own solutions to meet problems and gaps in support. Service providers should now seek to work co-productively with communities and the sector from this point on, if they have not already been doing so, and Welsh Government should seek to support this new, nimbler way of working wherever it can.
49. WCVA is a partner in the Co-Production Network for Wales. The Network's [Knowledge Base](#) is a hugely useful resource for service deliverers.

50. The sector's role in transformative public services should not be underestimated, and it should be resourced and supported – including to have an effective voice at PSB and RPB level – to continue and strengthen the crucial work it offers at this critical time.
51. Arrangements should be agreed at national level to enable pathways for the public sector to work collaboratively with the voluntary sector, strengthen our capacity to respond and avoid being bypassed or wheels re-invented – through effective compact arrangements, for example. In addition, it is important that when funding is released to statutory partners – such as to aid support for hospital discharge – the voluntary sector is explicitly included in the additional investment.
52. To ensure services remain sustainable, organisations need to have their core costs (such as staffing and IT), funded and not be expected to rely on short term project funding. This is something we noted last year, but is more relevant than ever at this uncertain moment in time.
53. Despite the challenges of the pandemic, work must continue to ensure health and social care continue to become integrated and that services are 'joined up', as set out in A Healthier Wales.
54. While we understand the importance of innovation, it is important to remember that if a model works well for those it serves, there shouldn't be a prerequisite for the service providers to come up with a whole new model in their next funding bid just to be innovative. If a model works, it works.
55. Advice services have seen a surge in demand during the pandemic and will need further support. Requests for advice on debt and evictions/repossession/homelessness are set to continue to grow for some time to come.
56. Investment should be made to ensure a consistent approach at all levels in commissioning and procurement.
57. The [National Principles for Public Engagement](#), endorsed by Welsh Government, are designed to help service providers engage effectively with the public. We recommend all public service providers use them to help with their work.

## **...HOW EVIDENCE IS DRIVING WELSH GOVERNMENT PRIORITY SETTING AND BUDGET ALLOCATIONS**

58. Each year, we receive comments from the sector that Welsh Government does not effectively communicate how it considers evidence during budgeting decisions.
59. We continue to encourage Welsh Government to gather further data on local authority funding of the voluntary sector. Scrutiny of how the sector is funded and how it spends its money is only likely to increase during the recovery from the pandemic, so it is important for this area to be addressed. There are currently significant gaps in such data as exists on this topic.
60. Our [Third Sector Data Hub](#) tracks data relating to the voluntary sector in a number of areas. We invite Welsh Government, the sector, funders and researchers to make use of this resource.

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

61. Money raised from taxation and borrowing should go towards combating the climate and ecological crises, investment in preventative services and help guide us towards making a success of the Foundational Economy.
62. Those suffering from poverty should not be made to suffer disproportionately by additional taxation.
63. The sector has experience in the use of currently-devolved taxes, such as the Landfill Disposal Tax Communities Scheme, and its input should be sought during further discussion about taxation and borrowing powers.

### **...SUPPORT FOR BUSINESSES, ECONOMIC GROWTH AND AGRICULTURE AFTER EU TRANSITION ENDS**

64. We would hope there would be some further clarity on Welsh Government's offer for further support in this area following the Chancellor's speech in late November.
65. As stated previously, we ask that Welsh Government to pressure UK Government to uphold its promise that Wales will not be even a penny worse off following EU exit.
66. We remain seriously concerned about the UK Shared Prosperity Fund, especially in light of the Internal Markets Bill which appears to be a serious rowing back of the devolution settlement. We ask Welsh Government to exert its power to the fullest to ensure that Wales gets to decide how its share of the UKSPF is spent, with the voice of the sector heard in these discussions, and that trade issues and other devolved matters impinged upon by

the Internal Markets Bill continue to be the domain of Wales and Wales alone.

67. Wales is a small country and likely to lose out to larger countries who want bigger orders. If Wales stays outside of UK/EU procurement, it will be disadvantaged by being unable to negotiate at scale.
68. The expertise from the sector relating to the foundational economy, diversity, equality, social enterprise, and sustainable development should be used to contribute to the debate on future economic development.
69. We ask Welsh Government to:
- Implement a Social Enterprise Action Plan, based on the recent vision for Social Enterprise.
  - Develop a wider range of alternative finances, such as social investment and endowment funding or support organisations to move to a more varied funding model.
  - Build on the establishment of the Foundational Economy Challenge Fund Community of Practice to bring people together across the sector/ sectors to collaborate and learn.
  - Expand its programmes for digital inclusion, including for both greater high-speed coverage and improving digital skills amongst marginalised sections of the population.
  - Develop a programme to support cheap access to credit for digital equipment for people who need it in order to secure work, training, or access to services.
  - Collaborate in building and supporting a voluntary sector-led employability and skills programme, building on current provision that is already active.

## **...WHAT ARE THE KEY OPPORTUNITIES FOR GOVERNMENT INVESTMENT TO SUPPORT 'BUILDING BACK BETTER'?**

70. Communities are key to building back better, and therefore it is important that community centres are invested in as areas for people to gather to address the issues that affect them at a local level.
71. Welsh Government must continue to show trust in its external partners to ensure it is able to build back better. For example, Social Investment Cymru has been trusted to help design and deliver support from the pandemic, and there are other agencies who are building back better themselves and helping others do the same. This record of success should be built upon.
72. The Public Affairs Committee is currently consulting on barriers to successful implementation of the Future Generations Act. Welsh Government should study the

resulting report. Our initial engagement with the sector ahead of our response suggests there are issues with how the Act is implemented.

73. Welsh Government should invest in the volunteering infrastructure – both platforms and people – to increase the diversity of people to contribute through volunteering in a variety of ways that are safe and rewarding.

74. Young volunteers must be included in the process of building back better. There was a rapid surge in interest in volunteering between March and June 2020, when an additional 7706 young people aged 14-25 registered an interest in volunteering in Wales. Investment in the infrastructure can ensure this enthusiasm is retained and built upon.

## **DISCUSSION**

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

*David Cook,*  
*Policy Officer, WCVA*  
[dcook@wcva.org.uk](mailto:dcook@wcva.org.uk)

*November 2020*

Dear Finance Committee,

I am writing in response to your consultation on scrutiny of the Welsh Government's draft 2021-22 budget. I do not have the necessary knowledge to comment on the issues raised by the first five consultation questions. My entire response therefore deals with three of the matters raised in question 6. I am responding to this consultation as an individual.

To begin with the topic "Sustainability of public services", the Digital Engagement Summary Note that accompanied this consultation contained a worrying finding. According to that document, participants who supported cutting the budget for 'Councils and Housing' outnumbered those who supported increasing this funding. It is my understanding that councils are responsible for delivery of a range of vital public services such as buses and public toilets. The latter is a service that I strongly believe should be free at the point of use and the increasing deployment of 'paywalls' is of grave concern. I hope that funding for the day-to-day provision of public services can be protected.

Returning to the consultation letter, question 6 also asked "to what extent alleviating climate change should be prioritised in supporting economic recovery" and how to "better deliver against the well-being goals in the Well-being of Future Generations Act" as part of 'building back better'. These two points are interrelated; climate change is a crucial issue for future generations and is relevant to at least three of the well-being goals.

It is my opinion that all aspects of Welsh Government policy, including the budget, must fully **integrate** the **prevention** of climate change and other **long term** adverse outcomes. **Integration, prevention and long term** planning are of course three of the Future Generations Act's 'five ways of working'.

As a result of the pandemic's impact on the economy, there will be a strong temptation to 'invest' in projects (for example road-building) that are believed to provide an economic boost but have undesirable consequences in the long term. This temptation must be robustly resisted. In [Chapter 5 of the Future Generations Report 2020](#), which deals with transport, the Future Generations Commissioner recommends that the Welsh Government should **stop** prioritising investment in building new roads. Even if new roads provide an economic boost in the short-term (which is unproven) they are permanent infrastructure and will forever work against the government's objective of encouraging motorists to switch to public transport. Greenhouse gases released in the construction and maintenance of the road will remain in the atmosphere for many years.

The Welsh Government's Draft transport strategy suggests that there is currently a road maintenance backlog and that they will "*look at a target to reduce the maintenance backlog to sustainable levels by 2030*" ([Llwybr Newydd - A New Wales Transport Strategy](#), page 80). Spending on new roads both reduces the funds available to maintain the existing network and increases the area of tarmac/concrete that will need to be maintained in the future. [Chapter 5 of the Future Generations Report 2020](#) also recommends prioritising investment in walking and cycling infrastructure and that at least 50% of capital spending on transport is allocated to improving bus and train services. The Senedd's scrutiny of the Welsh Government's budget should ensure that these recommendations are heeded.



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25 November 2020

e-mail response sent to: [SeneddFinance@Senedd.Wales](mailto:SeneddFinance@Senedd.Wales)

Dear Sir/Madam,

**Response to: Senedd Cymru Finance Committee Consultation on the Welsh Government Draft Budget 2021-22**

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 25,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,100 members. The Institute seeks to advance the science and art of planning, working for the long-term common good and well-being of current and future generations. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

Thank you for the opportunity to respond to the above consultation. Our response addresses Question 6 of the Inquiry questions, which raises a number of specific areas in the scrutiny of the draft budget.

Local Planning Authorities (LPAs) in Wales are under increasing pressure to deliver more services with fewer resources. LPAs have seen their budgets cut by more than 50% in the last five years. These budget cuts place local authorities under intense pressure and make key health, social and economic services unaffordable. Moreover, these cuts are exacerbating inequalities. This has been recognised by the Senedd Cymru Public Accounts Committee in its [Report](#) published in June 2020.

RTPI Cymru welcomed Welsh Government's [Building Better Places Guide](#) which puts planning and planners at the centre of responding to the recovery, understanding and valuing what planning and planners can deliver. A well resourced, plan-led, positive planning service can deliver corporate objectives, which, if properly encouraged and effectively organised can bring together objectives across services and help achieve local and national sustainable development and climate action goals. Corporate management

teams provide leadership, vision and priority setting for areas, by shaping the strategic operational direction and investment decisions of local authorities. The implications of these corporate decisions on new investment, infrastructure, development activity, local services and policy delivery are significant, particularly at this time. The RTPI believes that investing in the planning service would positively influence the outcomes of planning and support good growth and a balanced recovery.

Compounding the budget cuts, LPAs are under pressure to quickly address applications and deliver housing targets. The system is sometimes perceived as an impediment rather than an enabler of housing development due to uncertainty and complexities. High-quality planning is needed to efficiently meet the needs of people in all areas. Like any good public service, the planning system requires resources and capacity to deliver outcomes efficiently, effectively, and equitably. Financial support to increase the number of public sector planners employed, funding for specialist knowledge and investing in efficiency-saving digital technologies can help support a proactive and strategic planning system.

As part of our [Plan the World We Need campaign](#), RTPI Cymru called for the National Development Framework to come forward, we believe it will have an important role to play, along with emerging Strategic Development Plans (SDPs), in identifying infrastructure projects and other development at a time where there is uncertainty around the future of planned projects, infrastructure finance and as the UK leaves the European Union. Strategic planning can facilitate an integrated approach, linking decisions on economic development with those on housing, climate change, energy generation, transport, and other infrastructure, providing a spatial framework for effective investment decisions.

Strategic plan-making requires professional skills and a deep understanding of community needs and priorities. Planning services need to understand the communities it works in. The RTPI believes in the importance of broadening the diversity of the talent pipeline into the planning profession afforded through apprenticeships, and the opportunities it offers to bring people in from under-represented groups and also from more rural and Welsh speaking communities. The RTPI therefore recommends the establishment of a Chartered Town Planner Apprenticeship qualification.

Adequate resourcing of the planning function to support each level is vital. Resources for planning are important in achieving effective integration and ensuring alignment with spatial plans. This needs to include national activities, SDPs at the regional level, the well-established Local Development Plans (LDPs) within local authorities, and Place Plans for those communities which have them.

If you require further assistance, please contact RTPI Cymru on 020 7929 8197 or e-mail Roisin Willmott at [roisin.willmott@rtpi.org.uk](mailto:roisin.willmott@rtpi.org.uk)

Yours sincerely,



Dr Roisin Willmott OBE FRTPI  
**Director**  
**RTPI Cymru**



## Chwarae Teg response to Finance Committee Call for Information: Welsh Government Budget proposals for 2021-22

November 2020

### Introduction

Chwarae Teg are pleased to submit a response to this call for information. Budget processes continue to be one of the most important levers in delivering gender equality. We are all aware of the enormous challenges that Covid-19 has put upon our lives and finances as individuals and as a society. We understand that timelines for stated budget improvement plans may have changed as a result.

However, the improvements outlined in the Welsh Government Budget Improvement Plan<sup>1</sup> are needed more than ever now, to tackle the even greater inequalities faced by women as a result of Covid-19. This time of unprecedented change highlights a pressing need, and a real opportunity, to embed new structures which make a significant difference to how money is raised and spent in Wales.

We welcome the fact that the Welsh Government has already accepted recommendations made in the Gender Equality Review, *Deeds not Words*<sup>2</sup>, which include embedding an equalities mainstreaming approach across government, including as part of budgetary processes. Work to pilot and implement equalities budgeting should continue to be prioritised.

Recovering and rebuilding from the Covid-19 crisis will be challenging, but we believe a feminist approach, that mainstreams equality into policy-making and resource allocation will enable Wales to emerge fairer, more equal and more resilient to future shocks. By adopting a gender mainstreaming approach and a Care-led society as outlined in the Gender Equality Review, *Deeds Not Words*<sup>3</sup>, and the report of the UK Women's Budget Group Commission on a Gender-Equal Economy<sup>4</sup>, Wales has a chance to overcome the issues of poverty, well-being and inequality exacerbated by current events.

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<sup>1</sup> Welsh Government (December 2019) Draft Budget 2020-21, Annex E  
<https://gov.wales/sites/default/files/publications/2019-12/2020-2021-draft-budget-narrative.pdf>

<sup>2</sup> Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

<sup>3</sup> Ibid.

<sup>4</sup> Commission on a Gender-Equal Economy (2020) "Creating a Caring Economy: A Call to Action" <https://wbg.org.uk/wp-content/uploads/2020/10/WBG-Report-v10.pdf>

## Key messages and recommendations

- **Covid-19: response and recovery**
  - In 'Building Back Better' we must grasp the opportunity to think differently about our economic policy, to refocus on equality and well-being, and place care at the heart of economic development in Wales, recognising the strategic, national importance of this vital sector.
  - We advocate a Feminist Recovery Plan for Wales that urgently takes forward the recommendations of the Gender Equality Review and facilitates gender mainstreaming in order to tackle the structural causes of economic inequality.
- **Budgetary processes and impact assessment**
  - The Strategic Integrated Impact Assessment (SIIA) needs urgent review, to link policy and budget with robust evidence, showing long-term thinking and a preventative approach.
  - The ongoing review of the Budget Advisory Group on Equality (BAGE) i should ensure that the group retains its core focus on equalities, and that its work informs both general budgetary principles and processes, and the budget itself
- **Gender budgeting pilot**
  - We urgently await an update on the gender-budgeting pilot as part of the Welsh Government's Personal Learning Account, to cover the following points:
    - What tools are being used as part of the pilot?
    - What are the timescales for the pilot?
    - What are the aims of the pilot?
    - How will success be measured?
    - Will the pilot be evaluated?
    - How has the pilot informed spending decisions to date? Has the PLA policy been adjusted/ reviewed as a result of equalities analysis?
    - What role are strategic budgeting playing in the pilot? Who is leading the "gender budgeting" pilot?
  - In 2021, the newly-formed Welsh Women's Budget Group will seek to work closely with Welsh Government to develop understanding of best practice in gender-budgeting and how to roll-out a gender-budgeting approach, as planned in the Budget Improvement Plan.
- **Post-Brexit funding**
  - We recognize decisions relating to the UK Shared Prosperity Fund may not be made in Wales, but the Welsh Government should do all it can to ensure that funding continues to contribute to tackling inequality and poverty. We remain of the view that replacement EU funding should be delivered via a single, multi-annual fund across Wales; this fund should be administered in Wales, and make use of existing national infrastructure and planned regional infrastructure to enable effective spending.
  - We must ensure that post-Brexit funding maintains horizontal themes of equality and gender mainstreaming and is aligned with the vision and recommendations of the Gender Equality Review.

**1. What has been the impact of the funding relating to Covid-19?**

- 1.1 Women’s unequal position in work is one of the most significant contributing factors to gender inequality in Wales. Women dominate in sectors and jobs associated with low pay, insecure contracts and poor working conditions. They are more likely to be in receipt of benefits, to work part-time or fewer hours, and less likely to hold managerial or director positions.
- 1.2 Covid-19 has exacerbated these existing inequalities. Women are more likely to be doing low-paid work on insecure contracts in sectors shut down by the virus, and are at a higher risk of falling into poverty. The pandemic has also highlighted our dependence on unpaid care, mainly done by women, for both children and vulnerable people.
- 1.3 Chwarae Teg’s research paper, *Covid-19: Women, work and Wales* [footnote] has shown how the Furlough scheme, although welcome for the financial relief it provided, has had a negative on working women’s sense of status, leaving a substantial gap in women’s work-based identities. Only 33.6% of furloughed survey respondents in the report believed they would return to their previous role.
- 1.4 This research also showed that lower numbers of self-employed women received financial support than self-employed men. Women with a portfolio career with a mix of employment and self-employment found themselves between two stools in terms of government support, and newly self-employed women were particularly affected, being ineligible for government support.
- 1.5 Welsh Government should continue to plug identified gaps in UK support wherever possible. Ongoing monitoring of Welsh Government funding related to Covid-19 should include consideration of equality impacts. Evaluation should identify who has benefitted most, whether support reached those known to be at greatest risk of hardship and whether support inadvertently reinforced inequality, for example by incentivising women to take on the majority of care.

**2. How do you think budget priorities should change to respond to Covid-19? How should resources be targeted to support economic recovery and what sectors in particular need to be prioritized? What are the key opportunities for Government investment to support ‘building back better’?**

- 2.1 One of the Wellbeing of Future Generations (Wales) Act’s aims is to realise ‘A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances.’<sup>15</sup> Covid-19 has highlighted how deep rooted inequality still is; therefore we must further focus activity and budget priorities on measures that will help to address the root causes of inequality. We propose this should be done in the following ways:
  - 2.1.1 **Prioritise the hardest-hit sectors:** Recovery plans should focus on the sectors likely to be hardest hit by the economic recession, which are different to those in previous

crises. We must see targeted support for sectors such as hospitality and retail, and much greater investment in care.

- 2.1.2 **Take a feminist approach to recovery:** We believe the best approach to meet the aims of the Wellbeing of Future Generations Act, and the commitment to delivering economic and social justice outlined in the Welsh Government Economic Reconstruction plan would be to take a feminist approach to economic recovery. A Feminist Recovery Plan<sup>6</sup> must take forward the recommendations of the Gender Equality Review and facilitate gender mainstreaming in order to identify and tackle the structural causes of economic inequality. This does not mean the recovery will focus on or only benefit women, but recognises that the economy is more than the production of things for the market. The survival and reproduction of people and society as a whole requires not only the production of material goods, but everything that people need to grow and flourish, including the provision of care.
- 2.1.3 **Focus on employability, training and skills:** Specifically, the recovery plan must prioritise the employability of women, supporting them to enter, and progress in, decent, fair work. There should be a focus on skills and lifelong learning, in order to be able to support people affected by unemployment and redundancy during the current crisis.
- 2.1.4 **Invest in childcare:** The recovery plan must also seek to increase the number of women in work by identifying and tackling what stops women from fulfilling their potential. Looking after children and/or the home remains a primary reason for women being outside the labour market. Efforts to increase the number of women in work must therefore be coupled with effective childcare infrastructure and efforts to rebalance unpaid care within households. Plans should look to deliver an integrated Early Childhood Education and Care System, invest in childcare infrastructure and reform childcare provision to deliver, free, good quality full-time childcare for all children.
- 2.1.5 **Create high-quality, flexible jobs:** Women are more likely to experience low pay, insecure contracts and poor working conditions, and the recovery plan must improve the quality of women's work. Jobs should enable women and men to share paid and unpaid work equally and make it easier for workers to combine paid work and caring responsibilities. Home-working plans need to allow for maximum flexibility, and a hybrid home/work model, rather than taking a 'one-size-fits-all' approach.
- 2.1.6 **Recognise that Care is central to our wellbeing:** Taking a feminist approach to recovery will offer a key opportunity for the government to 'Build Back Better', in line with the aims of the Wellbeing of Future Generations Act, by recognizing the central role that care plays in our wellbeing as a society. Care must become a key sector in our national economic strategy and we need investment in social infrastructure, including childcare, social care, health care and education, to enable people to engage with the economy, while delivering fair work within these sectors. The UK Women's

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<sup>6</sup> Chwarae Teg (June 2020) "A Feminist Economic Recovery Plan for Wales: Building Back Better from Covid-19"  
<https://chwaraeteg.com/wp-content/uploads/2020/08/Feminist-Economic-Recovery-plan-for-Wales.pdf>

Budget Group *Commission on a Gender Equal Economy* projects that a care-led economy such as this would produce 2.7 times as many jobs as the equivalent investment in construction<sup>7</sup>

- 2.1.7 **Conduct robust evaluation with a focus on equality:** We also need robust, consistent evaluation of recovery plans, using equalities disaggregated data to show impact of funding on women in order to avoid unintended consequences of inequality.

**3. Do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?**

- 3.1 While there are a number of processes, tools and approaches in place to support equality impact assessment of Welsh Government budget proposals, these are still not resulting in robust, meaningful analysis through an equalities lens.
- 3.2 In the Strategic Integrated Impact Assessment (SIIA) of the 20-21 budget<sup>8</sup> it was welcome to read of the Welsh Government's commitment to piloting Gender Budgeting (pp 65 & 88); its sustained funding for the Equality and Inclusion Grant (p73); and its understanding of the impact of local funding on women (p75).
- 3.3 However, the SIIA still does not adequately explain how budget decisions will advance equality, tackle historical inequalities and contribute to the vision for gender equality. Although it makes reference to the five ways of working and the aims of the Wellbeing of Future Generations Act it does not do this consistently. Crucially it remains unclear how spending decisions tackle specific objectives and why those spending decisions have been chosen over others.
- 3.4 We recommend that the same IIA template and approach should be used for both policy and budget, and officials should be upskilled to build equalities competence, including all those involved in budgetary processes. Policy statements should provide clarity on how Impact Assessments have been used to guide policy decisions.
- 3.5 As recommended in the Gender Equality Review, *Deeds not Words*<sup>9</sup>, there should be a 'bottom up' approach to creating the SIIA, with a mandatory requirement for departments' submissions to the Treasury to have a full impact assessment attached.
- 3.6 As highlighted in the Gender Equality Review<sup>10</sup>, the Strategic Budgeting department should play an important challenge function to ensure that impact assessments provided by colleagues, which inform the SIIA, are done to the appropriate standard, making full use of equalities evidence and demonstrating how budget plans will advance equality as well as highlighting any potential disproportionate impact and mitigating action to be taken.
- 3.7 Furthermore, spending plans are siloed by protected characteristics, missing an opportunity to highlight spending which has multiple positive impacts. A different structure could better show intersectionality of impact and how decisions can have benefit across a number of different groups with protected characteristics.

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<sup>7</sup> Commission on a Gender-Equal Economy (2020) "Creating a Caring Economy: A Call to Action" <https://wbg.org.uk/wp-content/uploads/2020/10/WBG-Report-v10.pdf>

<sup>8</sup> Welsh Government (December 2019) Draft Budget 2020-21, Annex C <https://gov.wales/sites/default/files/publications/2019-12/2020-2021-draft-budget-narrative.pdf>

<sup>9</sup> Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

<sup>10</sup> Ibid.

3.8 As stated in the Finance Committee’s report on the 20-21 Budget<sup>11</sup>, the SIIA is currently falling short of its brief to provide a robust, evidence-based analysis of impact. The Committee described as ‘unacceptable’ that the planned review of the SIIA had been pushed back to 2023. The review which had been timetabled for Spring 2020 is already overdue.

3.9 We support Recommendation 12 of the Finance Committee’s report<sup>12</sup> calling for an urgent review of SIIA. We also support Recommendation 13 which discusses the budget scrutiny provided by the Budget Advisory Group on Equality (BAGE). It recommends that budgetary processes ensure the intervention of BAGE is timed appropriately, not just at the end of the budgeting process. It also calls on the Welsh Government to continue its discussions with colleagues in Scotland about the Scottish EBAG group, which has a more economist-led approach than that in Wales. We are aware that the review of BAGE as set out in the Budget Improvement Plan is ongoing. We stress that post-review, BAGE should retain its core focus on equalities and its work should inform both general budgetary principles and processes, and the budget itself. We await the outcome of these discussions.

#### **4. How is evidence driving Welsh Government priority setting and budget allocations?**

4.1 Use of evidence in the SIIA is limited, and when equalities evidence is noted, it’s not clearly linked to spending decisions.

4.2 There are examples of good practice in Scotland, in particular, in relation to linking policy objectives and spending decisions with evidence embedded at the heart of this<sup>13</sup>, which could inform approaches in Wales. See box overleaf.

#### **5. Welsh Government policies to reduce poverty and inequality**

5.1 We welcome ongoing commitments from Ministers to prioritise tackling inequality, including in the economic reconstruction plan, but we need to ensure that this commitment is reflected in delivery. It is critical that top-level commitments to tackling inequality and poverty are supported with resource allocation and that previously identified implementation gaps are closed.

5.2 We support the Finance Committee’s report on the 20-21 Budget<sup>14</sup> welcoming the Welsh Government’s commitment to a gender-budgeting pilot as part of its two-year Personal Learning Account pilot, providing funding for vocational training to help employed people move into industry sector with skills shortages. This pilot is highlighted in the Budget Improvement Plan as a key starting point for adopting a gender-budgeting approach in Wales. We wholeheartedly support the Finance Committee’s Recommendation 14, to ‘use evidence and best practice to adopt a gender sensitive budgeting approach’ in Wales.

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<sup>11</sup> National Assembly for Wales Finance Committee (January 2020) “Scrutiny of the Welsh Government Draft Budget 2020-2021” <https://senedd.wales/laid%20documents/cr-ld12991/cr-ld12991%20-e.pdf>

<sup>12</sup> Ibid.

<sup>13</sup> Scottish Government (2020) “Equality and Fairer Scotland Budget Statement 2020-21” <https://www.gov.scot/binaries/content/documents/govscot/publications/impact-assessment/2020/02/equality-fairer-scotland-budget-statement-scottish-budget-2020-21/documents/equality-fairer-scotland-budget-statement-2020-21/equality-fairer-scotland-budget-statement-2020-21/govscot%3Adocument/equality-fairer-scotland-budget-statement-2020-21.pdf>

<sup>14</sup> National Assembly for Wales Finance Committee (January 2020) “Scrutiny of the Welsh Government Draft Budget 2020-2021” <https://senedd.wales/laid%20documents/cr-ld12991/cr-ld12991%20-e.pdf>

5.3 To date there has been limited information provided about the gender budgeting pilot. It remains unclear what gender budgeting tools are being used as part of the pilot, what the timescales for the pilot are, what the aims of the pilot are and how success will be measured and evaluated. These are critical questions that need to be addressed if a gender budgeting pilot is to be successful and to facilitate engagement from external experts who can support development of a Welsh equalities budgeting approach.

5.4 2021 will see the formation of a new, independent Welsh Women's Budget Group. Drawing on expertise in the field of gender-budgeting and feminist economics, its aim will be to work with Welsh Government to provide the tools both for gathering and analysing data on gender equality in Wales, and for using this data to develop robust gender-budgeting processes. These tools will help us identify and overcome the unintended consequence of inequality and enable women to fulfil their potential.

#### **2020-2021: Equality and Fairer Scotland budget statement, Scottish Government, Edinburgh 2020.**

- Equality Evidence Finder <https://scotland.shinyapps.io/sg-equality-evidence-finder/> is a relatively new tool in Scotland which seeks to bring together equalities data in one place. It is searchable by policy area and equality characteristic and gives topline findings, statistics and graphs with links to the original evidence source. Each piece of evidence links to the national outcomes and indicators for which it provides evidence. The website also provides links to relevant publications from the Scottish Government and external organisations as well as data collection guidance.
- The Scottish Equality statement also makes clear the methodology used to analyse inequality and makes clear how budget allocations link to policy objectives. Government departments are expected to make these connections as direct and unequivocal as possible, linking 'specific budget lines to national outcomes' rather than generalised statements
- The statement highlights the piloting of gender budgeting tools in Scotland. Although it shows the use of these tools was not yet consistent across departments and some found them less helpful than others, the statement gives specific examples of how they have been used to good effect: <https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-scottish-budget-2020-21/pages/18/> [1]

## **6. Support for business and economic growth after the EU transition period ends**

6.1 As women are the majority of those who experience low pay, insecure contracts and poor working conditions in Wales, there is a real danger that they will bear the brunt of the impact of the end of the EU transition, particularly in the likelihood of a no-deal scenario.

6.2 The UK Shared Prosperity Fund should deliver sustainable, multi-year funding for specialist equality organisations who can support the delivery of an inclusive economic strategy . We have outlined our recommendations for this in [report, footnote], stating that this fund should be administered in Wales, and make use of existing national infrastructure and planned regional infrastructure to enable effective spending. It should ensure that replacement EU

funding maintains horizontal themes of equality and gender mainstreaming and is aligned with the vision and recommendations of the Gender Equality Review<sup>15</sup>.

## Conclusion

In conclusion, as we build back better from the Covid-19 pandemic and the EU transition period, we have a real opportunity for economic decision-making to be guided and informed by new principles and foundations. As outlined in the Gender Equality Review report, *Deeds Not Words*<sup>16</sup>, we must ensure that the policy and budget are truly aligned so that budget decisions can be clearly linked to specific national aims to tackle inequality and poverty, provide fair work and improve well-being.

We must grasp this opportunity to fully recognise gender equality as an economic imperative and embed gender budgeting across Welsh Government and the Welsh public sector, with the support in the future of the Welsh Women’s Budget Group. In the medium to long term, these strategies will address the structural inequalities in our society and help to achieve the aim of a society ‘that enables people to fulfil their potential no matter what their background or circumstances.’

In the short-term, there are changes that could be made to current tools and approaches to better align policy and budget processes and objectives, strengthen equalities analysis and ensure those scrutinising the budget have the necessary information to consider whether equality duties have been met. The Welsh Government must review and strengthen the role of BAGE, maintaining a focus on equality, in order to develop economic policies in collaboration with diverse groups, and ensure mechanisms for engagement and involvement are adequately resourced and value the expertise that comes from lived experience.

In building back better, we must make care a key sector in Wales’ national economic strategy, recognize it as central to our wellbeing and make it a focus for investment and support. We must invest in state infrastructure, including childcare, social care, health care and education, to enable everyone to engage with the economy and to achieve their full potential.

We would be happy to provide further information in relation to any of the above. For further information please contact:

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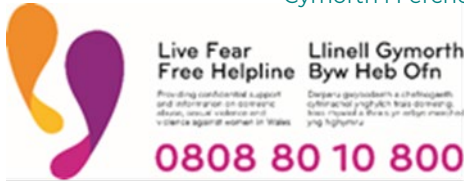


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<sup>15</sup> <sup>15</sup> Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

<sup>16</sup> Ibid.



## Welsh Women's Aid Response: A call for information – Welsh Government Draft Budget proposals for 2021-22

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

### About Welsh Women's Aid

Welsh Women's Aid is the umbrella organisation in Wales that supports and provides national representation for independent third sector violence against women, domestic abuse and sexual violence (VAWDASV) specialist services in Wales (comprising our membership of specialist services and members of the regional VAWDASV Specialist Services Providers Forums).<sup>1</sup> These services deliver life-saving and life-changing support and preventative work in response to violence against women, including domestic abuse and sexual violence, as part of a network of UK provision.

As an umbrella organisation, our primary purpose is to prevent domestic abuse, sexual violence and all forms of violence against women and ensure high quality services for survivors that are needs-led, gender responsive and holistic. We collaborate nationally to integrate and improve community responses and practice in Wales; we provide advice, consultancy, support and training to deliver policy

<sup>1</sup> Our membership of 22 third sector violence against women, domestic abuse and sexual violence specialist services in Wales, with whom we have national partnership agreements to ensure our work is coordinated and integrated includes: Aberconwy DAS, Atal y Fro, Bangor and District Women's Aid, Clwyd Alyn Housing Association (CAHA) Women's Aid, Stepping Stones, Safer Merthyr Tydfil, Carmarthen Domestic Abuse Service, Calan DVS, Cardiff Women's Aid, Cyfannol Women's Aid, Domestic Abuse Safety Unit (DASU), Gorwel (Grwp Cynefin), Montgomeryshire Family Crisis Centre, Newport Women's Aid, North Denbighshire Domestic Abuse Service, Port Talbot & Afan Women's Aid, RCT Women's Aid, Safer Wales (including Dyn Project), Swansea Women's Aid, Threshold, West Wales Domestic Abuse Service and Rape and Sexual Abuse Support Centre (RASASC) North Wales.



and service improvements across government, public, private and third sector services and in communities, for the benefit of survivors.

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

## Welsh Women's Aid Response: A call for information – Welsh Government Draft Budget proposals for 2021-22

### Introduction

Welsh Women's Aid welcomes the opportunity to respond to this call for information. At the time of submitting this response we will have recently launched our annual [State of the Sector report](#).<sup>23</sup>

This year's report, *Time to Act on Sustainability*, calls on the Welsh Government to deliver on its commitment to develop a sustainable funding model for the Violence Against Women Domestic Abuse and Sexual Violence (VAWDASV) specialist sector. The report outlines why sustainable funding is absolutely crucial to ensuring survivors receive safety and support and outlines practically how the model can be developed.

We highlighted some key costings within the document which we hope will help inform the development of both a sustainable funding model, and the 2021-22 budget.

- Costings for refuge along with community based provision: Based on population size Wales needs 314 refuge spaces. These need to be fully accessible and fully supported including support for children and young people in refuge. A proportion should be ring-fenced for specialist 'by and for' services that understand the particular barriers to reporting and help-seeking among those who are marginalised.  
Delivering fully funded refuge support across Wales will cost £22,035,958
- Costings for sexual violence: Based on population size Wales needs 16 rape crisis centres and sexual assault referral centres. These need to offer support to recent and historic survivors of sexual violence, as the impact of sexual violence can be life long and survivors often seek support a period of time after the experience. They provide specialist therapeutic support, practical and emotional support as well as support through the criminal justice system where

<sup>2</sup> <https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/State-of-the-sector-2020-PDFdesign.pdf>

<sup>3</sup> [https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/CYM\\_State-of-the-sector-2020-PDFdesign-1.pdf](https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/CYM_State-of-the-sector-2020-PDFdesign-1.pdf)



a survivor wishes to report. Delivering fully funded sexual violence support across Wales will cost £20,800,000.

- Children and young people experience VAWDASV in their own right and are recognised as victims. They have a right to support that can specifically address their experiences of abuse and violence and enable them to have healthy relationships in the future. Investing in provision for children and young people including support for children living in refuge, community based support and specialist therapeutic support for children exposed to domestic abuse would cost £11,088,416.

The commitment for sustainable funding must be delivered if we are to guarantee that support for survivors will be available when they need it, and should be part of Welsh Government plans for future budgets.

**1. What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?**

**VAWDASV Grant:**

Welsh Women's Aid welcomed the uplift in the VAWDASV grant in the 2021-21 budget, including the £1.2 million to fund community accommodation for survivors of domestic abuse, as well as an additional £200,000 for furnishings, computer equipment and white goods announced in December 2019. This capital funding was intended to improve provision such as move on and dispersed units for survivors that had faced barriers to accessing support due to additional needs. These needs had been evidenced through specialist service data that shows 574 survivors were unable to access the refuge support they needed due to lack of space, capacity and resources in 2019-20. Our [joint report](#) with Disability Wales highlighted the need for specific and targeted funding to ensure services were accessible and could meet the needs of all survivors. Following pandemic Welsh Government has repurposed pre-existing pots to now address the issues caused by COVID-19, while flexibility has been welcomed the future budget will need to ensure funding is provided to address the original needs that still exist and need to be resourced with even greater urgency than before with significant increases in the complexity of demand.

It needs to be recognised the Welsh Government VAWDASV Grant, is only a small proportion of the funding that specialist services received to enable them to deliver support. As set out in the costings above, the VAWDASV Grant does not cover the significant amount of costs that it takes to have a network of specialist VAWDASV services across Wales. Specialist services are primarily funded through other government funding streams administered via local authorities and situated in other government directorate budgets, including Housing Support Grant, Community and Children's Grant as well as non-devolved funding via PCCs or UK Government such as the Rape Support Fund.

The Housing Support Grant is a vital to ensuring accommodation based provision is provided. Last year Cymorth Cymru, Community Housing Cymru and Welsh Women's Aid called for funding to be

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increased for the Housing Support Grant, which delivers homelessness prevention and housing-related support services in Wales. Welsh Women's Aid noted the additional £13,088,251 would mean that no survivor is turned away and that services are able to provide change that lasts through a holistic model of support from identification to recovery including supporting children and young people alongside the non-abusive parent. This remains the case, as stated above with the number of survivors that continue to face barriers to accessing support. The pandemic has magnified the importance of a safe home. Each survivor's needs will be unique to their experience, services must be well resourced to offer this flexibility. There is also a clear need to strengthen protections and options for survivors of sexual exploitation

### Emergency Funding:

£10 million Welsh Government fund to support people experiencing homelessness in Wales during the COVID-19 pandemic was announced by Welsh Government mid-March, with reference to provision for people experiencing VAWDASV. Although welcomed, these funds being administered by local authorities have focused on rough sleeping. Women's homelessness is often hidden and linked to or resulting in abuse and exploitation. As such, the fund has done little to better equip VAWDASV services to deal with their increasing struggles, and for survivors to be able to access specialist support when they need it. Phase 2 plans produced by local authorities for the next wave of funding are limited in their inclusion of VAWDASV provision. Services working with survivors of sexual exploitation, who present with the most complex needs, report a dearth of housing provision and appropriate housing responses to meet women's needs.

The additional £1.5 million emergency fund provided to the specialist sector was also welcomed to meet COVID-19 related costs. This has helped cover costs such as PPE, additional cleaning, technology to maintain contact with survivors and equipment to engage children in refuge. These funds have been administered through regional approaches. While in some regions approaches were effective in identifying needs of local services and administering swift access to funds. Some specialist services have noted this has not happened swiftly across all regions and levels of monitoring have been bureaucratic and burdensome in some areas. Greater oversight and leadership from Welsh Government is required to ensure that funding is administered with equitable processes across all regions. This would be greatly helped through the implementation of a sustainable funding model and monitoring of adherence to the Welsh Government statutory VAWDASV commissioning guidance.

COVID-19 has brought into sharp focus the sector's inability to cope with sudden change in need, with the current funding structure, and the long-term effects this will have on service provision. Specialist services made huge efforts to ensure the support was available to survivors when they needed it, but short-term funding cycles, non-flexibility in grants and trouble with emergency funding reaching the



front line<sup>4</sup> meant this support came at a human cost. Our members and their staff continue to work tirelessly as the response to the pandemic continues to develop, and they consistently report staff burn out and vicarious trauma. The year on year funding cycles and short-term emergency funding exacerbates this through limited job security and ability to retain trained, expert staff within the sector. This has knock on impact on service deliver, leaving gaps in provision due to regular gaps in recruitment, increasing waiting lists and limiting levels of support.

*“well...there is only me on 14 hrs, this is my third week in the job...and there has been no one in place since April, so there is this large waiting list ”*  
*(Children and young people worker)*

## 2. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

The COVID-19 pandemic has magnified current existing gaps in policy, planning and provision relating to Violence Against Women, Domestic Abuse, and Sexual Violence (VAWDASV). These are unprecedented times for all, the VAWDASV sector are working extremely hard to maintain their provision as an essential service during and following the COVID-19 pandemic. A shadow pandemic has been declared by the United Nations in light of the increases globally of VAWDASV during COVID 19.<sup>5</sup> Evidence has shown that violence against women tends to increase during every type of emergency, including epidemics.<sup>6</sup> The pandemic has exacerbated already existing inequalities. Older women and women with disabilities are likely to have additional risks and needs.<sup>7</sup> Imkaan has reported

<sup>4</sup> <https://www.welshwomensaid.org.uk/2020/04/welsh-womens-aid-stresses-urgent-need-for-funding-for-support-services-due-to-covid-19/>

<sup>5</sup> <https://www.unwomen.org/en/news/stories/2020/4/statement-ed-phumzile-violence-against-women-during-pandemic>

<sup>6</sup> <https://www.cgdev.org/sites/default/files/pandemics-and-vawg-april2.pdf>

<sup>7</sup> <https://apps.who.int/iris/bitstream/handle/10665/331699/WHO-SRH-20.04-eng.pdf?ua=1>

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that services led ‘by and for’ black and minoritised women have reported significant increases in demand – particularly for refuge spaces.<sup>8</sup>

The pandemic has drastically changed the demand on specialist services, and the lack of sustainable funding, particularly in the first instance, drastically reduced service’s ability to respond flexibly to the change in need.

- 100% of specialist services reported that they had experienced additional costs due to the COVID-19 pandemic.
- 41% stated in June 2020 that they had lost funding due to the pandemic. This was noted to be due to the cancellation of fundraising events and loss of housing benefit due to adhering to social distancing and cleaning requirements in refuges increasing the “void” levels.
- Specialist services raised significant concerns of the sustainability of the resources which have been made available in response to the pandemic emergency and the lack of planning for long-term effects.

Violence Against Women, Domestic Abuse and Sexual Violence is a Welsh Government priority. Welsh Women’s Aid call for this priority to be re-centred and at the forefront of policy and decision making across portfolios including health, housing, education and the economy.

COVID-19 has led to significant changes to demand:

- Complexity of cases reported to the helpline significantly increased. This led to the average call duration doubling since March 2020 and an 80% increase in crisis calls, whereby emergency services were required for the safety of the survivor.
- There was also a doubling in the number of referrals from the helpline to other agencies including a 47% increase in referrals to the police and 5 times the number of safeguarding referrals.
- 266 children and young people were supported through refuge-based support services during March to June 2020, however specialist services also reported drops in the number of children supported in the community as lockdown restrictions presented barriers to support. This will have long term impact on children and young people if they are not able to access the specialist support they need.
- Specialist services reported increases in demand as lockdown was lifted. Services, especially sexual violence services expect increases to happen over a long period as many survivors take 6 months or more to disclose or access support.

Welsh Government must ensure that VAWDASV specialist services are adequately resourced to meet known levels of current demand for support presented in every local authority area, as identified in needs assessments and by specialist services and commissioners working together. Emergency funding only goes up until March 2021, coupled with short-term year on year funding streams, many

<sup>8</sup> Imkaan, The Impact of the Two Pandemics: VAWG and COVID-19 on Black and Minoritised Women and Girls, May 2020 [https://829ef90d-0745-49b2-b404-cbea85f15fda.filesusr.com/ugd/2f475d\\_6d6dea40b8bd42c8a917ba58ceec5793.pdf](https://829ef90d-0745-49b2-b404-cbea85f15fda.filesusr.com/ugd/2f475d_6d6dea40b8bd42c8a917ba58ceec5793.pdf)



specialist services are facing a cliff edge in funding post April 2021. Consideration should be given to establishing a national emergency fund to alleviate the crisis in funding shortfall for frontline services until a more robust model is developed.

There must be a renewed commitment to investing in the delivery of duties within the existing legislation across all directorates. The Violence Against Women, Domestic Abuse and Sexual Violence (Wales) 2015 Act has existed now for five years, and there are still areas where commitments are not closer to being reached. The COVID-19 pandemic has highlighted the lack of cross government strategic awareness and focus on the legislation's intended purpose to enable a cross-government, cross-department response to end VAWDASV and end the postcode lottery survivors face when seeking safety and support. We believe that until the purpose of the Act is achieved, consequences of the pandemic will continue to disproportionately effect survivors of VAWDASV.

Additionally, the national strategy ends in 2021, the new strategy must be ambitious, and include measurable actions cross-government aligned to adequate budget commitments to achieve these. Development of this should begin ahead of the current strategy coming to an end and will require commitment in the Welsh Government Budget for 2021-22, so there is not a significant gap between the two or dip in the investment needed to continue to work towards the prevention of VAWDASV and the protection and support of survivors, including children.

The Welsh Government must provide leadership to local authorities and health boards to ensure that these are delivered across all regions, in particular ensuring that the Statutory VAWDASV Commissioning Guidance is adhered to across all devolved funding streams at a national and local level. Feedback from specialist services notes that the guidance is not being adhered to across local authority commissioning practices. With specialist services being taken in house without effective consultation of survivors and counter to expert advice. With emergency COVID-19 grants, specialist services have fed back to Welsh Women's Aid that processes have been overly bureaucratic and have not reflected the principles of flexibility and swiftness that were so welcomed when set out by Welsh Government. We have raised this with Welsh Government however there seems to be limited leadership in holding local authorities to account in line with the statutory VAWDASV commissioning guidance.

A clear budgetary alignment to achieving the national strategy and deliver plan with re-instated governance structure to provide leadership and oversight, that is emulated across regions would assist in ensuring that there is greater progress in the aims of the VAWDASV (Wales) Act 2015 and allow for the legacy of what has been achieved through this strategy to be built on. Similarly, it would provide strength to hold to account regional bodies to their duties under the Act and effectively provide oversight to monitoring the implementation of a sustainable funding model and commissioning guidance.

**3. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

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A continued issue for VAWDASV specialist services is short term (one year) funding cycles. As we highlighted in our response to the committee in its call for evidence on the 2020-21 budget (and previous years) the VAWDASV sector continues to face uncertainty because of a lack of secure and sustainable funding. Specialist by and for BAME services, services for women with complex and multiple needs and sexual violence services remain particularly at risk. Little has changed since our State of the Sector 2018 report found sexual violence services faced the largest overall reduction in funding during the previous two financial years of 20.2%. This year’s report calls for delivery on the commitment to developing a sustainable funding model for the sector. Sustainable should mean longer term funding (at least five year cycles), cross directorate budgetary commitment and high quality, collaborative commissioning practices.

In our previous response we highlighted the postcode lottery for children’s workers, the lack of available support for survivors with no recourse to public funds, and the impact of Brexit. The preparedness of the sector for the coming year in terms of funding in regards to these issues has not improved, and these existing issues have been further magnified and exacerbated by the COVID-19 pandemic.

These remain priorities and areas which need to be urgently addressed by Welsh Government and reflected in its development of the 2021-22 budget.

**Children and Young People:**

Children and young people are being specifically impacted by the current climate which provides increased opportunity for perpetrators to monitor and control family members, increased opportunity for online sexual exploitation and results in more children and young people becoming “invisible” to services<sup>9</sup>.

We also welcome that emergency COVID funding for VAWDASV services included work with children and young people, but we call for the policy intent of the VAWDASV Act to be fully realised. This ground-breaking Act, together with the National VAWDASV Strategy and commissioning guidance, make clear that services to protect and support child survivors of VAWDASV must be available across every area of Wales. However, specialist VAWDASV services in Wales report that they are not receiving the funding needed to provide services for children and young people survivors of VAWDASV. Analysis showed that only 1 of the 7 local VAWDASV strategies describe the services they will provide to child survivors.

Children are now recognised as victims on the face of the Westminster Domestic Abuse Bill, Wales risks being overtaken and no longer being regarded as a pioneer nation in this vital work if the policy intent of the VAWDASV Act is not realised.

**Migrant women:**

Emergency COVID-19 funds enabled services to support survivors with No Recourse to Public Funds (NRPF). Services have raised concerns regarding women with NRPF following the pandemic and the

<sup>9</sup> <https://www.welshwomensaid.org.uk/2020/03/supporting-children-and-young-people-through-the-coronavirus-pandemic/>





removal of access to emergency funds. Having supported the women during lockdown they will not be able to remove the support due to the risk she will have to return to her abuser or face destitution. If the women are to be supported in refuge, rent and support costs will need to be covered. If not covered by funders, services will be burdened with the cost, this will have a disproportionate impact on smaller organisations as the costs are not recovered. Allowing for the use of the grant to support NRPF clients is welcome but this needs to be recognised during non-pandemic times as it exposes the inequity in the provision of protection and support.

As part of our campaign for secure and sustainable funding for the specialist violence against women sector, we want to ensure this is accessible to all survivors across Wales, including those with no recourse to public funds and an insecure immigration status. We therefore recommend a national fund to be established to meet the needs of survivors (or for services to access) who have no recourse to public funds, to have equal access to protection, safety and support. Wales is a Nation of Sanctuary and all women must have equal access to protection, safety and support. This needs to include provision in refuge provision and support costs.

#### **Impacts of Brexit:**

The security of the specialist sector in Wales will also be under threat when the country is no longer part of the EU. The possible reduction in funds for Welsh communities due to leaving the EU is not only a concern for directly funding specialist VAWDASV services but also due to impact of the reduction of wider community services. If generic community services are cut there will be less opportunities for survivors to disclose, leading to escalation of abuse, later access to support and greater complexity of cases. This in turn will put additional burden on specialist services that are already struggling to meet need. COVID has evidenced this, with reductions in community and generic service access, specialist services, including the Live Fear Free Helpline experienced an increase in the complexity of cases.

We are concerned about the cumulative impact, of both COVID-19 and the effects of exiting the EU, on an already stretched sector. Sustainable funding for the specialist VAWDASV sector will be vital to ensuring *all* survivors can be supported. Welsh Government analysis shared with the sector suggests possible increases in the cost of living, including increased cost for food and energy. This will have impacts on services as well as survivors during and post abuse. Increased pressure on resources is likely to enable and/or intensify economic abuse. We are likely to see increased economic abuse due to resources being limited, enabling further control, reduced financial capacity for survivors to leave an abusive partner as well as impacting on their ability to move on and build a life free from abuse.

Services that have had no increase in funding to reflect a rise in costs or have lost other funding, could mean they will struggle to pay energy bills for their service properties. It will impact on staff as increased living costs on already low wages will leave them unable to maintain their current standard of living. This is likely to lead to a number of trained and experienced staff leaving the profession in order to obtain higher wages elsewhere. This is already a problem in the sector with the current lack of sustainable funding, the impact of further cost increases and cuts in funding and resources could be devastating to the retention of staff and the maintenance of current provision levels. This inevitably will have a knock-on impact on survivors as services will be limited in what they are able to provide,

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resulting in increased waiting lists and survivors being turned away from services due to lack of capacity or resources.

**4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?.**

A large part of the necessity of a sustainable funding model is the current fragmentation of grants and funding streams which fund VAWDASV specialist support. Welsh Women’s Aid would readily welcome additional transparency and accountability in this process.

It has been a year since the Wales Audit Office published its report<sup>10</sup> evaluating the implementation of the VAWDASV (Wales) 2015 Act. Several of the recommendations focused on the governance and commissioning practices surrounding the funding of VAWDASV services. We would welcome clarity on what work has been done to meet these recommendations, and urge this practice to be considered when drafting the 2021-22 budget.

Additionally the VAWDASV National Strategy comes to an end in 2021, the refreshed strategy which will come to replace it will need to also include these considerations. As highlighted in a previous answer the future Welsh Government budget must take into consideration:

- A renewed commitment to achieving the purpose of the Violence Against Women Sexual Violence and Domestic Abuse (Wales) Act 2015 across government.
- A national strategy and delivery plan which includes cross-government action, developed, implemented, and monitored in partnership with survivors and the sector.
- Re-establishment of national governance structures to provide oversight of the delivery of the purpose of the Act and the National strategy and delivery plan.

As the Wales Audit Office identified, there remains great variability in the quality and levels of data collected and many authorities simply do not know what they deliver and how much they spend on responding to VAWDASV nor on its prevention. Feedback from our members highlights that local procurement procedures in according with local authority standing orders, contradict the best practice embedded in this statutory commissioning guidance

Based on this we recommend the Welsh Government ensure that the statutory VAWDASV commissioning guidance is mandatory for all commissioners, is applied across funding streams, and ensures commissioners for the Housing Support Grant and Children and Communities Grant understand the definition of specialist services and their role in maintaining a network of provision across Wales. We also recommend that the Welsh Government include distinct VAWDASV outcomes for each goal in the outcome’s framework for the grant, in line with the outcome aim of a more equal Wales within the Future Generations Act. Lastly, we recommend the re-instatement of a national

<sup>10</sup> [https://www.audit.wales/system/files/publications/VAWDASV\\_eng.pdf](https://www.audit.wales/system/files/publications/VAWDASV_eng.pdf)

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ministerial oversight board, which brings together representatives from across directorates, specialist services, strategic leaders from local authorities and health boards and criminal justice representatives to monitor and inform the delivery of the national strategy and budgetary commitments as well as monitoring the progress of the sustainable funding group. At present, the national expert stakeholder group, as chaired by the National Advisers has only met twice in two years. Greater strategic leadership and oversight is vital to see the aims of the 5year old ground-breaking VAWDASV legislation have an impact.

**5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

As previously highlighted, for VAWDASV services to operate sustainably, we recommend a minimum of need of 5-year commissioning cycles, we would support any changes in the fiscal framework which would better support Welsh Government to allow these increased commissioning cycles.

Violence against women in itself is a public health emergency. We have seen a move to **recognise the VAWDASV as a public health pandemic** during COVID-19 in Wales and this prioritisation must not be lost post COVID-19. The World Health Organisation has produced briefings on VAWG and COVID-19, with evidence based on global information and previous pandemic research, available [here](#).

**6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

*Welsh Government policies to reduce poverty and gender inequality.*

All forms of VAWDASV are rooted in and are expressions of unequal gender relations in society; these reinforce and intersect with sexism, racism, homophobia and other forms of discrimination. The violence, abuse and disadvantage faced by women intersects with factors such as ethnicity, age, class, sexuality and disability, meaning these women experience these atrocities in a different, often more severe way. In a recent position statement Imkaan cite research by Cambridge University which shows that women have been hardest hit by job loss during COVID-19 and are more likely to be working in industries where it is not possible to work from home e.g. hospitality, cleaning and caring.<sup>11</sup> There are also significant concerns about the safety of undocumented migrant women who are more likely to face destitution.

80% of people employed in human health and social work activities in Wales are women.<sup>12</sup> There is further over-representation of Black, Asian or minoritized women filling these roles and frontline keyworker roles in supermarkets and cleaning services across the UK. There is an obvious increased

<sup>11</sup> <https://www.imkaan.org.uk/covid19-position-paper>

<sup>12</sup> <https://wenwales.org.uk/wp-content/uploads/2020/04/Feminist-Scorecard-Report-2020-Eng.pdf>



risk to the health and wellbeing of themselves and their family. Though no one is immune to COVID-19, structural inequality reproduces disproportionately across diverse communities and exacerbates existing racialised inequalities. For women and girls with protected characteristics, the two pandemics increase the risks at multiple interlocking levels.<sup>13</sup>

A report from Welsh Women's Aid and Disability Wales found that disabled women are more likely to be in poverty as well as being much more likely to experience both sexual and domestic abuse.<sup>14</sup> Poorer households and renters are particularly vulnerable to a loss of regular income caused by the COVID-19 pandemic,<sup>15</sup> meaning this a threat that will have a significant impact on disabled women.

In the Welsh Women's Aid report [Cheques and Balances](#), we highlighted that Women's poverty keeps them trapped in abusive relationships whilst delays in benefits, cuts to welfare grants, cuts to legal aid and specialist VAWDASV services makes it impossible for them to leave abusive situations and rebuild their lives.<sup>16</sup> These issues can only be further magnified by COVID-19 and social-distancing.

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

In Wales we have ambitious legislation in the VAWDASV (Wales) Act 2015 and the Well-being of Future Generations (Wales) Act 2015 that means our public bodies can be ambitious in prioritising the prevention of VAWDASV. This includes investing in public health campaigns that challenge and change attitudes, high-quality relationships and sexuality education for all children and young people, and community engagement programmes that increase communities' knowledge and confidence to enable them to address the root causes such as gender inequality and intersecting discrimination. Across Wales, the limited and unsustainable resourcing of VAWDASV means investment in prevention, particularly through statutory funds, has to be concentrated on tertiary prevention measures – that is, service response after the abuse has occurred and been reported. We know that these responses are crucial in terms of slowing the progression of and reducing the harm already caused by violence, as well as preventing its recurrence and supporting the process of recovery and the empowerment of survivors, including children and young people. However, intervening after violence has occurred comes at an immense cost, both human and economic.

<sup>13</sup> [https://829ef90d-0745-49b2-b404-cbea85f15fda.filesusr.com/ugd/2f475d\\_2c6797da42c6454f933837a7290ffe21.pdf](https://829ef90d-0745-49b2-b404-cbea85f15fda.filesusr.com/ugd/2f475d_2c6797da42c6454f933837a7290ffe21.pdf)

<sup>14</sup> <https://www.welshwomensaid.org.uk/wp-content/uploads/2019/04/WWA-and-Disability-Wales-2019-report-Final-ENG.pdf>

<sup>15</sup> <https://www.bevanfoundation.org/commentary/which-welsh-households-are-most-vulnerable-to-a-loss-of-income-because-of-covid-19/>

<sup>16</sup> <https://www.welshwomensaid.org.uk/wp-content/uploads/2019/12/WWA-Cheques-and-Balances-Economics-of-Abuse-Report.pdf>

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Currently however, funding for many primary prevention initiatives are ‘add-ons’ – they are implemented if and when resources ‘become available’.<sup>17</sup>

Public bodies as well as specialist sector organisations consistently cite a lack of capacity and resources as barriers to implementing primary prevention interventions. Due to the lack of funding available – “no designated money for prevention”<sup>18</sup> – public bodies as well as VAWDASV specialist services are put in an impossible position where they feel that funding prevention would have to come at the expense of improving (or even just maintaining) current provision for survivors. Specialist services should not have to contemplate cutting survivor services in order to facilitate prevention work – especially as effective primary prevention is likely, to increase the number of people accessing support.<sup>19</sup> There must be a paradigm shift in the conception of primary prevention – from an optional ‘add-on’ to an integral part of our response to VAWDASV. Without it, women and girls will continue to experience epidemic levels of violence and abuse throughout their lifetimes and will not be able to realise their human right to live free from abuse.

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

Our State of the Sector 2020 report, Time to Act on Sustainability demonstrates a step by step approach to funding a sustainable Violence Against Women, Domestic Abuse and Sexual Violence sector.

I have included the report for the committee’s consideration.

[ENG]: <https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/State-of-the-sector-2020-PDFdesign.pdf>

[CYM]: [https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/CYM\\_State-of-the-sector-2020-PDFdesign-1.pdf](https://www.welshwomensaid.org.uk/wp-content/uploads/2020/11/CYM_State-of-the-sector-2020-PDFdesign-1.pdf)

We aim to continue work with Welsh Government on further develop and implement a model for sustainable funding and offer an invitation to work in partnership, offering the expertise of ourselves as the National Umbrella body, our members, and the survivors they support on any aspect of this development.

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

<sup>17</sup> Wales Audit Office (2019) ‘Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act’; [https://www.audit.wales/system/files/publications/VAWDASV\\_eng.pdf](https://www.audit.wales/system/files/publications/VAWDASV_eng.pdf) [accessed 24.02.2020].

<sup>18</sup> Wales Audit Office (2019) ‘Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act’; [https://www.audit.wales/system/files/publications/VAWDASV\\_eng.pdf](https://www.audit.wales/system/files/publications/VAWDASV_eng.pdf) [accessed 24.02.2020]

<sup>19</sup> See, for example, projections for primary prevention outcomes over short, medium and long term by Victoria State Government (2019) ‘FREE FROM VIOLENCE: Victoria’s strategy to prevent family violence and all forms of violence against women; First Action Plan 2018-2021: Annual Report Year One 2018-19’



*What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)*

Throughout the pandemic VAWDASV specialist services have been making concentrated efforts to both support survivors and raise awareness that support is available. New ways of working have been developed by the sector out of necessity to mitigate damage and stretch limited resources. Practices such as moving from physical to phone and online support where possible, managing a reduced workforce, social-distancing in refuge, and remote contact with children and young people have been adopted.<sup>20</sup> In July 2020, Welsh Women's Aid held a [Creating Change that Lasts: Responding to VAWDASV following the COVID-19 Pandemic Roundtable](#) that brought together stakeholders from public health, national and local government, health sector, criminal justice, academia and specialist services to outline how we can build back better. We provided the feedback from this roundtable to Welsh Government and the Future Wales consultation.

We want to take this opportunity to acknowledge the incredible effort our members and the wider specialist support sector has made in protecting the safety of survivors, but also stress that these 'new' methods cannot be sustained long-term. Sustainability and availability of provision to protect and support all survivors of VAWDASV should be a key priority for building back better.

<sup>20</sup> <https://www.welshwomensaid.org.uk/2020/03/responding-to-violence-against-women-domestic-abuse-and-sexual-violence-during-the-covid-19-pandemic/>

# **Senedd Finance Committee: Welsh Government Draft Budget Proposals for 2021-22 Consultation Response**

**27 November 2020**

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## Introduction

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ColegauCymru welcomes the opportunity to respond to the Senedd Finance Committee's scrutiny of the Welsh Government's Draft Budget Proposals for 2021-22.

ColegauCymru is a post-compulsory education charity; we promote the public benefit of post compulsory education and learning. We also convene the further education (FE) Principals' Forum, which represents Further Education colleges and FE institutions (FEIs) in Wales. ColegauCymru also undertakes research, policy development and provides practical support to FE colleges in Wales, including on work-based learning (WBL) which is a key part of FE college activity.

## Summary

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ColegauCymru notes the difficulties that Covid-19 has caused for budgets and planning. For the Welsh Government 2021-22 budget proposals, it is essential that the Further Education budget is sufficient and flexible to deal with the challenges ahead. While increases over recent years are very welcome, the impact of inflation should be taken into account.

Likewise, a significant part of increased funding is immediately absorbed by staff pay as the hard work and progress of those delivering for the sector is rewarded, in line with the Welsh Government priority of pay parity with teachers. Funding increases are also often the result of Welsh Government in-year additional pots of funding outside of the core allocation to FE. Again, while these are welcome and enable much positive work, they are not consolidated and so do not allow a firm basis on which to plan activity and delivery.

FE colleges have used diversified income from activity such as catering and other activities, work-based learning contracts etc. to manage their overall financial position. However, the focus of this submission is predominantly core FE activity.

Although the trend in funding to FE is positive, the upward trend of funding needs to continue in real terms, taking account of inflationary pressures.

We would like to highlight the following key aspects of our submission:

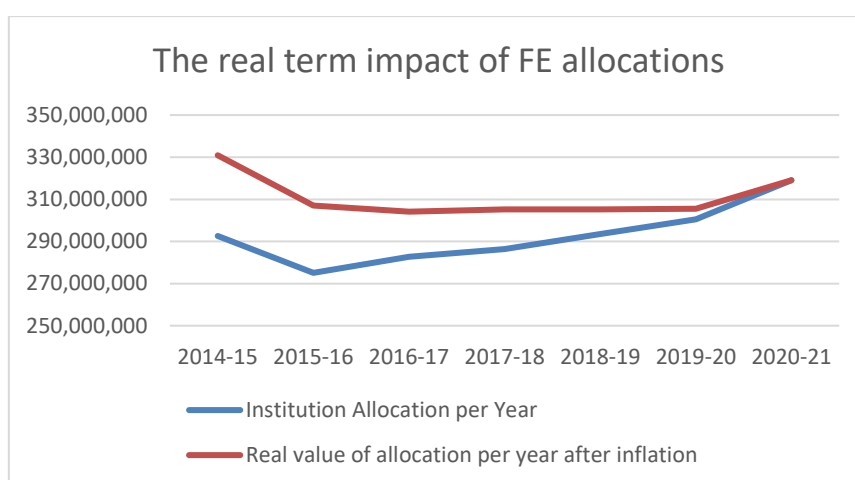
- Consolidation of the 2021 pay award
- Recognition of pay parity for 2021/22 and following years
- Maintain funding for PLAs, equipment and maintenance
- Consideration of ways to combat the 10 year decline in the average rate of funding.

## Question 1

### What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

- 1.1) ColegauCymru understands that as a result of COVID, we are living in unprecedented times and that therefore it is very difficult to budget effectively.
- 1.2) Figure 1.1 shows the change in funding allocations in real terms for FEIs since 2015-16.

Figure 1.1:<sup>1</sup>



This infographic shows that despite actual funding allocations increasing since 2015/16, when an inflation measure is introduced, the real term value of yearly allocations is actually decreasing. In real terms, since 2014-15, the FE sector's funding has been decreasing.

This historic underfunding shows that despite recent efforts from Welsh Government to increase FE provision, due to current challenges facing the sector as a result of COVID-19, further support is required, especially if we are to meet the challenges of COVID-19 effectively.

- 1.3) In July 2020, Welsh Government provided an additional £15 million of funding for learners aged between 16-19 beginning A Level or vocational courses at FE colleges. However, there remain concerns over the allocation of this funding. Current restrictions are impacting upon courses, learners, and FEIs in different ways. To expand, the impact of moving to increased digital learning is far greater on practical

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<sup>1</sup> Welsh Government, *Further Education Institutions Allocations 2019-20*, <https://gov.wales/further-education-institutions-allocations>, ONS, *Inflation and price indices*, <https://www.ons.gov.uk/economy/inflationandpriceindices>.

courses such as Construction as opposed to ICT courses. The existing allocation methodology uses learner number and programme value to determine FEI funding.<sup>2</sup>

Learning programme valuations are not due to be revalued for another two years. Therefore, it is important that there is transparency from Welsh Government that this additional funding is being distributed appropriately, and that learning programmes most impacted by the pandemic receive sufficient support.

- 1.4) In July 2020, Welsh Government allocated an additional £3.2 million into providing digital equipment in FE. This is important in helping to address the digital divide and supporting those learners who do not have access to digital devices. FEIs report that while welcome, this funding is insufficient. However, it also needs to be emphasised that digital entitlement extends beyond simply the provision of equipment, and that additional funding is needed to meet learner needs.
- 1.5) In September 2020, Welsh Government provided £469,000 for facemasks.<sup>3</sup> There needs to be clarity regarding if this is a one-off payment, or if it will be repeated should their use continue to be required in the future. FEIs also require guidance on whether facemasks and enhanced cleaning need to be taken into account in when preparing their future budgets.
- 1.6) The additional support and flexibility provided to the FE sector by the Welsh Government has been essential in allowing vital work to continue but there have been occasions when the approach to the education sector has been fragmented, even where issues facing schools and colleges, for example, have been very similar.

## Question 2

### **How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?**

- 2.1) Welsh Government should prioritise ensuring that all learners can continue to achieve their full potential in the face of challenging and uncertain times. This needs to be effectively costed.
- 2.2) The diversity of FEIs should be accounted for in the 2021-22 budget, and provision made for the loss of revenue from colleges' diversified business income which has been used for many years to offset the increasing cost of providing a high-quality service to all learners. Outside of Welsh Government funding allocations, FEIs receive income from on-site training facilities such as college restaurants, hair

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<sup>2</sup> <https://senedd.wales/research%20documents/18-028/18-028-web-english.pdf>

<sup>3</sup> Welsh Government, *£2.3 million to provide face coverings for secondary school and further education learners*, <https://gov.wales/funding-for-face-coverings-for-secondary-school-and-further-education-learners>

dressing salons, and therapy treatments. COVID-19 Government guidelines have depleted these revenue streams in FEIs and therefore support is required to secure the future of these essential learner training spaces. ColegauCymru welcomes the extension of the furlough scheme until March 2020 but advocates for Welsh Government to have control of the implementation of furlough at a national level to utilise if further lockdowns are required in Wales.

- 2.3) COVID-19 has also accelerated the need for adequate digital provision for all learners. There needs to be recognition that digital entitlement is multifaceted and extends beyond simply the provision of equipment to learners. As outlined above, the £3.2 million granted for provision of equipment in July 2020 is welcomed.<sup>4</sup> Prior to the pandemic, a Welsh Government survey showed that just 43% of the Welsh population had used video chat functions.<sup>5</sup> With this learning style becoming far more prominent, the 2021-22 budget should account for learner and staff training and the impact that this will have on programme values.
- 2.4) Additionally, ensuring learners have adequate space to study is essential. As this may not be possible at home, Welsh Government should provide increased funding for the maintenance of community learning spaces and libraries. These spaces are potentially vital to learners, and it is imperative that all learners have access to these facilities should restrictions intermittently prevent learners from attending college.
- 2.5) Providing wellbeing services for all college staff and learners should also be a key priority for Welsh Government in 2021-22 budget. Investment in wellbeing services should be provided by a specific uplift separate to the existing funding allocation method.
- 2.6) As guided by Welsh Government, FEIs strive to meet international standards. However, in the wake of Brexit, the European funded, Erasmus+ project is under threat. The 2021-22 budget should include consideration of how to help colleges continue to provide opportunities to experience an international dimension in learning programmes. This needs to be set in the context of uncertainty about the future of the future of Erasmus+ and travel restrictions in response to COVID-19.
- 2.7) As new challenges emerge as a result of COVID, it is imperative that the Welsh language is not marginalised. Welsh Government should provide investment for extra online resources and related activity to support and encourage their use in the Welsh language uplift provided to FE.

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<sup>4</sup> Welsh Government, *Over £50 million to support Welsh universities, colleges and students*, <https://gov.wales/over-50-million-support-welsh-universities-colleges-and-students#:~:text=Further%20education%20and%20sixth%20forms&text=Up%20to%20%C2%A35%20million,as%20laptops%20for%20FE%20students..>

<sup>5</sup> Welsh Government, *Statistical Bulletin: National Survey for Wales, 2018-19 Internet use and digital skills*, <https://gov.wales/sites/default/files/statistics-and-research/2019-09/internet-use-and-digital-skills-national-survey-wales-april-2018-march-2019-207.pdf>.

- 2.8) Flexibility and responsiveness are key to Welsh Government priorities for 2021-22. The FE sector needs to be supported to quickly revise activity to meet emerging challenges.
- 2.9) Welsh Government should provide pay parity and consolidation for FE staff in line with schools. Following recommendations from the *Independent Welsh Pay Review Body: Teachers' Pay & Conditions*, teachers received a differentiated pay uplift of on average 3.1%.<sup>6</sup> As the FE sector is not included in these discussions, the sector is put in the position of having to react and provide parity without additional support.

### Question 3

#### **How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

- 3.1) The FE sector in Wales is responsibly managed and has negotiated the societal shock of COVID-19 as well as could be expected. However, there is much uncertainty regarding revenue streams in the FE sector, as outlined above.
- 3.2) Although FEIs share common goals, the nature of the institutions is extremely diverse and therefore there are differences among colleges over financial preparation amid COVID-19. FEIs with a greater number of more experienced staff members have a higher salary costs whilst physical and environmental factors influence energy and maintenance costs. Budget allocations to FEIs therefore should move away from the existing rigid allocation methodology and be flexible to support intangible costs.
- 3.3) Welsh Government should provide greater surety to improve sector confidence. Welsh Government should also be proactive in supporting FEIs in new forms of teaching and learning delivery and should provide continuous support and understanding to the challenges being faced by FEIs.
- 3.4) A major income stream for FEIs is from work based learning (WBL) contracts that are awarded following a tender exercise. The requirement for FEIs to follow a tendering process to deliver mainstream provision is often time consuming, costly and delivers unhealthy competition. WBL contracts should be delivered through an assigned funding formula which allows all colleges to deliver programmes effectively for learners and employers and benefit proportionately according to their profile.
- 3.5) To provide more certainty in planning and managing budgets, Welsh Government should deliver a three year funding model as outlined in the 2017 Wales Audit Office

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<sup>6</sup> <https://gov.wales/written-statement-teachers-pay-award-2020>

report.<sup>7</sup> This would allow for better planning provision across the sector, and would enable FEIs to budget according to circumstances that arise through fore-planning. Additionally, this would provide greater surety and will help improve sector confidence.

- 3.6) The are issues around centrally agreed pay increases to FE sector staff without any clearly identified additional funding to pay for these increases. The principle of pay parity with schools – advocated and supported by the Welsh Government – sets expectations that the FE sector will match rises for school teachers, despite the FE sector not being party to discussions of the Independent Welsh Pay Review Body where decisions about teachers’ pay are made. This results in an additional level of uncertainty in terms of balancing FE budgets.
- 3.7) Within the previous budget allocations which show a real term decrease in funding, much of the actual increase in funding has been *committed* to providing pay increases. In essence this means that FE budgets are being stretched to accommodate pay increases as well as other pressures despite actual funding rates decreasing in real terms.
- 3.8) FE pay increases should not just represent parity, but also consolidate the sector’s position. In line with inflation rates, Welsh Government should allow for a minimum of 3.5% yearly increases in line with teacher rates.
- 3.9) This consolidated position should exclude additional costs caused by Local Government pension schemes. Alongside falling contributions, the scheme has been running at a deficit in recent times. In 2016, this scheme had seen an increase in deficits of £89 million, and this has fallen further since<sup>8</sup>. As such, FEIs are having to make up pension contributions and this is not currently being supported by Welsh Government.
- 3.10) ColegauCymru calls on Welsh Government to make a commitment to maintain parity with the general education sector in the upcoming budget.
- 3.11) The situation with COVID-19 is everchanging and guidance is consistently evolving. Therefore, Welsh Government should set aside a flexible funding pot to deal with potential developments. Should FEIs be placed in a position whereby specific equipment becomes mandatory, for example, there should be funding available immediately to implement these provisions and provide support for monitoring and administering these changes.
- 3.12) The COVID-19 pandemic has contributed to additional costs in teaching, learning and assessment. There are a significant amount of incomplete assessments. Consideration needs to be taken for the additional cost of these programmes.

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<sup>7</sup> Wales Audit Office, *Welsh Government oversight of further-education colleges’ finances and delivery*, (2017), p18, <https://www.audit.wales/system/files/publications/FE-finances-eng-2017.pdf>.

<sup>8</sup> Wales Audit Office, *Welsh Government oversight of further-education colleges’ finances and delivery*, (2017), [https://www.audit.wales/sites/default/files/FE-finances-eng-2017\\_7.pdf](https://www.audit.wales/sites/default/files/FE-finances-eng-2017_7.pdf).

- 3.13) When the FE allocation is delivered based on the allocation funding formula, no provision has been made for the cost of incomplete learning as a direct result of COVID-19. Due to the pandemic, there are a high number of incomplete learning programmes. These incomplete programmes should be accounted for in the future budget, and also take into consideration the potential rise in inflation. Latest estimates predict 2020-21 inflation to be 1.97%, however due to the unprecedented circumstances, this could vary significantly.<sup>9</sup> Therefore, adequate provision above this value should be set.
- 3.14) There are also instances of incomplete WBL programmes. The 2021-2 budget should include a flexible funding pot to account for these unfinished programmes to ensure that they do not impact upon the new academic year's allocated budget.
- 3.15) The issue of digital exclusion is extremely prominent in Wales and there is a need to ensure that no learner is disadvantaged by the current situation. The digital issue is more complicated than just providing digital equipment, extending into providing training to staff and learners as well as an adequate learning environment for learners to study.
- 3.16) Although most learners are able to use technology for recreational use, a survey carried out prior to COVID-19 found that just 43% of the Welsh population had used video conferencing functions.<sup>10</sup> This is indicative of the study based training required by learners. Although the £3.2 million provided in July 2020 was welcomed, ultimately the one-off payment was insufficient. Welsh Government's 2021-22 funding to the FE sector should provide a specific uplift to support and enhance digital training for all staff and learners based on the number of learners studying at FEIs and the cost of training delivery. To help attain this figure, extensive research should be undertaken to understand the extent to which learners in Wales need assistance with *study related* digital programmes.
- 3.17) In July 2020, Welsh Government introduced a £40 million skills and jobs fund.<sup>11</sup> £20 million of this has been allocated to incentivise employers to recruit and retrain 5,000 apprentices, increase the capacity of traineeship programmes, and support more graduates to access work experience and placements.<sup>12</sup> Whilst this funding is welcomed, the 2021-22 budget should provide funding to FEIs to offer skill specific courses which would benefit from this funding. Labour market analysis should be undertaken to ensure that FEIs are able to meet skill shortages, and to subsequently work in collaboration with employers to offer training in required skill areas.

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<sup>9</sup> GDP Deflators at Market Prices, and Money GDP, <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2020-budget>.

<sup>10</sup> Welsh Government, *Statistical Bulletin: National Survey for Wales, 2018-19 Internet use and digital skills*, <https://gov.wales/sites/default/files/statistics-and-research/2019-09/internet-use-and-digital-skills-national-survey-wales-april-2018-march-2019-207.pdf>.

<sup>11</sup> See <https://businesswales.gov.wales/news-and-blogs/news/funding-support-employment-and-training-wales>

<sup>12</sup> Welsh Government, *Funding to support employment and training in Wales*, (28/07/2020), <https://gov.wales/funding-support-employment-and-training-wales>.

- 3.18) Personal Learning Accounts were originally allocated £12 million in funding which was boosted by a further £3.5 million in August 2020. This additional £3.5M is an amalgamation of previous funding, including the former Strategic Development Fund. (It should be noted that repurposing existing funding is often a feature of funding provided to FE). It is essential to remember, however, that this additional £3.5 million for PLAs was awarded in the current financial year, and therefore ends in March 2021. The 2021-22 budget should ensure that additional funding is secured for the entirety of the academic year and is subsequently refinanced at an appropriate level.
- 3.19) The FE sector has been encouraged in recent years to reduce its reliance on recurrent grants. However, the colleges that have responded to that 'steer' by increasing provision for Higher Education or international students for example are now in many cases facing the greatest pressures as those areas of income have decreased significantly.
- 3.20) There is also excess competition within the post-16 sector from sixth forms and universities, especially where the latter are expanding in terms of Level 4 and 5 qualifications, as well as Level 3, via 'Year 0' courses. In a time of financial hardship, the FE sector advocates for incentivising partnership working to ensure that resources are used as well as possible rather than encouraging unnecessary competition. It may be necessary to consider how penalties for nugatory competition might operate.

## Question 4

**Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?**

- 4.1) Any changes to budget and scrutiny processes must be proportionate and should not hamper the ability of Welsh Governments (present and future) to respond quickly to changing circumstances. Members of the Senedd should be given sufficient time to ask questions of Ministers on financial and budgetary issues, and major statements or announcements should be made to the Senedd where MSs can ask questions and provide scrutiny.
- 4.2) Learner funding should account for learner demographics, language medium and rurality as well as programme value to attribute a true reflection of funding required for colleges and learners in different circumstances.

- 4.3) Currently, FEIs are governed by their independent governing bodies, and are also recognised as charities. This approach currently works well and has allowed FEIs to receive adequate and effective scrutiny whilst maintaining high performance levels.
- 4.4) FEIs are also scrutinised by Estyn for their performance. The latest Estyn annual report (2018) noted that generally, FEIs were performing well and were identified to be meeting teaching and learning standards, providing health and wellbeing services, providing adequate support and guidance, and supported good leadership and management structures. Additionally, colleges were reported to be performing well with implementing strategic plans and responding to local and regional skills needs.<sup>13</sup> As a result of this and oversight by governing bodies, FEIs should not be subject to increased bureaucracy. FEIs should have a high degree of autonomy and trust placed upon them to manage the crisis.

## Question 5

**Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

- 5.1) There should be some flexibility around the existing Fiscal Framework as the ongoing costs and impact of COVID-19 continue to emerge and to be understood. The Welsh Government should have all necessary channels available, including more flexible annual and/or overall limits to Welsh Government borrowing, to respond to the public health emergency and to adequately provide support should local lockdowns for example, continue to be a feature of 2021.
- 5.2) Funding through the Barnett Formula disadvantages Wales. Although public spending levels have consistently sat above the national average, the formula does not take adequate account of the economic and social conditions in Wales.<sup>14</sup> 27.43% of the Welsh population are aged 60+ whereas this figure is 29.95% in England.<sup>15</sup> Additionally in Wales, 9.5% of the population hold no qualifications with 25.6% of

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<sup>13</sup> Estyn, *The Annual Report of Her Majesty's Chief Inspector of Education and Training in Wales 2017-2018*, (2018), [https://www.estyn.gov.wales/system/files/2020-07/ESTYN\\_Annual%2520Report\\_Accessible\\_English\\_\\_2018.pdf](https://www.estyn.gov.wales/system/files/2020-07/ESTYN_Annual%2520Report_Accessible_English__2018.pdf)108.

<sup>14</sup> Dr Gillian Bristow, *The Barnett Formula and its Consequences for Wales, Final report for the Independent Commission on Funding and Finance for Wales*, <https://llyw.cymru/sites/default/files/publications/2018-09/barnett-formula-and-its-consequences-for-Wales.pdf>.

<sup>15</sup> EMSI Analyst Tool

residents holding a degree or equivalent. These figures in England are 7.9% and 30.2% respectively.<sup>16</sup>

- 5.3) The figures above indicate that there is a demographic skills gap in Wales which needs addressing, and the cumulative cost of reskilling and upskilling the population post-COVID is going to be higher than the UK average. Therefore, there should be a revision of top level funding in Wales to address the disadvantages caused and undoubtedly extended as a result of COVID-19 in Wales.

## Question 6

**The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

**How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised. - To what extent alleviating climate change should be prioritised in supporting economic recovery.**

- 6.1) Further education lies at the heart of economic recovery and has an imperative role in upskilling and reskilling the population. Funding to the sector needs to reflect the greater number of adults who will need to retrain or upskill, as well as vocational and academic learners who need additional support to complete courses or catch up on learning that they have missed. The latter will be an ongoing issue as learners are required to undertake periods of self-isolation in the current academic year. Likewise, FEIs will be impacted by staff needing to self-isolate which will increase costs to cover provision of learning.

**Welsh Government policies to reduce poverty and gender inequality.**

- 6.2) Women and young people in the workforce have been disproportionately impacted by COVID-19.<sup>17</sup> Support schemes, including those to the FE sector to help with retraining, should not be age or gender blind and should take into account who will benefit from proposals to tackle unemployment, for example.

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

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<sup>16</sup> EMSI Analyst Tool

<sup>17</sup> Unpublished presentation on Youth Unemployment in Wales by Learning and Work Institute, August 2020.

- 6.3) Preventative spending should be given enhanced attention. Initiatives to prevent people from becoming unemployed, for example, are preferable to dealing with the impact of long-term unemployment. Mental health has been raised as a public health issue in light of restrictions as a result of COVID-19. FE funding should take account of support for learners' mental and physical wellbeing as part of core funding, rather than simply being additional and sporadic pots of funding which can require time-consuming bids or administration.

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

**How evidence is driving Welsh Government priority setting and budget allocations - How the Welsh Government should use taxation powers and borrowing.**

**Support for businesses. economic growth and agriculture after EU transition ends.**

- 6.4) Businesses need to be encouraged to invest in staff, including staff training and development. Additionally, these businesses should work with FEIs to allow staff to upskill and undertake training. This should be a key aspect of future funding provision.

**What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

- 6.5) As Wales and the world more widely transitions to a post COVID-19 economy, all governments need to consider how we do things differently in the future, rather than making small adjustments to previous approaches. The pre COVID-19 economy was not working for much of the population in Wales as shown in wage levels, healthy life expectancy in many places, and a variety of other indicators. The Welsh Government must look to invest in citizens in a holistic way, rather than seeing them as units of economic activity or passive recipients of initiatives that do not take into account place and ambition.

## Conclusion

In conclusion, our submission has set out a number of challenges facing the Welsh Government and its Draft Budget Proposals for 2021-22 if the Further Education sector is to be able to play its full part in navigating and supporting the national recovery from Covid-19.

The Committee may wish to explore the suggestion that the 2017 WAO exercise and report into Welsh Government oversight of further-education colleges' finances and delivery should be repeated.

It is vital that the upward trend in funding to FE continues in real terms, taking account of inflationary pressures and the issues of pay and pay parity identified in our submission.

Flexibility and the ability to respond quickly to changing circumstances, allowing colleges to meet the needs of learners, employers and the wider community, is central when making decisions about future finances. While this is always important, the events and experiences of 2020 have brought this into even sharper focus and this should be reflected in the Welsh Government budget for 2021-22.

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## Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

Our report "COVID-19 and the impact on social enterprises in Wales" highlighted how the sector had responded to the additional funding made available in response to the crisis. Social enterprises have utilised the Economic Resilience Fund, Third Sector Resilience Fund and funding made available through sector bodies such as Sports Wales, Arts Council for Wales and the WCVA.

Our report found a high number of successful applications and quantity of funds allocated, which validates the necessity of this emergency funding source. Many social enterprises have entered into "survival mode" – accessing the funding necessary to keep the business going while maintaining its operations, or accessing the funding while entering a "hibernation mode". The impact of this additional funding has been clear, in that many of the social enterprises operating in Wales would have had to close down without it. However, there is also some evidence of social enterprises falling through the gaps and entrepreneurs having to turn to universal credit or self-employment grants.

Naturally, the funding made available in response to Covid-19 has been short-term focused in order for businesses to survive the succession of local and national lockdowns and economic crisis. However, it is clear that there will be long-term consequences of this period, as a result of social businesses losing out on long-term funding as a result of these resources being diverted to emergency short-term funding, development officers being placed on furlough, and many social enterprises operating in seasonal industries.

2. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

The Wales Co-operative Centre believes that well-being and sustainability should be at the heart of the Welsh Government's priorities for 2021-22 and onwards. We support the "build back better" agenda and want the Welsh Government to take a well-being approach to economic development policy, rather than traditional economic indicators.

We welcome that the Welsh Government has announced its official membership of the Well-being Economy Governments (WEGo) partnership. New Zealand, one of the founding members of WEGo, recently announced its first Well-being budget focusing on long-term impact on quality of life rather than short-term output measures. We urge the Welsh Government to take this approach to the 2021-22 budget.

We believe this approach to government spending and economic development policies has become even more necessary following the Covid-19 crisis, which has exacerbated existing inequalities in Welsh society. An approach that builds resilience, protects our most vulnerable citizens and takes a long-term approach to economic development is more necessary than ever.

Our specific policy priorities are as follows:

- 1) Continued funding of specialist business support for social businesses
- 2) A commitment to the foundational economy and community wealth building which is embedded across government
- 3) Decarbonisation of existing housing stock and a target for local and social business procurement
- 4) Doubling the number of employee-owned businesses in Wales
- 5) Creating a new generation of social entrepreneurs by embedding social entrepreneurship in all forms of entrepreneurship education in Wales
- 6) Pioneering the establishment of health co-operatives to tackle the problems of primary care services closing
- 7) Growing the number of community-led housing schemes in Wales through the creation of an investment fund from Financial Transaction Capital
- 8) For Citizens' Assemblies to be embedded as part of the political process in Wales
- 9) A commitment to ending digital exclusion in Wales
- 10) A programme for digital leadership in the Welsh third sector, including for social enterprises and co-operatives

3. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

N/A

- Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?

The Wales Co-operative Centre adds its voice to the growing calls for Citizens' Assemblies to be embedded into the political process in Wales. The rebuilding process from Covid-19, as well as the ambition to restructure the economy to focus on sustainability, places and well-being, requires active community consent and public participation in the political processes. We strongly believe that the potential of digital democracy is yet to be fully realised in Wales, and should be included in the conversation around the importance of Citizens' Assemblies. Digital platforms can democratise debate and be an additional platform to voices that are currently under-represented in the political process.

In the development of New Zealand's Well-being Budget in 2019, they undertook new processes which are outlined below, and we urge the budget to follow this process in Wales:

Figure 1 - Development of initiatives in a Wellbeing Budget

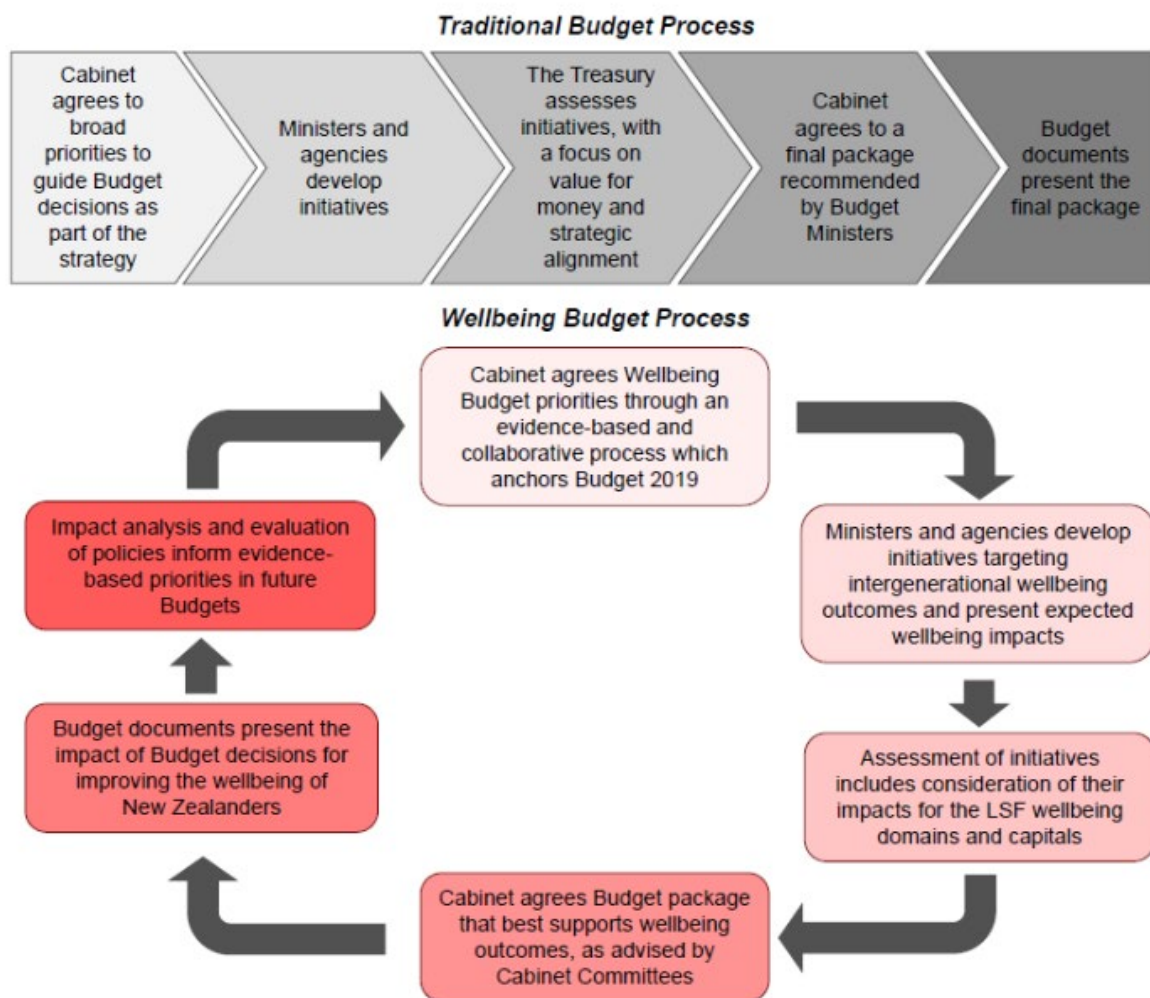


Figure 1: From New Zealand Treasury: <https://www.weforum.org/agenda/2019/05/new-zealand-is-publishing-its-first-well-being-budget/>

5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.

N/A

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?

- *How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.*
- *To what extent alleviating climate change should be prioritised in supporting economic recovery.*
- *Welsh Government policies to reduce poverty and gender inequality.*
- *Approach to preventative spending and how is this represented in resource allocations*  
*(Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)*
- *Sustainability of public services, innovation and service transformation*
- *How evidence is driving Welsh Government priority setting and budget allocations*
- *How the Welsh Government should use taxation powers and borrowing.*
- *Support for businesses. economic growth and agriculture after EU transition ends.*
- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)*

As discussed in response to Question 2, we believe that well-being and sustainability need to be prioritised in the 20-21 budget. Central to this, we believe investing in the foundational economy and taking a localised approach to community wealth building should be the priority when targeting resources, in order to build local resilience and sustainability. We are calling on the Welsh Government to appoint a task force or Champion within government to lead on this work and to ensure it is embedded across government.

We believe that sustainability should be essential to the economic development agenda of the Welsh Government, and this requires the prioritisation of alleviating climate change. We support the utilisation of Oxfam Cymru's Doughnut Model that sees the Welsh economy working within its ecological limits and in a manner that ensures well-being for all. Specifically, the Wales Co-operative Centre supports calls for investment in the decarbonisation of social housing in Wales. Such a programme could make a significant impact on reducing carbon emissions. In addition, the investment could also be a major boost for local economies if delivered effectively. In order to achieve this economic boost, we ask that the next Welsh Government gives housing associations and local authorities an ambitious target to spend a certain percentage of the investment with local businesses and social enterprises. This is a key opportunity for Government investment to support the "Build Back Better" initiative.

Support for businesses is crucial, and it is essential that specialist support for social enterprises continues after the current funding arrangement ends. While social enterprises face many of the same challenges as any mainstream foundational business, they also face particular challenges. They have different drivers and need to balance environmental and social objectives with economic ones. They have specific governance structures and are accountable to multiple stakeholders. These businesses need to be supported in ways which are sympathetic to the means of delivery and the social impact. Funding specialist business support for the sector enables it to grow. We know the model works and is now being considered in other parts of the UK, for example in London. Thanks to funding from the current Welsh Government, the social enterprise sector in Wales has shown significant growth in the last few years. In 2014 it was estimated the sector was worth £1.7 billion,

employing 38,000 people and made up of 1470 enterprises. By 2019 the sector was valued at £3.18 billion (up 87%), employing 55,000 people (up 45%) and made up of 2022 businesses (up 38%).

We also want the Welsh Government to invest in and target the growth of the employee-owned sector. Employee ownership is a tried, tested but often overlooked succession route for business owners who want to retire. It is rarely an option that is presented to them when they are looking to exit the business. The Welsh economy is dependent on small businesses. In Wales we have a higher proportion of older business owners and therefore the issue of business transition failures (note – not business failures) is greater. Our research has shown that three out of four business owners in Wales have not made plans for the future transfer of their business. We believe the Development Bank of Wales should establish a specialist fund from Financial Transaction Capital to help employees to buy an equity stake in their business.

We support the focus on innovation in public services and welcome the appointments of Chief Digital Officers for Local Government and the NHS, as well as the launch of the Centre for Digital Public Services. It is essential that digital inclusion is central to this digital transformation initiative and given the same level of resources as investment in infrastructure and technology. The Covid-19 crisis has exacerbated the digital divide in Wales and ensuring that everyone in our communities can access our public services has never been more important. To work with the Centre for Digital Public Services, we are calling for a programme to promote digital services in the third sector. Many charities and third sector organisations provide essential public and community services. We need to ensure these organisations are also able to take advantage of digital technology to enhance the services they provide and to become more efficient. In particular, we are calling for specific leadership training to be made available to ensure that those working in the third sector are able to gain valuable digital skills.



## Finance Committee: Welsh Government Draft Budget proposals for 2021-22 Consultation Response

### 1. What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

WWF-Cymru worked closely with Welsh Government in advance of the 2020-21 Budget and welcomed the positive step towards making biodiversity a cross-cutting budget theme. We also welcomed the additional £140m of capital spending the budget committed towards new projects – including £15m towards restoration of the Natura 2000 network; £4.5m for the development of a National Forest, and £1m for peatland restoration.

Obviously these amounts are far below what is required to address the combined climate and nature emergency we face, and which both the Welsh Government and the Senedd has declared – with [NRW estimating](#) that the Natura 2000 network alone requires in excess of £120m to address all pressures and threats affecting the achievement of favourable condition. But nonetheless, this investment was seen as a welcome first step, which the First Minister has described as a “down payment” on what is to come.

Given the arrival of COVID-19 shortly after the Budget's publication, it remains unclear precisely how much of these commitments have been delivered upon and therefore what impact they have had. It appears that delivery has been understandably limited given that a number of those commitments appear to have been repackaged into the Government's recent '[Coronavirus Reconstruction: challenges and priorities](#)' report. We and other environmental NGOs have struggled to understand the relationship between the budget and the allocations in Coronavirus Reconstruction. **We urge the Committee to scrutinise Government on this point to establish what of these budgetary commitments has been delivered; what has been lost; and what has been repacked into future commitments.**

As a result of COVID-19 we note that the Government published its second 2020-21 supplementary budget in October. It was disappointing, given the weight Government communications placed on fostering a green and just recovery from the pandemic, that

Environment, Energy and Rural Affairs allocation was the [only part of the budget to see an allocation reduction](#) (a loss of £11m or 1.9%) in the wake of the substantial increases elsewhere.

In making this observation we recognise that the Environment, Energy and Rural Affairs allocation delta does not tell the whole story of Welsh Government nature & climate action, especially in the context of where it is seeking the mainstreaming of spend given that biodiversity is a cross-cutting theme. It is nonetheless an important public signal of prioritisation given the lack of clear evidence in the budget narrative over what mainstreaming and cross-cutting themes mean in practice. **We recommend that the Committee explores this issue further with Government to identify the extent of mainstreaming of nature and climate spend throughout government, and how this can be better evidenced in the next budget.**

Given these points, it remains our view that if the Welsh Government intends to deliver a green and just recovery from COVID then it will be vital that more resources are dedicated to nature and climate. In [previous reports WWF has called for 5% of the Welsh Budget](#) to be allocated towards this cause and we have since recommend that this is best achieved through [integrated budgeting to ensure at least 1% of each departmental budget](#) is dedicated to climate and nature spend.

For this to be successful it needs to be accompanied by wider reform and investment that can fundamentally reform our economy, so it works for people and nature alike. WWF Cymru continues to [put forward ideas for how this can be achieved](#) and remain committed to working with Welsh Government on future budgets to deliver change.

We are also conscious of the affect changes to the present budget have had on eNGO colleagues and endorse comments in the Wales Environment Link response.

## **2.How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?**

Welsh Government remains committed to a green and just recovery from the COVID-19 pandemic. WWF Cymru strongly supports this ambition and has put forward [a number of recommendations](#) on how it could be delivered.

Our challenge to the government is to respond to the challenge by maximising the opportunities that lay ahead. This can be achieved by:

- Delivering a green and just economy by putting nature at the heart of every decision and creating a national jobs programme which is fit for the future.
- Reforming the food system so it delivers for nature and people by embedding nature and climate friendly farming practices and protecting nature abroad by making us the first deforestation free nation.
- Putting nature on the path to recovery by protecting our rivers, seas and land for current and future generations by dedicating 1% of all departmental budgets to restoring nature and combating climate change.

These asks are expanded upon in [WWF Cymru's manifesto for the 2021 Senedd Elections](#), however, for the purposes of this response the below outlines relative points for each of these three asks.

### Delivering a Green and Just Economy

With regards to COVID reprioritisation, a key question for the Committee's scrutiny will naturally be to establish how actions across government are being taken and what the financial implications of them are. **In this regard we recommend that the Committee asks Welsh Government how they intend to look at each departmental budget and assess it contributing to Green and Just recovery?**

To support efforts, we have worked with Wales Environment link to establish a set of principles for the recovery. These include:

1. address the nature and climate emergency, prioritising nature restoration as well as decarbonisation measures within the fiscal stimulus package;
2. be based on sound evidence, with collaboration to design solutions and support prioritisation;
3. move Wales towards a Well-being Economy – an economic model that includes the value of, and invests in, nature and also includes circular economy principles;
4. ensure that social justice and equality is embedded in recovery to ensure discrimination is not built into the structural changes made, there is equality of opportunities for those currently disadvantaged, and the most vulnerable are protected; and
5. address intergenerational justice by putting young people's employment at the forefront of plans, as they are likely to suffer significant impacts throughout their life from early unemployment and also carry the cost of the Covid-19 recovery.

Analysis of the '[Coronavirus Reconstruction: challenges and priorities](#)' report raises questions about how these principles can be mainstreamed. We note that the report makes only limited reference to some of these areas and we are concerned that efforts to create jobs may in practice repeat past mistakes of focusing on the quantity of jobs, rather than their quality or long-term stability. To achieve the latter, significant sectorial work has been undertaken to identify what is meant by a national jobs programme which is fit for the future.

To WWF Cymru, this means creating a green jobs and skills programme which helps tackle the climate and nature emergencies, by supporting a transition of our economy to be less at risk from shocks and more resilient for future generations.

We argue that this is best achieved through a bespoke job investment programme, rather than something which is a small subsidiary of a wider jobs programme which does not have a sustainable transition at its core. Examples of such jobs include:

Jobs that protect, restore and enhance the environment:

- Marine and terrestrial nature conservation jobs, such as nature reserve/designated site officers, ecologists, community woodland management, habitat creation project staff, ecological and environmental monitoring and research jobs;
- Environmental policy and advocacy work;
- Environmental education and community engagement work;

- Environmental protection jobs (e.g. Natural Resources Wales, local authority ecologists, certain water company jobs or environmental lawyers);
- Jobs provided by a wide range of NGOs, including traditional environmental NGO staff and other third sector organisations that have a role in protecting the environment. These roles are many and varied, from those that work in fundraising, comms or campaigning, to practical regeneration and community project staff, to support staff such as IT, finance or cleaners.

Jobs that rely on sustainable use/management of natural resources:

- Sustainable land management jobs (e.g. organic or nature friendly farming, sustainable forestry undertaken to UK Woodland Assurance Scheme standard, agro-ecology and sustainable land management advisers);
- Sustainable fishing and fisheries management jobs;
- Well-designed sustainable renewable energy developments, particularly community-owned generation;
- Sustainable tourism operators, such as environmentally friendly outdoor activity centres, visitor centres, accommodation or wildlife tours.

Jobs that focus on making traditional services and operations more sustainable:

- Energy efficiency jobs – across domestic and business sectors;
- Development of closed loop systems in manufacturing/industry;
- Recycling/composting/upcycling operations;

But for the transition to a sustainable economy to be a just, as well as a green transition, it needs to leave no one behind. This includes those currently discriminated against and those parts of the economy disproportionately impacted by Covid-19, such as young people, people of colour, women, and disabled people.

It also means when seeking a transition from sectors which are significant polluters or are showing themselves to lack resilient in a future economy, the Welsh Government must ensure communities and employees are supported. This includes design of new economy and skills for their area / region and the retraining does not result in people taking up jobs at a significantly lower skill or salary level. To address this, the list above represents a wide range of different skill and salary levels.

Where significantly polluting sectors are deemed to be essential, the Welsh Government must also support the greening of existing industries where possible and the appropriate changes to the jobs and skills within these sectors.

### Reforming the Food System

The food system in Wales is broken, we need a food system for future generations [as outlined in this recent WWF report](#). We believe there are number of key areas that Welsh Government should now be focusing attention on given the fact that the COVID-19 pandemic has reinforced the vulnerabilities that exist in our current food system.

There are lessons for food supply chains from COVID-19, particularly the need to have resilient strategies that reduce food waste. For example, as a result of the pandemic, we have seen farmers pouring milk down the drain as they have become victims of the coronavirus crisis –

some farmers would usually sell milk to the hospitality industry for example, sectors which ultimately shut down during COVID-19. Enabling better, sustainable local supply chains and infrastructure, to use local food in such circumstances could form a key part of our circular and foundational economies. Many 'green' jobs can form part of this circular and foundational economy, particularly in food. Rebuilding food infrastructures i.e. food markets, community retailers, food processors, food cooperatives and a network of food hubs that aggregate and distribute local food, will help in providing more jobs to diversify and strengthen local economies. Funding could be allocated to help rebuild these local food infrastructures.

Adapting existing delivery programmes, such as public procurement and the Economic Contract, could further help maximise value by linking production and consumption in Wales, and embed criteria that demands food produced to high environmental standards. Connecting sustainable production to the rest of the supply chain could help restore environmental, social and human capital and capture value locally. We need more investment in the food circular and foundational economies, to help build the programmes, skills and capacity to enable this approach.

If we are, however, moving towards a more localised food system, we must ensure that our food production is environmentally friendly. Currently, in Wales, unsustainable agricultural management is the single largest driver of [biodiversity decline](#), while agriculture accounts for [12% of Welsh greenhouse gas emissions](#). Supporting climate and nature-friendly farming (using agroecological principles) can not only contribute to ensuring sustainable and resilient agricultural and food systems, but also systems that are [can create more jobs locally](#). Farming using agroecological principles will require a comprehensive package of training and skills, and committing funding to support this package would be hugely beneficial. This would also extend to the need for additional money for environmental monitoring and enforcement services (such as those provided by NRW) and advice services provided by Farming Connect and others. Welsh Government could support the setup of regional training centres to drive collaboration and knowledge exchange around agroecological farming principles.

The above approach would also help Wales to work towards meeting its goal of a 'Globally Responsible Nation'. Promoting sustainable agricultural practices and developing markets for local produce, could help Wales tackle the climate and nature crises by preventing the import of commodities to Wales that are driving deforestation abroad, such as soy for livestock feed which is driving deforestation in the Amazon. The alternative is replacing unsustainable commodities with sustainable import options as well as local nature friendly agroecological approaches. It is important to note that as we further degrade our natural habitats and forests, deforestation increases the risk of further zoonotic pathogens like Covid-19 emerging, as these viruses have more opportunity to jump the species gap into the human population. As long as we keep using products that drive deforestation, [we risk more global pandemics](#). Therefore, Wales needs to stop our contribution to future pandemic outbreaks. Welsh Government's Economic Contract should be strengthened immediately so that beneficiaries of Welsh Government funding in 2021/22 commit to deforestation free supply chains.

#### Putting Nature on the path to Recovery

In response to Question 1 we reiterated our point that more money needs to be dedicated to the nature and climate emergency. In the sections above we have identified areas which should be prioritized outside of direct landscape investment. In this section we wish to stress that massive investment is still needed in what we term carbon-rich habitats (such as Peatland; Saltmarsh; Seagrass; and Woodland) to both improve the condition of existing sites, and to restore and increase coverage at sites which have been destroyed by human action over the past decades. We also stress the importance of investing in connectivity between such sites. In

all cases this is best achieved through the deployment of Nature-Based Solutions (NBS) which can manifest themselves in terms of Green Infrastructure, and the removal of disused Grey Infrastructure.

It is difficult to estimate, in monetary terms, the total annual costs of investment in all of these habitat types in the years ahead that would be sufficient bring them back into both a good condition, and then improve the extent of some habitat types so all of Wales was sufficiently climate resilient and able to enjoy health and diverse ecosystems. Nonetheless, we do still have the general figure of around £900m a year in Wales which we argue to be a realistic level of investment for the next Welsh Government to commit to.

A more accurate cost could be achieved through an extensive audit of site conditions and investment opportunities on a local and national scale, and it is possible that NRW's ongoing work on Area Statements may improve that knowledge in the years ahead. WWF is also considering further research in this area which we will expand upon with Senedd Members in due course. In lieu of that it would be useful to identify where costs have been identified and for what purpose:

- The [LIFE Natura 2000 Programme](#) (NRW) looked at 92 Special Areas of Conservation and 20 Special Protection Areas in Wales (8.5% of Welsh land area and 35% of territorial waters). It estimated that total cost £120,029,000 would be required to address all pressures and threats affecting the achievement of favourable condition. Extrapolate this to the full network of designated sites including Sites of Special Scientific Interest and the figure will be in the order of £180m.
- The [Wildlife Trusts have identified](#) that the overall cost of meeting environmental land management priorities in Wales (including additional elements such as securing advice and supporting long term land use changes) would be in the region of £270m per year.

Looking at a specific habitat Seagrass has been identified in NRW's [Blue Carbon report](#) as having particular potential to store and sequester carbon in a way that could contribute to significant increases in blue carbon.

To support these nature-based solutions to climate change, it is vital that investment in them is a core part of Wales transition to net zero. To achieve this Wales needs to develop a clear analysis of the potential nature-based solutions have to protect, restore, manage, and create key ecosystems across Wales. To that end **we recommend that the development of this analysis is a core part Wales' Second Carbon Budget development and that it should form part of the 'Wales offer' in the run-up to COP26.**

We also endorse comments made by Wales Environment Link to improve the resilience of the environmental sector in Wales.

### **3.How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

WWF Cymru is part of WWF-UK and we are privileged to be primarily funded by individual public contributions. While we are in receipt of funds from other sources, we do not currently receive funds from Welsh Government.

As such, while we are confident of our financial security for the 2021-22 period, we are not in a position to respond on how the Welsh Government's budget would affect other charities. Given this we refer you to the Wales Environment Link response.

We work in partnership and collaborate often with other environmental organisations in Wales and have seen the reduction in their capacity to undertake their vital work at this critical time for tackling the nature and climate emergency and supporting access to green space.

**4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?**

WWF Cymru has worked with the Finance Committee (and other Senedd Committees) on the scrutiny of Welsh Government budgets over several years. Each year we have called for better more timely involvement of third sector in the process of setting the budget; for more climate and nature budget from both the environment department and across other departments and for Welsh Government to more clearly demonstrate the impact of the Well-being of Future Generations Act.

Last year we worked closely with officials in the environment department to support the development of programmes and budget allocations to support the identified needs for environmental challenges in Wales and delivery of government commitments. This was excellent practice and would recommend this relationship and process is regular and could be formalised for climate and nature via a group like the Budget Advisory Group for Equality (BAGE) group.

When substantial financial decisions and allocations are made in future budgets it is essential that their relationship with previous prioritisation is more clearly explained. For example, as we stated earlier, it is difficult to understand what the relationship is between the 'Reconstructing' financial allocations to nature and past and future budgets.

In this budget especially, Ministers should be demonstrating how spending decisions and programmes are meeting a Green and Just recovery. As referred to above, this should be well beyond the environment portfolio as it is essential that each department is investing in nature and climate. If not, 'reconstructing' or building Wales into a low carbon, nature restorative and circular economy will simply not happen at the necessary scale and pace to tackle the climate and nature emergency. If we instead build back the same economy, rather than use this moment to transform economy, then this pivotal moment will be lost.

**5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

The agreed Fiscal Framework has been a matter of substantial debate since long before the COVID-19 pandemic. We are aware of Welsh Government calls for greater high level flexibility, especially around borrowing and capital to revenue transfers, which it argues will enable it to more adequately respond to the issues it faces.

While we see some merits in the calls for more flexibility, a key issue going forward will be for Welsh Government to retain at least the same level of control over any funding received by that framework and any additional funding pots - such as the anticipated UK Prosperity Fund (which will either partially or fully replace the loss of EU funding) – which are yet to be developed. We are also concerned that direct EU funding pots (such as LIFE funding) is being missed out in the calculations for future investment as it sits outside of both CAP and Structural Funding pots allocated to Member States.

To increase financial stability and bolster confidence we should move away from a single year budgeting exercise, however, we recognise that such a change requires a significant shift from Westminster.

**6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

- How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.
- To what extent alleviating climate change should be prioritised in supporting economic recovery.
- Welsh Government policies to reduce poverty and gender inequality.
- Approach to preventative spending and how is this represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)
- Sustainability of public services, innovation and service transformation
- How evidence is driving Welsh Government priority setting and budget allocations
- How the Welsh Government should use taxation powers and borrowing
- Support for businesses. economic growth and agriculture after EU transition ends.
- What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)

The above areas of scrutiny are a useful starting point but currently omit climate change and biodiversity. To reiterate the points made throughout this response, WWF Cymru continues to stress the importance of tackling the climate and nature emergency and that it should take place in connection with climate action. These points have been expressed extensively at both the national and international level from the State of Nature report though to the Intergovernmental Panel on Climate Change.

As we enter the year of COP26, it is vital that Welsh Government transitions beyond warm words and framework legislation and into the delivery of nature-based solutions to the climate and nature crisis before it is too late. For this to be done money is required, and it is the role of this Committee to scrutinise that.

This is because, whilst we are pleased that the Welsh Government are committed to fostering a green and just recovery from COVID-19, it remains unclear at this stage how this will be implemented or financed. In addition, we recognise that the scale of change required, while acknowledged, has not been met with resources.

For example, we have recently been made aware of a newly allocated £920k support NGOs as part of a Green Recovery Fund. While this is welcome, it is a comparatively small amount of money, when compared with England who has put in the region of £80 million into a similar scheme – in making this point we further recognise that wider UK figures compare poorly to efforts elsewhere, such as Germany's ~£115bn post-COVID green recovery fund.

We have also seen little reference or acknowledgment generally from Welsh Government civil servants as to how the green recovery will extend to the 'blue', to support management of the coast and seas surrounding Wales. The Welsh sea area managed by the Welsh Government is a third bigger than the land area that it manages and has huge potential for socio-economic and environmental recovery. We hope that the Welsh Government's draft budget, when published in December, will reflect the financial and social importance of our seas and coasts and budget accordingly for a green and blue recovery.

*I gael mwy o wybodaeth, cysylltwch â / For more information, please contact:*  
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## **Universities Wales response to the Committees of the National Assembly for Wales' call for information on Welsh Government's draft budget proposals for 2021/22**

### **About Universities Wales**

Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' membership encompasses the Vice Chancellors of all the universities in Wales and the Open University in Wales. Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

### **Summary**

1. Welsh universities continue to play pivotal role in their local and regional economies as well as the national economic prosperity of Wales. An independent analysis of the economic impact of Welsh universities found that Welsh universities generated £5bn of output and nearly 50,000 jobs across Wales. Welsh universities also continue to have the highest student satisfaction in the UK and the highest student continuation rates (retention) in the UK.
2. As a core part of Wales's national infrastructure, universities are a necessary and essential component in driving the economic recovery and renewal in Wales in the post-COVID landscape. Investment in universities in Wales will play a vital role in the response to the pandemic in support of the Welsh Government policy agendas for catalysing growth of the economy, skills growth and employment in Wales and in support of Future Generations Wales objectives.
3. In particular, the Welsh Government should consider prioritising further investment in the following areas to support universities in building economic resilience and driving recovery in Wales and managing Brexit:
  - Employability, including degree apprenticeships – responding to the severe shock to the labour market and need for more people than ever to learn and adopt new ways of working.
  - Research and innovation – strengthening Wales' capacity to attract funding from the UK and compete internationally
  - COVID-19 related capital projects, that will help universities to accommodate a shift in patterns for the delivery of learning and student welfare support which continues to be a priority for universities. This may include, for instance, increased investment in:
    - programmes designed to support student mental health and well-being, and provide reassurance for students and their families that the necessary additional practical and welfare support is in place;

- the potential expansion of learning and teaching capital projects such as blended learning and vulnerable students, and to support strategically important but vulnerable subject opportunities for students;
  - further investment in physical estates and IT infrastructure, and development of digital assets, supporting moves to a green economy as well as supporting shift in patterns of delivery of teaching and student support;
  - International, investing in the networks and programmes that are most likely to secure Wales' global presence in a highly volatile and new international landscape following Brexit and the pandemic.
4. At the same time it should be recognised that the financial challenges facing higher education due to Covid-19 are yet to reach their peak. The financial challenges for many institutions during the 20/21 and 21/22 academic years will persist.
  5. Continued commitment to stabilising the financial health and sustainability of universities in Wales through implementation of the Diamond recommendations remains as important as ever. At this stage, we cannot rule out the possibility that some institutions in Wales will be faced with very significant financial challenges.

## Response to the consultation Questions

### 1. Question 1: What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

- 1.1. Prior to the COVID-19 crisis, the Final Budget for higher education allocated £178m to higher education for the 2020/21 financial year. When the First Supplementary budget for 2020/21 was published in May 2020, however, the Welsh Government reduced the budget for higher education by £16.3m to £161m to help the Welsh Government deal with the COVID-19 pandemic.
- 1.2. The Second Supplementary budget, published on 20 October 2020, included an additional £27m for the Higher Education Investment and Recovery Fund for Wales, as announced by the Minister on 22 July 2020 (see [here](#)), alongside a further £3m to support Degree Apprenticeships and £1.5m for Go Wales. The total resulting allocation for higher education reflected in the 2<sup>nd</sup> Supplementary Budget for 2020/21 was £193.4m.
- 1.3. Since then a further £10m has been allocated to higher education to support student mental health services and financial hardship funds, as announced by the Minister of 22 October 2020 (see [here](#)). This was included in the Remit Letter to HEFCW for 2020/21, confirming the overall HEFCW Revenue budget for the 2020/21 financial year as £203m.
- 1.4. Universities in Wales entered the pandemic with a heavy reliance on planned increases to base-line funding from the Diamond Review to achieve longer-term sustainability. The last

set of audited financial reports show that Welsh universities had a £1,628.2m turnover in 2018/19 but a £215.6m operating deficit, including one-off accounting adjustments in respect of pension schemes. Excluding these, the underlying position was a £13.7m deficit in 2018/19.

- 1.5. As reported by HEFCW, the reduction of income due to the first wave of the pandemic was in the region of £80-90 million by July 2020, primarily due to the loss of accommodation fees, the reduction in commercial services, and the loss of tuition fees, research funding and other income.
- 1.6. The key issue for higher education, however, is that the financial challenges facing higher education due to Covid-19 are yet to reach their peak. The impact for the 19/20 academic year was severe but only for one term, and institutions have taken steps to do as much as they can to reduce costs to mitigate the income reductions. The financial challenges for many institutions during the 20/21 and 21/22 academic years could be substantial.
- 1.7. The 2020/21 recruitment picture is mixed and has not yet settled.
- 1.8. The additional funding that HEFCW has been given in 2020-21 has supported recovery focused projects but, without increased recurrent annual funding, institutions will have to continue to reduce their cost base as employment costs continue to increase by more than the grant and fee income that institutions receive.
- 1.9. Even before the crisis, costs in the Welsh higher education sector have continued to increase faster than income. For example, employer contributions to the Teacher's Pension Scheme increased 44% in September 2019 as a result of decisions made by UK Government. Unlike other sectors, there has been no mitigation funding for this increase. The cost of pensions in particular is expected to increase significantly again from 21/22.
- 1.10. The UK support schemes for higher education have provided limited relief so far. The UK Government's (BEIS) Sustaining University Research expertise (SURE) scheme, for instance, is now likely to provide support as nearly all loan, so the grant funding that our research intensive institutions were expecting to receive from this fund is now not likely to be received. Future investment in new technology and facilities will be limited in the absence of capital grant funding.
- 1.11. While a number of schemes offer potential loan support, many institutions do not have capacity to borrow more money and it has to be recognised that those who do will need to make sure that they continue to make sufficient operating surpluses to cover the cost of the debt and have sufficient cash to repay the loans. Short term cost reductions have been made to estates maintenance plans and capital developments but the impact of these will start to show in the quality of the student facilities if the lack of funding continues.

1.12. The effective postponement to the planned increases in core funding leaves Welsh universities more vulnerable than their counterparts elsewhere in the UK. Research England, for instance, allocated the population-based equivalent of £126m to higher education institutions in England for research and innovation in 2020/21, including £97m for core ('QR') research funding (in comparison to £78m for QR in Wales). The Office for Students allocated the equivalent of £83m for teaching in England, including £75m recurrent teaching grant, in comparison to the £56m for allocated for full-time and part-time provision in Wales (before taking into account additional funding for COVID) – and it remains the case that universities in England are able to charge higher full-time undergraduate fees than in Wales, which gives them with an important additional resource.

**2. Question 2: What expectations do you have of the 2020-21 draft budget proposals? How financially prepared is your organisation for the 2020-21 financial year, and how robust is your ability to plan for future years?**

- 2.1. The planned increases to the core/base-line funding for higher education, implementing the Diamond Review recommendations, were identified as necessary to provide a sustainable financial basis for universities. Universities remain in a precarious period of transition until the planned increases are full implemented, and the adjustments due to the pandemic have meant that implementation for 2020/21 was effectively delayed.
- 2.2. The further impact for COVID-19 remains very unpredictable and universities continue to have to plan for significant financial risks and uncertainty. In particular, there are significant risks that the January intake of students is affected, and that there is further decrease in international student numbers.
- 2.3. Universities should have a major role to play in building economic resilience and recovery in their wider communities in the aftermath of the crisis, and there is great potential for the Welsh Government to target additional investment in ways that will enable universities to do this.
- 2.4. It is essential that the Welsh Government continues to implement the Diamond Review recommendations to increase the base-line/core resource and provide a stable and sustainable financial basis from which universities can extend their critical support and contribution to the wider economic recovery.
- 2.5. Our expectations are that the Welsh Government will continue to review the necessary support for universities that need it to weather the immediate crisis, bearing in mind that the major financial challenges for many institutions may come later in the year.
- 2.6. As part of this it will be important to fully implement the recommendations of Professor Graeme Reid's review of government-funded research and innovation as soon as possible.

**3. Question 2: How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?**

3.1. We think that in relation to higher education, the Welsh Government consider prioritising further investment in the following areas which would enabling universities to have maximum impact in providing support for students, businesses and the economy in building economic resilience and driving recovery in Wales. These are:

**3.2. *Employability, including apprenticeships***

3.3. We currently anticipate a severe shock to the labour market, with redundancies anticipated across many sectors, reduced opportunities for people leaving education and a very large rise in unemployment. Universities in Wales currently supply around 37,000 graduates a year, around 92% of whom enter employment or further training in the UK economy. They are major employers in their own right, responsible for employing nearly 17,000 full-time equivalent staff, and the combined expenditure of universities and their students whilst studying at Welsh universities also sustains around 35,000 further jobs in the Welsh economy, and supports further jobs through attracting visitors to Wales.

3.4. More people than ever will need to learn and adopt new skills and ways of working as we adapt to a 'new normal' and address structural change in the employment market including skills gaps and shortages. It will be essential to enable and support students to learn more flexibly than ever before.

3.5. Even before the COVID-19 outbreak, higher level skills and the ability to reskill/upskill throughout life had been identified as a crucial factor in preparing Wales to mitigate the risks of technological and workplace change and make the most of the opportunities presented. This is particularly important in Wales as we have a less well-qualified, older population than the UK as a whole.

3.6. It is essential that universities respond to changes in workforce requirements, providing the skills and graduates required in the new economy. Flexible learning opportunities and new modes of learning and delivery will be a critical for supporting economic recovery.

3.7. There are clear opportunities for further investment in degree apprenticeships which have proved a success in many areas. However, we need a step change in this area. Policies should build on the successful student support arrangements for part-time study in Wales and include increased investment in flexible modes of learning and delivery more generally.

**3.8. *Research and innovation***

3.9. Investment in research and innovation should be among Wales's top priorities. Our universities are among the world leaders in science and research and have the highest percentage of 'world leading' research in terms of impact of any part of the UK. There is a

strong body of evidence to suggest that the success of Wales's economy in the long-term will above all depend on its ability to foster transformational research and innovation.

- 3.10. The COVID-19 pandemic in particular has thrown a spotlight on the importance of national and international research and collaboration - from developing a scientific understanding of the disease and its spread to developing vaccines and treatments, testing and tracing, with universities and research institutions working together across the UK including very important contributions from Wales. There are however many other challenges from global climate change to future health risks that equally rely on investment in research and innovation.
- 3.11. The evidence shows that researchers in Welsh universities punch above their weight in terms of their output, given their comparatively small share of UK funding. There are high potential returns on investment in Wales, levelling up the gap investment compared to the rest of the UK and building the capacity of their research and innovation structure around clusters of emerging strength. Wales for instance has significant strengths in areas including artificial intelligence and data, clean growth, advanced manufacturing and ageing society. Identified strengths in Wales also include engineering and advanced manufacturing, catalysis, food and agriculture, environment, life sciences and energy systems.
- 3.12. The implementation of the Reid Review's recommendations is needed now more than ever in the light of Brexit and the COVID-19 crisis. Universities in Wales must not miss major opportunities to capitalise on UK Government research and innovation funding and to bring additional income into Wales.
- 3.13. Wales also needs to maximise on its research potential by fostering networks and interconnection across the UK and internationally, enabling specialist expertise to be drawn together.
- 3.14. *COVID-19 related capital projects***
- 3.15. Further capital investment for specific capital projects and infrastructure improvement programmes could have a significant impact on universities, helping them to work in partnership with other sectors and education providers in response to the pandemic and to enable them to provide the necessary support students, businesses and the economy in the coming months.
- 3.16. While also dealing with the immediate challenges of the pandemic, there are significant opportunities for universities to transform its infrastructure in ways that will deliver long-term benefits to Wales and help it to emerge stronger from the crisis than before.
- 3.17. We would recommend reinstating further capital funding for higher education to support infrastructure change and meet significant upfront capital costs of delivering the

necessary changes to infrastructure and adaptation to the new learning landscape. In particular, we would recommend that universities work with HEFCW and the Welsh Government to identify areas for capital funding support including:

- Additional investment to support student mental health and well-being. In particular, the Welsh Government's £10m additional funding to HEFCW to support student mental health and wellbeing was welcomed by the sector. Using this funding, universities and students' unions have been able to develop and enhance their capacity to deal with increasing demand for student support during the pandemic. Extra staffing costs and programmes initiated as a result of the £10m funding have had tangible benefits for students across Wales. We would recommend that funding be provided in the 2021-22 Welsh Government budget to enable this support to continue given the continued demand we anticipate as a result of the ongoing pandemic.
- Potential expansions to current learning and teaching projects such as blended learning and vulnerable subjects, which will accelerate the support for student focussed measures and help protect opportunities for students to undertake strategically important subjects that are at increased risk due to the pandemic.
- Further capital investment in physical estates and physical infrastructure to enable the move to a low carbon economy and to accommodate a shift in learning delivery requirements and delivery of facilities and support for student welfare which continues to be a priority for universities.
- Expand and enhance digital and IT infrastructure to support the above.
- Expansion of digital capital/assets to support the above, including adaptation and development of new learning materials which enhance an on-line or mixed learning environment and enable flexible delivery and collaboration.

### **3.18. *International***

3.19. With our exit from the EU and impact of COVID-19, the UK government's international policies become more important than ever for universities and universities' international connections become more important than ever for governments.

3.20. University research and innovation relies heavily on our global interconnections, and ground-breaking discoveries and innovation are more often than not the result of teams of researchers working together across institutions and nations.

3.21. The ability of our universities to attract and interconnect with researchers, staff and students from around the world is part of what makes UK higher education world-class. Cultural exchange and awareness fosters tolerance and understanding within our

communities and an outward look strengthens participation and business activities on a global stage. Through their international activities universities also contribute a significant proportion of the inward investment for the UK's economy.

3.22. Welsh universities are well-placed to use further investment to deliver activities that provide solutions for the challenges posed for Welsh communities by exiting the EU and enable universities to continue to be a major source of inward investment in Wales.

3.23. While international student mobility and the conditions for attracting and retaining international staff and students remain so volatile, it is essential that Wales continues to invest in the networks and programmes that are most likely to secure Wales global presence in the shifting international landscape.

3.24. We recommend further investment in university international activity.

3.25. We also welcome the Welsh Government's continued support in seeking to shape appropriate UK policies. The mobility and international exchange of staff and students will remain key. Immigration policy and visa controls remain critical for the take up of study, particularly in the light of the COVID-19 pandemic. We must make sure EU and non-EU international students can still study in the UK following Covid-19 and Brexit, and the UK's policies must adapt and respond flexibly as required, firmly with the implications for higher education in sight. Specific schemes to support international exchange and mobility in higher education are also important.

**4. Question 3: How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

4.1. Although universities have over many years demonstrated their ability to manage their financial affairs effectively, there are significant challenges in preparing for the year ahead in the light of COVID and Brexit, as discussed above.

4.2. The allocations and indicative allocations for future years contained in the Welsh Government Budgets are both very important in dealing with the uncertainty, particularly for higher education which deals in academic years and has to make decisions on its budgets partially based on future budget expectations.

4.3. Clearly, this year will be especially difficult for the Welsh Government for balancing planned investment with appropriate provision for unforeseen contingencies. In general, dealing with in-year reductions to funding can be very challenging and we would note that in-year budget reductions should be avoided as far as possible.

**5. Question 4: Given the ongoing uncertainty and rapidly changing funding environment**

**do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?.**

5.1. We recognise the challenges that a rapid response to the COVID-19 crisis has presented for transparency in the allocation of budgets and their scrutiny. There may be opportunity in going forward for the Welsh Government to review its processes with stakeholders.

**6. Question 5: Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.**

6.1. We recognise that the Barnett formula simply isn't designed to provide funding in support of the emergency situation we face, as demonstrated by the Wales Governance Centre's report on Covid-19 and the Welsh Government Budget. There may be benefits to the UK Government enabling greater fiscal flexibility, in particular, greater access to the Wales Reserve this year, relaxation of borrowing limits and greater scope to switch between revenue and capital budgets.

**7. Question 6: The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

**- How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.**

7.1. For our recommendations see our response to Q.2 above in particular. Universities should play a significant role building economic resilience and driving recovery in Wales and managing Brexit, and we recommend in particular further investment in:

- Employability, including degree apprenticeships
- Research and innovation
- COVID-19 related capital projects, supporting the move the low-carbon economy and green agenda as well as supporting the shift to new patterns of learning delivery and student support including a focus on mental health and student welfare.
- Strengthening international networks and programmes

**- To what extent alleviating climate change should be prioritised in supporting economic recovery.**

7.2. It is essential to keep a focus on measures that will alleviate climate change. The pandemic represents both opportunities and challenges in this regard, and Wales has an opportunity to

take a lead role. In particular, it has genuine, significant strengths in universities in research and innovation to address issues related with climate change, and there are great opportunities – as outlined above – to capitalise on UK investment if further support can be found for universities.

**- Welsh Government policies to reduce poverty and gender inequality.**

- 7.3. Universities play a major role in levelling up social and economic disadvantage. They provide vital opportunities for individuals that can transform their life-time prospects and transcend social and economic barriers. They stimulate and support economic resilience, recovery and growth in their regions and beyond through the supply of vital skills and training.
- 7.4. Recent evidence from the OECD, for instance, identified that the UK's regional disparities in labour productivity are among the starkest in the OECD. The wealthiest top 10% of UK regions currently exhibit a gross domestic product (GDP) per capita close to five times higher than the bottom 10% of UK regions – 4 out of 12 of which are in Wales.
- 7.5. As noted above, it is essential that universities respond to changes in workforce requirements, providing the skills and graduates required in the new economy. Flexible learning opportunities and new modes of learning and delivery will be a critical for supporting economic recovery.
- 7.6. There are clear opportunities for further investment in degree apprenticeships which have proved a success in many areas. However, we need a step change in this area. Policies should build on the successful student support arrangements for part-time study in Wales and include increased investment in flexible modes of learning and delivery more generally.

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

- Sustainability of public services, innovation and service transformation
- How evidence is driving Welsh Government priority setting and budget allocations
- How the Welsh Government should use taxation powers and borrowing.
- Support for businesses. economic growth and agriculture after EU transition ends.

- 7.7. Universities will have a significant role in supporting businesses and economic growth after the EU transition ends. See our comments on employability under Question 3 above.
- 7.8. More people than ever will need to learn and adopt new skills and ways of working as we adapt to a 'new normal' and address structural change in the employment market including skills gaps and shortages. It will be essential to enable and support students to learn more

flexibly than ever before.

7.9. Brexit could have a very significant impact for Wales and the levelling up agenda, seeking to provide greater social and disparity for communities throughout Wales will remain critical. Above all the UK Government must deliver on its commitment to ensuring that Wales will not receive less funding than it received under the EU. Since 2014, for instance, Welsh universities have received more than £280m in structural funding which has supported universities in driving economic growth, creating jobs, and delivering research and innovation. The UK's withdrawal from the European Union means that the benefit this investment has brought to Wales is at risk.

7.10. Universities' wider contribution to civic mission and for their communities should also not be underestimated. Universities are committed to supporting the health and wellbeing of our communities by providing the best quality training for the next generation of healthcare workers, social workers and teachers. We will also enrich our communities through access to museums, the arts and sports facilities, and play a role within communities as places to meet, learn and debate.

7.11. The pandemic, for instance, has thrown a spot light on how universities in Wales have provided vital support for local health boards, the NHS and their local communities making laboratories, facilities, accommodation and further research resources available to the NHS, producing PPE and other equipment, developing testing, and helping to prepare and train-up key workers and fast-tracking training of medical students in support. A wealth of tangible examples of Welsh universities' civic response to COVID-19 are provided in the Universities Wales report (see [here](#)).

**- What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

7.12. Despite the challenges of the COVID-19, the pandemic also presents significant opportunities to build Wales back better than before. There are key opportunities, for instance, to invest in the underpinning infrastructure that will drive future growth and opportunities in Wales and to make a decisive investment in digital and low-carbon/green economies, and support for mental health and well-being.

7.13. There are opportunities for Wales to further invest in its universities as a key part of its underpinning national infrastructure. Investment in higher education is above all associated with driving long-term economic growth. Welsh universities' world-leading research and innovation drives technological transformation and is instrumental in shifting towards a knowledge-based economy. Universities are essential in providing a skilled graduate workforce which is able to thrive despite the changes in the economy, and the

economic impact of Welsh universities generates nearly 50,000 jobs across Wales. Universities also have a crucial role in tackling social disadvantage and the levelling up agenda, with universities acting as magnets for investment and supporting their communities and providing transformative opportunities for individuals. As a devolved nation, investment in higher education remains one of the few and most important economic levers of long-term growth at Wales disposal.

- 7.14. There are key opportunities to make decisive changes to the low-carbon economy and green agenda in Wales in the light of the pandemic. Universities play a key part in the delivery of the well-being and future generations with their world-class research an innovation helping to the drive the agenda including a healthier, greener and more sustainable environment. Real world applications include areas such as bilingualism, policing, flooding, dementia, childcare, mental health, public housing, and community violence.
- 7.15. As identified above in response to question 3, there also key opportunities to invest in support for mental health and well-being in the light of the pandemic.

**Universities Wales**  
**November 2020**

## Energy Saving Trust's response to the Senedd Finance Committee's call for evidence in regard to the Welsh Government Draft Budget proposals for 2021-22

We have chosen to respond to question 6 of the budget proposal call for evidence and in particular to the sub questions related to the role of climate alleviation and 'building back better'. Welsh Government investment between now and the end of the 2021-22 budget period will be essential to address both the impacts of COVID-19 and make the necessary progress towards Welsh decarbonisation. The available evidence strongly suggests that investing in 'green' projects and programmes will return sizeable dividends, far above those which could be achieved through traditional stimulus programmes<sup>1</sup>. This was the case after the 2008 recession and the factors in play a decade ago have only been exacerbated in the interim. It is false to claim that economic recovery and investment in climate change alleviation and energy transitions is a zero-sum game where one or other must be decided upon.

We firmly believe that Wales is well placed to capitalise on a number of green recovery opportunities over the next 18 months and beyond that will address both the economic fallout of Covid-19 and the climate crisis in a manner that is socially just and which aligns with the well-being goals in the Well-Being of Future Generations Act. We will touch on some of these opportunities below, in particular related to: home energy and retrofit, low carbon transport, and renewables.

### Home energy

A recent IPPR report<sup>2</sup> into the potential of a green recovery highlighted that in Wales expanding home energy efficiency retrofits as well as renewable heat installations (heat pumps and heat networks) could offer significant job creation potential.

<sup>1</sup> <https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>

<sup>2</sup> <https://www.ippr.org/files/2020-07/transforming-the-economy-after-covid19-july2020.pdf>

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Recent analysis by Frontier Economics<sup>3</sup> has suggested that, across the UK, 100,000 jobs could be created through the retrofitting of the housing stock to EPC ‘C’, while other recent estimates have put the figure at over 220,000 jobs<sup>4</sup>. Given that Wales has some of the poorest housing in Western Europe<sup>5</sup>, having the lowest percentage of dwellings in EPC Band ‘C’ or above of any of the UK nations (28%)<sup>6</sup>, and a significant proportion of ‘hard-to-treat’ homes we believe the potential for job creation in the energy efficient retrofit and renewable heat sectors in Wales could be significant.

Virtually all of the available economic models calculate the potential for new jobs at the UK level. This can make it challenging to understand the particular context in Wales and the opportunity that may exist. We can however offer a rough proxy calculation of the number of jobs that could be created in Wales by undertaking a widespread policy of retrofit by considering the proportion of Welsh homes that are below EPC Band ‘C’ relative to the UK total. For example, it has been estimated that there are approximately 12 million UK homes below EPC Band ‘C’, of which approximately 1.12 million are in Wales<sup>7, 8</sup>. Therefore, we can assume that 9.33% of new UK-wide jobs in this sector might be located in Wales. There are of course several caveats to consider, including how effective a proxy this is in regards to renewable heat installations, the makeup of the housing stock, the fact that homes will ultimately need to be retrofitted to above EPC ‘C’ to achieve net zero etc. But as a rough approximation this 9.33% figure could correlate to 9,330 jobs if we consider the Frontier Economics figure or more than 20,500 new jobs if we take the Parity Projects estimate. In July of this year EST analysed the green recovery and job creation potential of energy efficiency retrofit out to 2030 arriving at the figure of 161,000 jobs across the UK<sup>9</sup>. Taking the 9.33% figure this would equate to over 15,000 Welsh jobs. Given the caveats mentioned above these figures act merely

<sup>3</sup> <https://www.theeig.co.uk/media/1026/fe-energy-efficiency-final-clean-250917.pdf>

<sup>4</sup> <https://parityprojects.com/net-zero-housing-workforce/>

<sup>5</sup> <https://www.tado.com/t/en/uk-homes-losing-heat-up-to-three-times-faster-than-european-neighbours/>

<sup>6</sup> <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf>

<sup>7</sup> <https://stats.wales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingsstockestimates-by-localauthority-tenure>

<sup>8</sup> <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf>

<sup>9</sup> <https://energysavingtrust.org.uk/about-us/news/home-energy-efficiency-should-be-central-covid-recovery-package>

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as a rough guide but the likelihood is that they are an underestimate, particularly over the longer term and when we consider that reaching net zero will require the vast majority of existing and new Welsh homes to go beyond EPC ‘C’.

What will be essential for the success of a Welsh approach to home retrofit is the need for long term policy signals to give more certainty to a SME supply chain left struggling after previous policy changes (e.g. FiT). A Welsh retrofit scheme has the potential create tens of thousands of good quality jobs across the country but to make a success of any future programme the timescale must be made as long as possible, with consideration given to how easy it will be for installers and suppliers to participate. Our experience has been that existing tradespeople have an appetite to diversify into more low- and zero-carbon technologies and approaches – but they need certainty to invest. Further certainty could be provided by the setting of a 2030 target for heat pump installations that aligns with the Climate Change Committee assessment of what is required to reach Welsh climate targets.

We are seeing a slower than hoped for uptake of the Green Homes Grant (GHG) by installers in England, in part because for SMEs there is no upfront Working Capital Finance. For an SME relying on the delivery of a GHG voucher perhaps many months after installation, with limited cash reserves, and no bank or government funding available to cover initial purchase or labour costs the risks of participating in such a scheme may be too high. A Welsh approach to retrofitting private homes should seek to learn lessons from our neighbours as well as from the excellent approach taken to the consultation on and creation of the Optimised Retrofit Programme for social housing.

Energy efficiency retrofit and the rollout of renewable heat is particularly beneficial due to being geographically dispersed, ‘shovel-ready’, reliant on pre-existing knowledge and skills in Wales resulting from current Welsh Government policy (i.e. Warm Homes Programme and Welsh Housing Quality Standard), labour intensive, and would primarily support Welsh traders and SMEs. The significant co-benefits that would arise in terms of improved public health, the alleviation of fuel poverty, and the comfort and well-being of the people of Wales are also vital considerations.

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co-benefits that would arise in terms of improved public health, the alleviation of fuel poverty, and the comfort and well-being of the people of Wales are also vital considerations.

## Transport

We have welcomed the publication of the Llwybr Newydd - Welsh Government's new Wales Transport Strategy and look forward to responding to it and to the further detailed proposals which are due to follow. A recent IPPR report<sup>10</sup> into the potential of a green recovery highlighted that in Wales various forms of low carbon transport projects appeared particularly promising ventures for achieving a job-focused green recovery.

We especially look forward to hearing the Welsh Government's plans regarding EVs, charging infrastructure, and vehicle fleets.

In Wales, 80% of commutes are made by car, the highest proportion in Great Britain, while the majority of trips in Wales are short, illustrating that significant opportunities exist to rebalance this situation and accelerate the transition towards zero carbon transport<sup>11</sup>. In the first instance, better provision of services (including 'work hubs' for remote working) close to people's homes and situated within their communities would reduce the number of trips that would need to be taken by car when offices reopen. Encouraging these "15 or 20 minutes neighbourhoods" has several co-benefits including the regeneration of towns and suburbs, improvements in physical and mental health as a result of more active travel, and more cohesive communities. Coupled with this, the Welsh Government should build on the positive steps already underway and enhance active travel infrastructure provision so that choosing to walk or cycle is safe and easy, becoming the natural choice. To ensure the benefits of infrastructure are realised, numerous projects<sup>12</sup>

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<sup>10</sup> <https://www.ippr.org/files/2020-07/transforming-the-economy-after-covid19-july2020.pdf>

<sup>11</sup> <https://gov.wales/sites/default/files/consultations/2020-11/supporting-information-transport-data-and-trends.pdf>

<sup>12</sup> For just one example among many, Sustrans' Introductory Guide for low traffic neighbourhood design emphasises community engagement <https://www.sustrans.org.uk/for-professionals/infrastructure/an-introductory-guide-to-low-traffic-neighbourhood-design/>

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have demonstrated that it is vital to invest in community and workplace engagement and training to shift habits, grow awareness of local routes and build confidence in cycling.

For those longer journeys that cannot practically be taken using active travel options, effective and low-carbon public transport must become the priority. While Covid-19 has dented the perception of public transport and the public's willingness to use it, these challenges can be overcome with the right investment and assurances of safety, especially in the context of an effective vaccination programme. Given that so many journeys are taken by car in Wales and, at present, our public transport network is unable to serve everyone, battery electric vehicles will be a crucial piece of the low carbon transport puzzle in Wales. This is particularly true of rural areas where there is high car dependency to ensure there is a fair transition for all.

The news earlier this year, that the UK's first battery gigafactory would be situated in Wales was very welcome and illustrates what Welsh industry and its skilled workforce can offer to international and domestic green investors.

These first wins must be built on with seed funding for R&D and proactive efforts to incentivise EV uptake and install infrastructure at the pace required to reach decarbonisation targets.

Community electric car clubs could help fill a gap underserved by public transport, help to reduce private car ownership and enable access to EVs for those unable to afford the higher upfront purchase costs.<sup>13</sup> Energy Saving Trust has supported several projects in Wales<sup>14</sup>.

Investment in reliable, affordable, convenient public charging infrastructure underpins the transition to electric vehicles. Progress is being made in Wales – it has 1,177 chargepoints, 3% of the UK's total<sup>15</sup>, but there is a long way to achieve an effective network. Charging infrastructure is one of the net-zero aligned opportunities for job

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<sup>13</sup> <https://como.org.uk/shared-mobility/shared-cars/why/>

<sup>14</sup> <https://energysavingtrust.org.uk/grants-and-loans/street-residential-chargepoint-scheme/>

<sup>15</sup> <https://www.zap-map.com/statistics/#points>

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creation and the recovery from Covid-19 identified by LSE researchers<sup>16</sup> and by the TUC.  
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The private sector has an important role but government investment is needed to ensure an equitable distribution of chargepoints and to serve particular user groups, such as rural villages or residents without off-street parking unable to install their own home chargepoint. Targeted grant funding, for example to fund grid connection costs and tailored, impartial support for local authorities to enable them to deliver installation projects and share knowledge would have impact. Similar schemes have been successful in England and Scotland. Such infrastructure schemes can generate jobs throughout the supply chain and by their very nature, can be geographically spread, allowing Wales to build back better while addressing the climate crisis.

Fleets and businesses are a major purchaser of new vehicles across the UK, for example, accounting for over 50% of car registrations in 2020 YTD<sup>18</sup>. The significantly lower running costs of EVs (about a third of a comparable diesel or petrol vehicle, depending on various assumptions) can make electric vehicles an excellent financial choice for many organisations. Efforts to bolster the knowledge and confidence of Welsh businesses and local authority fleet managers in EVs can deliver a step change in EV uptake. Through our experience delivering an extensive fleet support programmes over several decades, we've seen the clear benefits of tailored, impartial advice for fleet managers to give them the confidence and business case they need to switch vehicles to electric, often in significant numbers. Additionally, fleet EV uptake grows the visibility and familiarity of electric vehicles among employees and the wider public, and due to the higher turnover of fleet vehicles, fleet sales drive the second-hand market, improving the affordability of EVs for private buyers. Welsh Government, NHS and local authority fleets should also demonstrate leadership in the transition, leading by example. Investment in engaging closely with Welsh fleet managers could therefore deliver results quickly, while triggering a cascade of benefits.

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<sup>16</sup> <http://cep.lse.ac.uk/pubs/download/cepcovid-19-010.pdf>

<sup>17</sup> [https://www.tuc.org.uk/sites/default/files/TUC%20Jobs%20Recovery%20Plan\\_2020-06-17\\_proofed.pdf](https://www.tuc.org.uk/sites/default/files/TUC%20Jobs%20Recovery%20Plan_2020-06-17_proofed.pdf)

<sup>18</sup> <https://www.smmr.co.uk/vehicle-data/car-registrations/>

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Renewables

The most recent Welsh Government statistics on energy generation in Wales suggest that we are already generating 51% of our electricity from renewable sources<sup>19</sup>. This is likely to now be significantly higher as a result of the early closure of the Aberthaw coal-fired power plant which had accounted for 14% of emissions and 51% of power sector emissions in 2015<sup>20</sup>. Wales is also a net exporter of electricity to the rest of the UK generating twice as much electricity as we use domestically. The Welsh Government’s current target for renewable generation is 70% by 2030. This broadly aligns with the Committee on Climate Change ‘Max Scenario’. We believe that this could be surpassed if Welsh Government shows ambition in this area<sup>21</sup>, especially as a recent Welsh Government report found that “an additional 2 GW of offshore wind power could be delivered by just 2-3 projects in Wales, if site extensions and new site leases can be secured in Welsh waters and grid connected in Wales. Taking total offshore wind capacity to 2.8 GW could meet nearly all (68%) of Wales’ 70% renewable energy target by 2030”<sup>22</sup>.

Whilst obviously having a significant impact on our carbon emissions, investment in renewable technologies in Wales could create thousands of jobs and could position Wales as a first mover in a number of emerging fields such as battery technology, ocean energy, floating wind, demand side response and flexibility markets, and new community energy business models.

A central plank of ‘building back better’ must be that the energy transition (and wider transition to a net-zero society) is just, ensuring that all of the people of Wales are brought along and benefit from the tremendous opportunities such a transition offers. Communities must not feel that the transition is something that is being done to them but is something that involves them and that they have bought into. The Welsh Government recognised this in their recently launched ‘Local Ownership of Energy Generation’ (LOEG)

<sup>19</sup> <https://gov.wales/sites/default/files/publications/2020-11/energy-generation-in-wales-2019.pdf>

<sup>20</sup> <https://www.theccc.org.uk/wp-content/uploads/2017/12/CCC-Building-a-low-carbon-economy-in-Wales-Setting-Welsh-climate-targets.pdf>

<sup>21</sup> [https://www.iwa.wales/wp-content/media/2019/03/IWA\\_Energy\\_WP6\\_Digital-2.pdf](https://www.iwa.wales/wp-content/media/2019/03/IWA_Energy_WP6_Digital-2.pdf)

<sup>22</sup> <https://gov.wales/sites/default/files/publications/2019-07/future-potential-for-offshore-wind.pdf>

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policy statement<sup>23</sup> which sets out the Government’s expectation that all future energy projects should include an element of community ownership and has a target for 1GW of renewable electricity and heat to be in local ownership by 2030 – a target which it is well on course to meet. Local ownership of, and benefit from, energy resources whether through shared ownership, a community energy model, or through community benefit funds has proven itself to be an effective means of engaging communities in the energy transition, achieving better public acceptance, and creating local jobs and economic development. Communities need experienced, impartial support to benefit as much as possible from the green energy transition. They need assistance to strengthen their capacity and capabilities as well as trusted sources of guidance for more technical issues and considerations. The Welsh Government Energy Service provides this support and must be allowed to continue so that communities do not lose out and the promising opportunities for Wales are not lost. As we build back better the support offered through the Welsh Government Energy Service should be maintained and enhanced.

An effective approach to encouraging the community or local renewable energy sector could be the adoption of Power Purchase Agreements (PPAs) between these groups and the public sector as part of an explicit Welsh Government policy. While there can be challenges on a building by building basis, Welsh Government could set a strategic priority to develop a standardised approach, creating template agreements which are still customisable to reflect the complexities of individual buildings and sites. This approach is already being deployed by Egni Coop with Welsh Government Energy Service support, a Welsh Government commitment to such a programme would be a matter of scaling up an existing model.

This prioritisation of PPAs would work to increase renewable energy deployment on public sector properties (helping to meet decarbonisation and Local Ownership of Energy Generation targets) while normalising the process through greater standardisation and likely saving the public sector money through reduced energy costs. It could offer the opportunity to provide leadership to public sector contractors (e.g. rail companies<sup>24</sup>) and the wider private sector as well as to the rest of the UK and Europe<sup>25</sup>. Due to the

<sup>23</sup> <https://gov.wales/sites/default/files/publications/2020-02/policy-statement-local-ownership-of-energy-generation-in-wales.pdf>

<sup>24</sup> <https://www.ridingsunbeams.org/ourwork/greenvallylines>

<sup>25</sup> <https://www.euheroes.eu/wp-content/uploads/2020/09/Project-Findings-1.pdf>

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requirement for community ownership the benefits of decarbonising the public sector would be distributed more widely. This could be an opportunity to build on the ground-breaking work already being delivered through the Welsh Government Energy Service.

Wales is well-placed to benefit from the next, green, industrial revolution with more of the benefits retained in Wales than in the previous, coal-based industrial revolution. We have a nation abundant in natural resources such as wind, waves, and the tides as well as world-leading academic institutions and private sector firms poised to capitalise on them for the benefit of the Welsh people and the world. As we recover from the economic and public health crises we should keep the climate crisis at the forefront of our minds and remember that investing in warm homes, clean transport, and green energy is good for the economy and society as well as for the climate.

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	The Welsh NHS Confederation response to the Finance Committee's scrutiny of the Welsh Government's 2021-2022 Draft Budget proposals.
<b>Contact:</b>	<b>Callum Hughes</b> , Policy and Public Affairs Officer <a href="mailto:Callum.Hughes@welshconfed.org">Callum.Hughes@welshconfed.org</a>
<b>Date:</b>	November 2020

### **Introduction and background**

1. The Welsh NHS Confederation welcomes the opportunity to respond to the Finance Committee's scrutiny of the Welsh Government's 2021-2022 Draft Budget proposals.
2. The Welsh NHS Confederation represents all the organisations that make up the NHS in Wales: the seven Local Health Boards, three NHS Trusts and Health Education and Improvement Wales (HEIW). We also host [NHS Wales Employers](#).
3. Since the beginning of March, our priority has been supporting and representing our members to respond to COVID-19. Our engagement with members has focused on the active support of Executive Director Peer Groups' response to COVID-19, including NHS Chairs, Chief Executives, Assistant Medical Directors and the Workforce and Organisational Development (W&OD) Directors.
4. In addition to supporting our members, we have been working closely with partners across the health and care system to ensure we provide a 'whole system' perspective. Throughout this time, we have continued to engage and work with our stakeholders, including Royal Colleges, WLGA, third sector and social care organisations, to respond to the pandemic so that we can highlight any issues and offer potential solutions to the Welsh Government.
5. In September 2020, the Welsh NHS Confederation published our Senedd election briefing, [Valuing, Engaging and Delivering: A health and care system for future generations](#), which sets out a number of key calls for the next Welsh Government. The briefing was developed following extensive engagement with our members and called for the next Welsh Government to develop a 5-year investment plan in service change to reshape the NHS estates and infrastructure, including digital, making them more sustainable, reducing carbon emissions and maximising public assets. While recent increases in funding to respond to the pandemic have been welcomed, finances remain extremely tight. This will continue to be the case as demand on the NHS and social care continues to grow, the costs of providing care increase and the impact of a potential economic recession following the COVID-19 pandemic is felt by Welsh communities.
6. Our response has been developed through engaging closely with NHS Wales Executive Directors of Finance and Assistant Directors of Finance.

**What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?**

7. The Welsh Government 2020/21 budget provided additional support to NHS Wales in recognising the need to stabilise the health system. In response to the COVID-19 pandemic and its impact on NHS Wales finances, the Welsh Government has provided significant additional financial support which has supported Health Boards and NHS Trusts as they continue to respond to the challenges that face the health and social care system, including the financial challenges.
8. NHS Wales organisations welcomed the additional growth funding provided by Welsh Government in the 2020/21 budget as well as the additional support to cover the Agenda for Change pay deal. This has provided the opportunity for NHS Wales organisations to stabilise or improve their financial positions. The pay deal has also been particularly important in terms of supporting the recruitment and retention of NHS staff at a time when the demand on the NHS Wales workforce has increased.
9. Service transformation was further supported in the 2020-21 budget with the directed financial allocation for primary care clusters and the additional ring-fenced funding for mental health services and Regional Partnership Boards (RPBs).
10. Cross border funding provided to Health Boards allowed for the stabilisation of funding streams with providers in England, which maintained long-standing care pathways for patients.
11. The funding has enabled many Health Boards and Trusts in Wales to implement changes to support innovative service models by joining up and integrating services across sectors and shifting services upstream and taking a preventative approach to design and delivery.
12. The additional funding has also supported financial sustainability with more NHS organisations managing to operate within their resource limits, with the forecast deficits reducing in a year when continued strain has been placed on NHS Wales services and their associated costs.
13. Clearly, the COVID-19 pandemic has since significantly affected this position. NHS Wales organisations welcomed the Welsh Government's decision, announced on the 7<sup>th</sup> July 2020, to write off the £470 million of strategic cash support owed by four NHS Wales organisations since 2014. This decision has provided these organisations with greater certainty, supporting them to focus on the immediate challenges brought about by the COVID-19 pandemic while also planning for the future.
14. NHS organisations welcomed the additional funding allocated to the NHS and social care to support the response to the pandemic. Under the First Supplementary Budget tabled in May, £2.4 billion was allocated to health and social services to support the response to COVID-19, bringing the total allocation to the health and social services budget to over £9.4 billion (£9,439,762,000). Under the Second Supplementary Budget, which was laid in the Senedd by the Minister for Finance and Trefffydd on 20<sup>th</sup> October, this allocation increased to over £10.3 billion (£10,341,215,000), an increase of over £900 million. The increased

allocation includes an £800 million stabilisation package, which was announced in August, to help NHS Wales organisations respond to and recover from the COVID-19 pandemic.

15. NHS Wales organisations welcomed the additional funding provided by the Welsh Government. The funding has been used primarily to tackle challenges in the following areas:
  - COVID surge
  - Field hospitals to provide increase in capacity – set up and decommissioning
  - Additional pay costs
  - The ‘Test, Trace, Protect’ programme
  - Mental health support
  - Care homes
  - Primary care
  - Cross-border impacts on activity flow
  - Personal protective equipment (PPE)
  - Independent sector hospital support for elective sustainability
  - Increased ability to enable collaborative and mobile working underpinned by digital and accelerated 365 roll-out programmes.
  
16. The additional funding has allowed Health Boards and Trusts in Wales to amend their forecast for 2020/21. However, the forecast remains fluid in terms of COVID-19 response requirements for future months and the impact on the delivery of savings.
  
17. The NHS in Wales response to COVID-19 created a need to radically rethink and accelerate the way the service interreacts with patients and deliver care. The Welsh financial response has been supported by upscaling, accelerating and adopting new digital solutions, capitalising on the data, software and functionality that already existed but which now incorporates greater flexibility and reporting. The ability of the Welsh Government to adopt agile and front-footed approaches to funding, especially with digital solutions, supported the delivery of a new national and functional ‘Test Trace Protect’ solution in record time and minimal cost. The investment in the National Data Resource (NDR) in 2019/20 and expertise has helped support this process. However, it has also highlighted the need for increases in digital investment around system integration, design space and an accelerated move to cloud platform.
  
18. The delivery of savings remains a challenge across Health Boards and Trusts in Wales and a significant proportion of planned recurring savings assigned to improve the underlying position are currently not forecast for delivery in 2020/21. Therefore, further efficiency savings are required to help secure financial sustainability and support service and quality improvements going forward.

19. Short term opportunities to secure further savings in 2020/21 will continue to be progressed, noting the challenges presented by the current operating environment and COVID pressures. These discussions will also inform savings for 2021/22.
20. Opportunities will continue to focus on improving the efficiency of services; providing a safe, secure and healthy NHS estates environment; and the effective use of resources.

**How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?**

21. The 2020/21 budget provided NHS Wales with sufficient resources to stabilise and sustain services.
22. The COVID-19 stabilisation-funding package for the NHS has brought financial stability for 2020/21. However, the recurrent impact of ongoing costs associated with PPE, field hospitals, the 'Test, Trace, Protect' programme, the negative impact on Health Boards' underlying positions and the need to recover planned care activities in 2021/22 will significantly impact individual Health Board financial stability for 2021/22.
23. For 2021/22, Health Boards and NHS Trusts in Wales would like to see funding levels that support the COVID recovery in the future. However, these funding levels also need to reflect the impact on individual organisations' underlying positions. That said, NHS Wales organisations are acutely aware that increased funding in 2021/22 will be subject to many competing demands. Cost pressures across the public sector, and the implications of managing those pressures, are recognised in the context of existing resource constraints, a forecasted economic downfall as a result of the COVID-19 pandemic and the potential of a no-deal Brexit (or an agreement that fails to adequately protect the UK and Welsh economies). Wales needs clarity on the structures and governance arrangements that will replace EU Structural Funds – funds where Wales has historically received, proportionally speaking, the most financial support of all four UK nations. It is important that the NHS receives as much clarity as possible, as soon as possible, about how much Wales will receive, how it will be targeted and how it will be administered.
24. COVID-19 has highlighted the opportunities across the health and care system that are afforded by digital technology. It's availability, dependency, access, resilience and security are now essential to ensure the continuity of services and NHS organisations are committed to building on the progress made. The Track and Trace system has demonstrated the art of delivering a minimal product on a national scale safely, quickly and efficiently. There are future opportunities to accelerate the shift to data driven, value-based and locally delivered models of care. It is important that the Welsh Government's investment priorities in 2021-22 include a significant digital aspect. This means safeguarding and developing the infrastructures that NHS Wales organisations have already developed nationally and locally, but also ensuring that transformations in patient pathways continue to

support not only the COVID-19 recovery, but also the transition more generally to a healthier Wales.

25. NHS Wales organisations also recognise that partners across the public sector are facing acute financial challenges due to COVID-19. To enable health and wellbeing systems to operate effectively, the whole system needs to be appropriately resourced, including social care. Some of the lessons we've learned from COVID-19 pandemic to date provide us with an opportunity to focus more specifically on areas that need to operate at a higher performance level and optimise the use of public funds. This means having a greater focus on health protection and prevention, improved digital technology, and the need to recruit and maintain a workforce that has the experience, capacity and skills to meet the challenges of the future.
26. NHS Wales organisations note that the Welsh Government will announce the outline and detailed draft Budgets in December 2020. It is anticipated that, due to the ongoing uncertainty, Health Boards will be required to submit a one-year Operational Plan for 2020/21 only. The ability to plan for more than one year will depend on robust and sustainable service and workforce plans, and this will continue to be the case while the system continues to address the immediate challenges when responding to COVID-19.
27. Until NHS Wales organisations have an indication on the planning assumptions for 2021/22, the extent to which any additional financial resources will be available to NHS organisations remains unclear. While we appreciate the difficulties the Welsh Government face in outlining their detailed draft Budget for 2021/22 due to the UK Government's Comprehensive Spending Review being delayed until the 25<sup>th</sup> of November, an early indication of what these assumptions might be would be hugely beneficial and helpful to NHS organisations. This would support organisations on an individual level to confirm their resource planning assumptions, and where necessary, make refinements.
28. In particular, the need to sustain the 'Test, Trace, Protect' programme and the roll-out the COVID-19 vaccination programme will have a significant financial impact on NHS Wales organisations. NHS Wales organisations will continue to engage in an ongoing dialogue with the Welsh Government as these developments progress. Until NHS Wales organisations receive clarity from the Welsh Government around what the financial position over the next 12 months is likely to look like, the priority must be to stabilise the system as much as possible and ensure that individual organisations can deliver as many essential services as possible.
29. Finally, the NHS Wales Education Commissioning and Training Plan for 2021/22 has been submitted for consideration by the Welsh Government. The plan proposes to continue the increase in the number of students and trainees across a range of professional groups and identifies the workforce need to do so. The plan also identifies the cost of providing the additional training and the resources

required in total for each of the three years of the plan. Increasing investment in student training and staff education not only provides a financial benefit to the health system - the benefit to patient experience, quality and continuity of care, a reduction in complaints and adverse incidents are also well-recognised as key benefits of investing in a system that is less reliant on temporary staff.

30. Health Education and Improvement Wales (HEIW) has undertaken work which shows that investing in additional nurse student placements can be repaid in a little over a year of those students graduating and working within the health system and social care system in Wales through reducing reliance on agency staff. It is also evident that investment in educating and training existing staff to acquire new skills and expertise is essential to support NHS Wales' drive to deliver new ways of working and adopt innovative technology, both to support the sustainability of the system, but also to support patients to maintain physical and mental wellbeing at home. This is of particular relevance given the immediate and medium-term challenges brought about by the COVID-19 pandemic, including rehabilitation.

**How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?**

31. Whilst NHS Wales organisations welcome the additional funding provided by Welsh Government, there is a concern that the ongoing impact of the COVID-19 pandemic will significantly hinder NHS organisations' ability to recover services, shift the focus to achieving sustainability and delivering transformation.
32. Investments planned to support patient services as part of medium term plans have been redeployed to manage the COVID-19 pressures and this deferment will have an impact on future delivery, recognising that the pandemic has acted as a catalyst for change in some circumstances e.g. digital and agile working. These changes need to be consolidated and capitalised upon to maintain the good practice for patient care.
33. It is also difficult to assess the extent to which ongoing costs associated with new services, such as the 'Test, Trace, Protect' programme, will impact individual organisations' financial positions. While the roll-out of the programme has been a standout example of how effectively NHS organisations can work with local government partners, and wider partners, to deliver national programmes at scale and pace when required, uncertainty around how this will impact organisations' financial positions in the long-term remains.
34. As operational services focus rightly on meeting the challenges brought about by the COVID-19 pandemic, particularly with regard to the impact on the NHS Wales workforce, it will be challenging to focus attention on the delivery of transformational services. The delivery of savings will remain a challenge across NHS Wales organisations. As a consequence, the underlying financial position across NHS Wales as a whole will remain a significant challenge.

**The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?**

**Value-Based Healthcare**

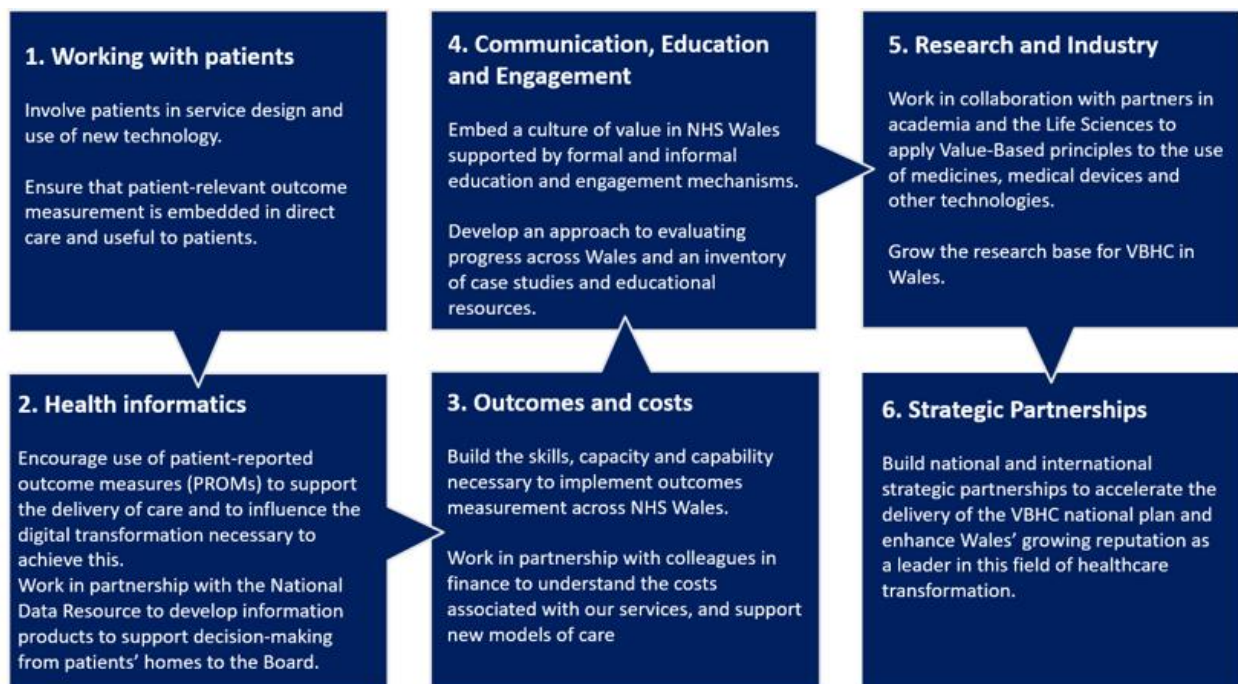
35. According to the vision put forward by the Welsh Government in '[Putting Value at the Centre of Health and Care in Wales: A Three Year Action Plan 2019 -2022](#)', the vision for value-based healthcare in Wales is to:

*“Seek to improve the health outcomes that matter most to the people in Wales.*

*“We will support this by asking people about their outcomes and creating a data-driven system which seeks to provide the timely information to citizens, clinical teams and organisations to inform the decision-making that leads to those outcomes in a way that is financially sustainable.”*

36. While NHS Wales organisations will strive to achieve these vision aims, the 2021/22 financial year is certain to be one of sustaining core services and recovery.

37. The diagram below sets out the National Action Plan for Value-based Healthcare. NHS Wales organisations are committed to delivering on this plan, which as the headings suggest, will require a multi-pronged approach that engages the entire health and social care system.



38. Preventative spending competes with immediate care cost pressures to support patients. The shift to increasing preventative spending therefore needs to be supported with very clear evidence and data to demonstrate a cause and effect relationship between these competing factors along with a clear impact timeframe. This will provide confidence to the public and patients of Wales that the improved future health state is worth investing in now in comparison with short term investment in treatments. NHS Wales organisations are committed to delivering on the vision set out in the Well-being of Future Generations (Wales) Act 2015 too, which supports new ways of working across the health and social care system and acts as a framework for considering how the impact of decisions made in the here and now will likely impact the health and wellbeing of future generations.
39. There are a number of ways in which NHS organisations can support the sustainability (which is both an immediate and future risk) of the system through adopting the value-based healthcare approach and continuing to align with the principles within the Well-being of the Future Generations Act. The following paragraphs will outline some of these approaches.
40. Firstly, there is a need to promote, on all levels, a data-informed approach to allocating resource to where it will most improved outcomes e.g. through targeted investment in prevention of adverse outcomes. Given that most adverse outcomes are driven by inequalities in health, this will require disproportionate investment in essential prevention, diagnostic, and support services in less advantaged communities.
41. Secondly, through a data-informed and evidence-based approach, there needs to be a willingness to ensure that low value interventions do not resume in Wales.
42. Thirdly, there is a need to support new models of care across the system, particularly in light of the COVID-19 pandemic. Emerging evidence from the ways in which the pandemic has been managed in Wales, and elsewhere, demonstrates that achieving meaningful digital communication with patients receiving care is a vital part of delivering these new models. Targeted, effective investment in digital technology that centres around the patient not only enables the healthcare system to engage with patients about the outcomes that matter most to them – it also supports flexible access to services that reduce face-to-face contact, which in the medium to long-term, could lead to achieving greater sustainability across the system. Investment in this space also supports cross-sector working in ways that make a positive contribution to health and wellbeing e.g. education.
43. NHS Wales organisations are clear that the increased number of patients waiting for NHS treatment cannot be addressed in traditional ways or, arguably, by individual organisations. Therefore, a combination of radical new approaches to meet patient need should be considered. Firstly, new models of care need to be implemented across the system, as highlighted in the previous paragraph. Secondly, value-based principles would suggest that separating elective care from

unscheduled care at a regional level would enable targeted and more sustainable investment towards tackling the backlog without creating adverse outcomes across the health and care system.

44. Finally, the response from NHS Wales organisations to the challenges of the pandemic serve to demonstrate that the system can respond quickly and effectively to challenges when the resource framework supports the direction of travel and organisations and aiming to achieve the same outcomes. From intensive care units to ambulance crews, staff across the system are working in different ways to keep people safe and keep non-COVID services open. In many cases, this has been achieved through an increased use of digital technology and establishing new partnerships across the public sector that support population wellbeing. The NHS is clear: when the financial and resource backing is there, the NHS can evolve quickly and effectively to respond to the challenges it faces.

### Digital

45. As highlighted within our recent briefing, [Transforming NHS Wales services through digital developments](#), since the beginning of the pandemic, digital services have supported the delivery of safe, person-centred care and enabled faster clinical decision-making across the system. NHS Wales organisations are committed to building on these developments as the system shifts to a post-pandemic environment, but this will require additional investment.
46. Developing and enhancing the digital architecture in a way that supports people to maintain their independence also underpins the value-based healthcare transformation process by increasing opportunities for involving patients in service design and supporting a culture of value across the NHS.
47. It is worth noting also that in 2021 a new Special Health Authority will be established, Digital Health and Care Wales. The organisation will cement the importance of digital innovation across the NHS and strengthen governance and accountability arrangements through the appointment of an independent Chair. NHS Wales organisations support the establishment of the new organisation but recognise that there remain a number of areas of uncertainty. For example, it is not clear how the new organisation will discharge its supplier responsibility to customer organisations. Moreover, given that the consultation document, which is currently open for responses, proposes that the new organisation will have a supplier/service provider role alongside a responsibility as a regulator, this has the scope to create confusion in terms of accountability and autonomy, not only in relation to the new organisation, but also in relation to how this aligns with existing structures on a Health Board/Trust level.

### Social care

48. It is not possible to consider the long-term future of health and social care in Wales without considering the issue of how, and to what level, the social care system should be funded in the future. We need to work towards achieving a consensus

that the NHS and social care services are interdependent. Care home sector stability is vital to our health and care system. In recent years, there have been significant pressures around capacity and demand for care services and COVID-19 has exacerbated this problem.

49. The pandemic has once again demonstrated the need for a new settlement for social care and highlighted the critical role the sector plays in the delivery of health and care services. The challenges facing social care services include vulnerabilities in funding and market stability, the increased demand on the sector, growing unmet need, staff vacancy issues, contingency planning and the need for consistent standards and quality measures between health and social care. For the future sustainability of the health and care system, it is vital that social care is reformed to ensure a sustainable social care system, backed up by long-term funding.
50. NHS Wales organisations support an approach to further protect funding for preventative measures that recognise the importance of improving population health outcomes and sustainability of services in the longer term. Some examples of how this could be enacted include:
- Providing Local Authority allocations that are ring-fenced for social care funding to support system wide health and wellbeing sustainability, this could be expanded to elements of education and housing budgets as appropriate; and
  - Setting a nominal proportion of health and social care funds which should be spent on preventative activities and to hold spending bodies to account for the use of these monies. In this approach, the variation in underlying need for preventative activities is taken into account in the allocation formula.

### **NHS Wales as an employer and economic player**

51. It must also be recognised that the impact the NHS has on people's health and wellbeing extends well beyond its role as a provider of treatment and care. As large employers, purchasers, and capital asset holders, NHS Wales is well-positioned to use its spending power and resources to address the adverse social, economic and environmental factors that widen inequalities and contribute to poor health. It is for this reason that NHS Wales should be considered an 'anchor institution'. The term usually refers to large, typically non-profit organisations whose long-term sustainability is tied to the wellbeing of the populations it serves. For example, NHS Wales organisations are often the largest employers in local areas, with nearly 100,000 people employed by the NHS in Wales. As the link between employment and wellbeing is so well-established, increasing the amount of hiring an NHS organisation does locally may be an opportunity to increase the impact that it has on the wellbeing of local communities.
52. In addition, NHS Wales is a key purchaser of goods and services, and a capital estate holder and developer. Both of these functions mean that NHS Wales, directly or indirectly, has an impact on the conditions and wellbeing of workers that are not employed directly in the health and social care sector. We would emphasise

that the NHS needs to be viewed in this way, as a force for good for economic regeneration, so that it can best support population health and play a key role in keeping the Welsh population happy, active and healthy.

### **Conclusion**

53. Healthcare, and reducing health inequality and maintaining people's mental health and wellbeing, should be at the heart of the Welsh Government's draft budget. NHS Wales organisations do not underestimate the significant challenges of public service budget-setting in a time of unprecedented challenges as a result of the COVID-19 pandemic. Health Boards and Trusts across Wales are committed to doing the very best they can to deliver high-quality, timely and safe care to the people of Wales. Our members also recognise the importance of improving population wellbeing by supporting an environment that enables people to maintain good physical and mental health for as long as possible. Finally, we need to emphasise the importance of working with partners across the public sector so that we may rise collectively to the challenges we face.

## Finance Committee Consultation Response

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to respond to the Finance Committee's inquiry into the Welsh Government Draft Budget 2021-22. Our extensive work on poverty and inequality provides us with some insights into the impact that the Welsh Government's budget allocation can have on poverty. Our response draws on this experience and focuses on the first, second and sixth question raised by the Committee.

### Covid 19 and the causes of poverty

Poverty was a significant problem in Wales long before the arrival of Covid 19. The latest official poverty data released back in March showed that 700,000 people were living in poverty in Wales on the eve of the pandemic.<sup>1</sup> The situation is likely to have deteriorated significantly over recent months. While the root causes of poverty have remained largely unchanged, each has been exacerbated by the crisis.

Being in work significantly reduces the risk of living in poverty.<sup>2</sup> Despite this, prior to the pandemic, over half the people who were living in poverty in Wales lived in households where at least one person was in work.<sup>3</sup> Low pay and insecure work are just some of the factors that are pushing working families into poverty. The pandemic has significantly worsened this situation.

Thousands of Welsh workers have already lost their jobs with the number of people claiming out of work benefits doubling since March 2020.<sup>4</sup> Even those who have not lost their jobs have seen their incomes hit either as a result of working fewer hours or as a result of being put on furlough.<sup>5</sup> Concerningly, low paid workers have been amongst the least likely to see their pay topped up when placed on furlough.<sup>6</sup>

Another cause of poverty is the failings with the social security system. The weaknesses within the UK's social security system were well known long prior to the recent crisis, in particular the

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<sup>1</sup> Stats Wales, *Percentage of all individuals, children, working-age adults and pensioners living in relative income poverty for the UK, UK countries and regions of England between 1994-95 to 1996-97 and 2016-17 to 2018-19 (3 year averages of financial years)* available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/householdbelowaverageincome-by-year>

<sup>2</sup> In 2016/17 to 2018/19 12 per cent of working age adults and 15 per cent of children in households where all adults were in work lived in poverty. In households where no one was in work however, this leapt to 61 per cent of adults and 77 per cent of children.

Stats Wales, 'Working age adults in relative income poverty by economic status of household' available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/workingageadultsinrelativeincomepoverty-by-economicstatusofhousehold> and Stats Wales, 'Children in relative income poverty by economic status of household' <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/childreninrelativeincomepoverty-by-economicstatusofhousehold>

<sup>3</sup> ibid

<sup>4</sup> ONS, *HI10 Regional labour market: Headline indicators for Wales* (Release date 10 November 2010) available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforwaleshi10>

<sup>5</sup> Bevan Foundation, *Reducing the impact of Coronavirus on poverty in Wales* (September 2020) available at - <https://www.bevanfoundation.org/publications/coronavirus-poverty-wales/>

<sup>6</sup> Annual Survey of Hours and Earnings (Accessed via Nomis, Bevan Foundation analysis)

shortcomings of Universal Credit. Issues such as the five week wait for the first payment, assessment periods and monthly payments, the benefit cap and sanctions have caused significant public concern. In the first few weeks of the crisis, the UK Government took some steps to temporarily address some of these weaknesses. Other issues, however, were not addressed and with the number of people claiming Universal Credit increasing sharply, will affect more people.

At a time that many families have seen their incomes decrease many living costs have increased. Families have had to find money to cover their rent or their mortgage, to pay utilities bills and to purchase food. This has put real pressures on families. Research undertaken by the Joseph Rowntree Foundation and Save the Children found that seven out of ten families with children who were claiming Universal Credit or Child Tax Credits have had to cut back on essentials such as food, utilities, nappies and activities for children (including books) as a result of the pandemic.<sup>7</sup>

Two recently published reports provide a more detailed exploration of the impact of Covid 19 on poverty in Wales and a breakdown of who is at greatest risk of poverty. These are the Joseph Rowntree Foundation's *Poverty in Wales 2020*<sup>8</sup> and the Bevan Foundation's *Reducing the impact of coronavirus in Wales*.<sup>9</sup>

### The links between Covid 19 and poverty

Covid 19 has not only pushed more people into poverty and made life harder for those who were already held in its grip, but, it has also cast a spotlight on the inequalities associated with poverty.

People living in Wales' most deprived communities have been significantly more likely to die from Covid-19 than people living in more affluent communities.<sup>10</sup> This is both a result of people on low incomes being more likely to have underlying health conditions that made them vulnerable to the virus and as a result of people on low incomes being less able to work from home, putting them at greater risk of catching Covid-19.<sup>11</sup>

Children trapped in poverty have been more greatly affected by the disruption to their education, with schools in Wales' most deprived communities being amongst the least likely to offer online learning opportunities.<sup>12</sup> Even where the opportunity for remote learning has been available, many children living in poverty have not been able to take advantage. A survey undertaken by the Child Poverty Action Group found that 40 per cent of low-income families were missing at least one essential resource to support their child's learning from home.<sup>13</sup> It seems inevitable that such

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<sup>7</sup> Joseph Rowntree Foundation and Save the Children, *A lifeline for our children: Strengthening the social security system for families with children during this pandemic* (June 2020) available at -

<https://www.jrf.org.uk/report/call-stronger-social-security-lifeline-children>

<sup>8</sup> Joseph Rowntree Foundation, *Briefing, Poverty in Wales 2020* (November 2020) available at -

<https://www.jrf.org.uk/report/poverty-wales-2020>

<sup>9</sup> Bevan Foundation n(5)

<sup>10</sup> ONS, *Deaths involving Covid 19 by local area and socioeconomic deprivation* (12 June 2020)

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/deaths-involvingcovid19bylocalareasanddeprivation/deathsoccurringbetween1marchand31may2020#welsh-index-of-multiple-deprivation>

<sup>11</sup> Bevan Foundation n(5)

<sup>12</sup> Sutton Trust, *Covid 19 impacts: Schools Shutdown* (20 April 2020) available at -

<https://www.suttontrust.com/our-research/covid-19-and-social-mobility-impact-brief/>

<sup>13</sup> Child Poverty Action Group, *The Cost of Learning in Lockdown* (18 June 2020) available at -

<https://cpag.org.uk/news-blogs/news-listings/cost-learning-lockdown>

differing experiences will widen the already significant attainment gap between children trapped in poverty and children who are not.

Housing is another area where the pandemic has cast a light on existing inequalities. Long before the pandemic there was a body of evidence that showed that people trapped in poverty were more likely to live in poor quality, overcrowded housing. The implications for people's health and wellbeing have been brought into focus in recent months. For people with symptoms of the virus the advice is to stay at home and to stay in a room away from the rest of the household and use a separate bedroom if possible. This advice is impossible for people who live in overcrowded housing to follow. Many people have also fallen behind on their rent and mortgage payment, putting their housing position in a precarious position.<sup>14</sup>

These inequalities matter not just because they are wrong, but they also have a budgetary impact. In 2016 the JRF estimated that poverty is linked to additional devolved expenditure of around £3.6bn such as extra health spending. The pandemic is likely to have significantly increased this budgetary impact.

In the short-term poverty is likely to have increased the cost of the pandemic for the Welsh Government. The prevalence of health conditions associated with poverty for example, has made more people vulnerable to the virus, placing them at greater risk of being hospitalised, stretching resources to the limit. The prevalence of poverty in Wales also means that thousands of people in Wales have little if any money to fall back on. This has placed extra demands on a range of public services including support for homeless people and on Welsh Government financial support schemes such as the Discretionary Assistance Fund.

In addition to poverty increasing the cost of the pandemic, the impact of the pandemic is likely to increase the prevalence of poverty in the longer term, which will put additional demands on the Welsh Government's budget. Any increase in poverty is likely to lead to more people developing long term health conditions, meaning that the demands on the health service are likely to increase even after the threat of Covid-19 itself has receded. Any fall in young people's educational attainment on the other hand is likely to reduce their opportunity to get a well paid job in future. This would not only increase their risk of living in poverty but could also have an impact on the Welsh Government's budget if the money it raises through income tax recovers less slowly than the other parts of the UK.

### The Welsh Government's spending can have an impact on poverty

The Welsh Government's budget, in particular the allocation of extra funds in response to Covid 19 has provided vital support to the 700,000 people who were already living in poverty prior to the pandemic and to the thousands of people who have been swept into poverty by its economic impact. Without this expenditure the past few months would have been even harder for families than it has been. Amongst the most welcome additional spending announcements have been:

- The allocation of more than £52m to continue to provide Free School Meals to families during the first lockdown, whilst children have to self-isolate and over the school holidays.
- The allocation of £16m to the Discretionary Assistance Fund.
- The introduction of a £500 payment for low income workers who must self-isolate.
- Allocation of extra sums to fund increased demand for the Council Tax Reduction Scheme.

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<sup>14</sup> Bevan Foundation n(5)

The support provided through this additional spending has had a significant impact on those trapped in poverty in Wales. As we outlined in our recent report, *Reducing the impact of Coronavirus in Wales* these schemes have afforded an additional safety net to families at a time they most needed the support.<sup>15</sup>

This additional spending by the Welsh Government has served to highlight the significant powers it has to assist those trapped in poverty. Prior to the pandemic the Bevan Foundation had embarked on a project to explore the way that the Welsh Government and Welsh local authorities provided means tested support to people on low income. Amongst the schemes we explored were the Council Tax Reduction Scheme, Free School Meals and the Education Maintenance Allowance.<sup>16</sup> Through this work we uncovered that the Welsh Government spends in excess of £400m on these various schemes annually.<sup>17</sup> To put this figure in context, this is about the same as the Department for Work and Pensions expenditure on Job Seekers' Allowance and Universal Credit in Wales in 2018/19.<sup>18</sup>

The provision of extra funds through its budget as a result of the pandemic has allowed the Welsh Government to expand some of these schemes in ways that were previously thought to not be possible such as the extension of Free School Meals across the schools holidays. This serves to highlight that the Welsh Government does have the power to significantly improve the support available for low income families if sufficient funds are made available.

New research also highlights that policy decisions taken by the Welsh Government where inadequate funding is made available can lead to a growth in the number of people who live in poverty.

In 2016 the Welsh Government set a target of constructing 20,000 affordable homes by the end of the current Welsh Parliamentary term in 2021. To meet this target the Welsh Government has been working with social landlords to increase the availability of social rented housing. Whilst the Welsh Government has invested significant funds into the construction of new social housing these have not been sufficient to construct the required number of homes on their own. Social landlords have therefore turned to private borrowing to finance the construction of new social housing and have also been permitted to put up their rents above inflation for a number of years.

Research undertaken by the Joseph Rowntree Foundation has uncovered that over the past five years, social rents in Wales have increased by 8% in real terms.<sup>19</sup> They estimate that this real terms increase in social rent has led to an additional 40,000 social housing tenants being pulled into poverty.<sup>20</sup>

The Joseph Rowntree Foundation's work also highlights a key lesson that we believe should underpin the Welsh Government's work on its budget and the work of this committee when scrutinising it, namely the need to explore who benefits and who is faced with additional costs as a result of budgetary decisions. Constructing more social housing is vital if we are to solve poverty in Wales, however, financing this construction by increasing the rents of social housing tenants undermines the policy. This lesson does not apply exclusively to housing. Prior research undertaken

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<sup>15</sup> Bevan Foundation n(5)

<sup>16</sup> Bevan Foundation, *A Welsh Benefits System, how it can help solve poverty* (September 2020) available at - <https://www.bevanfoundation.org/publications/a-welsh-benefits-system/>

<sup>17</sup> ibid

<sup>18</sup> UK Government, *Benefit expenditure and caseload tables 2019*, (24 April 2019) Bevan Foundation analysis, available at - <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2019>

<sup>19</sup> JRF n(8)

<sup>20</sup> ibid

by the Bevan Foundation on public transport for example, has highlighted how the Welsh Government's Concessionary Fare Scheme means that services are skewed towards the concessionary market meaning that there are a lack of buses for low income commuters.<sup>21</sup>

We believe that it is vital that the Welsh Government draws on these lessons and ensures that solving poverty is the absolute priority for its budget in 2021/22.

### Priorities for the budget

With the impact of Covid 19 likely to continue with us well into 2021 it is vital that the Welsh Government's budget allocates sufficient funds for taking both short term and long term measures to reduce the number of people living in poverty.

As outlined above the Welsh Government have already taken some welcomed steps to increase the support that is available to people trapped in poverty as we enter what is set to be the most difficult winter in decades. Given that the Welsh Government still has some significant funds that are unallocated, we believe that there are further actions it should take.

In our *Reducing the Impact of Coronavirus on Poverty in Wales* report the Bevan Foundation outlined a number of steps that the Welsh Government could take to protect those in poverty this winter. Amongst the recommendations that have not yet been taken forward that we would like to see reflected in the Welsh Government's budget are:

- The allocation of extra funds to local authorities to ensure that every local authority top up all discretionary forms of local support including Discretionary Housing Payments to the maximum permitted.
- The allocation of extra funds to local authorities to carry out spot checks on premises to ensure that they are complying with Covid 19 regulations a right to engage with workers in at risk premises.
- Invest in a benefit take up campaign.
- Provide funds so that any requirement for a tenant who receives support through the Tenant Saver Loan Scheme to repay their loan is removed, to avoid trapping families in poverty into the medium term.<sup>22</sup>

In taking these measures we believe that it is vital that the Welsh Government invests in solutions at scale and with urgency. For example, there is much to welcome in the Welsh Government's recently published *Child poverty: income maximisation action plan 2020 to 2021*.<sup>23</sup> We believe, however, that the urgency of the current crisis and the fact that significant funds are currently at the Welsh Government's disposal means that there is more that could be done. One example includes the proposal to pilot projects to raise awareness of benefits. Whilst the pilot projects are to be welcomed the very fact that they are pilot projects means that there are likely to be thousands of people across Wales who don't benefit from the service this winter.<sup>24</sup> We believe that the scale of

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<sup>21</sup> Bevan Foundation, *Maintaining free bus travel for older people, disabled people and veterans*, (29 January 2018) available at - <https://www.bevanfoundation.org/publications/consultation-maintaining-free-bus-travel/>

<sup>22</sup> Bevan Foundation n(5)

<sup>23</sup> Welsh Government, *Child poverty: income maximisation action plan 2020 to 2021* (2 November 2020) available at - <https://gov.wales/child-poverty-income-maximisation-action-plan-2020-2021.html#section-54005>

<sup>24</sup> *ibid* point 1.2

the crisis we face means that such a service should be immediately rolled out across the nation to assist families this winter.

In the longer term, the need to take action to solve poverty has never been greater. The Welsh Government spends approximately £2bn on schemes it views as at least in part, designed to solve poverty.<sup>25</sup> This significant investment is to be welcomed but we think more could be done to ensure that these funds are invested effectively, in particular, the Welsh Government should prioritise its spending on tackling the root causes of poverty rather than on sticking plaster solutions. There is also a case to increase funding for a number of policies that can help reduce the number of people trapped in poverty in Wales.

Our proposals for policies and programmes that would achieve a step-change reduction in poverty were set out in our recent report *Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality*.<sup>26</sup> Some of our proposals could be taken forward within existing spend by better targeting resources, others would involve the investment of additional sums.

The report is focused around two key ideas.

The first is universal essential services. This centres on the idea that investing in meeting people's basic needs by providing essential services could transform people's lives and prospects. They would ensure that nobody in Wales is left without the basics of life and that everyone can flourish. The services include:

- A decent home
- Care and development of children
- Good health and social care
- Good education
- Money
- Connection with others.

We believe investing in these services could not only improve the lives of people in poverty but could also stimulate the economy and create decent jobs in Wales.

The second idea is the establishment of a Welsh Benefits System. As noted, the Welsh Government spends £400m annually on various schemes that provide cash or in-kind support to complement the assistance provided to people on low income through the UK social security system. Despite the valued support these schemes provide the current disjointed nature of these schemes means that it is difficult for people to access all the support they are entitled to, people are locked out of support due to arbitrary eligibility and the support on offer is not always sufficient. We believe that by pulling all of these schemes together into a co-ordinated Welsh Benefits System and reforming them, the support available to Welsh households could be dramatically improved.

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<sup>25</sup> Welsh Government, *Child Poverty Progress Report 2019, Welsh Government Programmes that are making a difference* (December 2019) available at - <https://gov.wales/sites/default/files/publications/2020-01/child-poverty-strategy-2019-progress-report-annex.pdf>

<sup>26</sup> Bevan Foundation, *Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality* (October 2020) available at - <https://www.bevanfoundation.org/wp-content/uploads/2020/10/Transforming-Wales-through-public-services-and-benefits-FINAL.pdf>

This new system would offer cash or in-kind services that reach the people who need them, are easy to access, are efficiently and consistently administered and, crucially, improve people's lives by lifting them out of poverty. The key features of our proposed Welsh Benefits System are:

- It focuses on households on low incomes, defined as being eligible for Universal Credit, and uses the same criterion across all schemes.
- It provides cash or in-kind help that is sufficient to make a real difference to households' incomes or costs.
- It has a single point of access for several benefits, using online, phone or postal methods.
- It is based on eligibility for and an entitlement to assistance, not discretion.
- Applicants are treated with dignity and respect

Below these two overarching ideas the report contains some specific policy recommendations that we believe that the Welsh Government should support in its next budget. These include:

- A significant increase in Social Housing Grant so that the social housing sector can construct 20,000 social homes by the end of the next Welsh Parliamentary term in 2026.
- The allocation of extra funding to establish a new "school start scheme". The scheme would incorporate two existing schemes, Free School Meals and Pupil Development Grant – Access but extra funds should be made available to ensure that all children in receipt of Universal Credit access the support, ending the current position where children living in poverty are missing out on support.
- The reprioritising of existing funding for the Welsh Government's 30 hour free child care programme so to that child care is provided universally to all children over 9 months regardless of whether parents are in work or not on a part time basis.
- Increase investment in primary and social care to secure better access.
- Reallocate fund currently provided to the Discretionary Assistance Fund to a new Welsh Emergency Fund, a rights based scheme to support families in need as opposed to the current discretionary approach.<sup>27</sup>

Whilst investing in these additional services would come at a cost for the Welsh Government, we believe that the pandemic has highlighted that the cost of inaction is even greater.

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<sup>27</sup> ibid

## Consultation response

# Response to the Finance Committee's Inquiry into the Welsh Government Draft Budget 2021/22

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### Consultation details

**Title of consultation:** Welsh Government Draft Budget 2021/22

**Source of consultation:** Finance Committee, Welsh Parliament

**Date:** 27 November 2020

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## Executive Summary

The Equality and Human Rights Commission (the Commission) welcomes the opportunity to respond to the Finance Committee's Inquiry into the Welsh Government's Draft Budget 2021/22.

The Commission would welcome the Committee's scrutiny of the draft budget with regards to our recommendations that the Welsh Government should:

- Use budgetary opportunities to close existing inequalities, such as by taking forward priorities and recommendations identified in the Commission's ['How coronavirus has affected equality and human rights'](#) and [Is Wales Fairer? 2018](#) reports, and the Welsh Government's own [Public Sector Equality Duty \(PSED\) equality objectives](#).
- Act in the spirit of the incoming socio-economic duty by demonstrating strategic intent and funding allocation aimed at reducing inequalities of outcomes that result from socio-economic disadvantage.
- Fully comply with the PSED in a timely manner, with particular reference to the specific duties on assessing impact and engagement.
- Conduct and publish a Cumulative Impact Assessment of the varied impact on people with different protected characteristics alongside the budget.
- Build further on the recommendations of the ['Appreciative Inquiry into the Welsh Government's approach to assessing equality impacts of its budget'](#) report.

Related to the above, the Commission would welcome the Committee following up the findings and recommendations of the Inquiry carried out last year by the Children, Young People and Education Committee, the Equality, Local Government and Communities Committee, and the Finance Committee: [Assessing of the impact of budget decisions](#).

The [Commission's letter of June 28, 2019](#) (meeting 17/07/2019), responded to the Welsh Government's response to the Committees' joint-report following that Inquiry. We highlighted priorities that required further development, including:

- The use of cumulative impact assessments in the assessing the impact of budget decisions
- The timely publication of impact assessments
- Improvements in the Welsh Government's Integrated Impact Assessment tool

# Full consultation response

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## Introduction

The Commission welcomes the opportunity to respond to the Committee's Inquiry into the Welsh Government Draft Budget 2021-22.

The Inquiry is an opportunity to scrutinise the Welsh Government's stated commitment towards equality and human rights, particularly in light of the Coronavirus pandemic that has highlighted, and exacerbated, existing inequalities.

This Inquiry is also an opportunity to assess if and how the Welsh Government has taken forward recommendations in last year's joint report by the Children, Young People and Education Committee, the Equality, Local Government and Communities Committee and the Finance Committee into the Welsh Government's Assessing of the impact of budget decisions.

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## How Coronavirus has affected equality and human rights and Is Wales Fairer? 2018 reports

In October 2020, the Commission published '[How Coronavirus has affected equality and human rights](#).' This report summarises evidence that helps us understand the effects of the Coronavirus (COVID-19) pandemic on different groups in society. It highlights potential long-term risks to equality and human rights covering key issues

The report shows that hard-won equality and human rights in Wales are at risk of going backwards with clear and long-lasting damage to society and the economy as a result of the Coronavirus pandemic, according to our analysis. The pandemic is affecting hard hit groups across all regions of Britain. However, the evidence shows that groups already experiencing hardship and inequality are likely to be disproportionately impacted. Nearly one in four people in Wales live in poverty. Overall, it is clear that the economic impact of the pandemic has been unequal, widening and entrenching existing inequalities.

Coronavirus threatens to hit the poorest and most disadvantaged groups in Wales hardest, and it shines a light on deep rooted racial inequalities. We are in danger of reversing some of the progress that had been made towards equality in Wales, particularly for young people - whose education has been disrupted and employment prospects diminished by Coronavirus and who are at risk becoming a lost generation. The report also identifies concerns about the rights and well-being of older people, whether in social care or isolated at home.

### **Is Wales Fairer? 2018**

In October 2018, the Commission published [Is Wales Fairer?](#) This report is a comprehensive state-of-the-nation report that brings together evidence to assess levels of inequality in Wales. The report highlights key findings and recommendations across all areas of life, including health, housing, education, participation, justice and work. The Commission has called on the Welsh Government to act on the report's findings and recommendations. Priorities identified in the report informed the Welsh Government [equality-objectives for 2020-24](#). Key findings in our report include:

#### **Socio-economic disadvantage**

A continuing increase in rough sleeping, increased poverty rates and the adverse effects of UK-wide social security reforms on the poorest groups have contributed to an overall fall in living standards in Wales since our last review.

### **Disabled people falling further behind**

Disabled people are being denied their right to independent living and in many cases are not experiencing the progress seen for other groups, with gaps in educational attainment and employment widening rather than narrowing.

### **Challenges to women's safety and career progression**

While women have some of the most equal outcomes they have ever had, the prevalence of societal gender norms in education and employment, and experiences of harassment and violence, obstruct this progress.

### **Race inequality persists in Wales**

Some ethnic minority people are experiencing improvement but deep inequalities remain, and hate crime motivated by race is still far too prevalent in Wales.

**The Commission would welcome the Committee's scrutiny of if the Welsh Government is using the budget to close existing inequalities, such as by taking forward priorities and recommendations identified in the Commission's 'How Coronavirus has affected equality and human rights' and Is Wales Fairer? reports, as well as the Welsh Government's own Public Sector Equality Duty (PSED) equality objectives.**

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### **Acting in the spirit of the socio-economic duty**

The socio-economic duty is due to come into force in Wales on March 31, 2021. The duty aims to reduce inequalities of outcome related to socio-economic disadvantage. As set out above, the Coronavirus pandemic threatens to hit the poorest and most disadvantaged groups in Wales hardest. The duty is an opportunity for Welsh Government to address specific inequalities of outcome.

In its response to the Equality, Local Government and Communities Committee Inquiry into 'Inequality and the pandemic', the Welsh Government accepted the Committee's recommendation that it should 'adhere to the spirit and intent of the socio-economic duty in all of its decision-making until it is commenced in March 2021, and develop interim arrangements to monitor how it is meeting the spirit of the duty ahead of full commencement.'

The response stated: 'We are aware the Permanent Secretary has encouraged officials to lead by example, and to be applying the ethos of the Duty in their advice to Ministers on strategic decisions. By acting now and leading in building socio-economic considerations into strategic decision making, Welsh Ministers will be able to demonstrate a clear commitment to tackling inequality and ensure we're well placed to deliver the statutory requirements expected of us next year.'

We would expect to see this commitment being demonstrated in the budget's strategic intent and funding allocation, and for it to be evidenced in supporting documentation.

**The Commission would welcome the Committee's scrutiny of if there is evidence of the Welsh Government setting its budget in the spirit of the socio-economic duty. The Welsh Government should be able to demonstrate clear strategic intent and budget allocations that aim to reduce the most significant inequalities of outcome related to socio-economic disadvantage.**

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## Public Sector Equality Duty and assessing impact

The Welsh Government must comply with the Public Sector Equality Duty when assessing the impact of its budget.

The Equality Act 2010 public sector equality duty (PSED) is intended to ensure equality considerations are built into the design of policies and the delivery of public services. Under the duty, public bodies, including the Welsh Government, are required to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act

- advance equality of opportunity between people who share a relevant protected characteristic<sup>i</sup> and those who do not
- foster good relations between people who share a protected characteristic and those who do not.

The specific duties, passed by the (then) National Assembly set out the steps that listed bodies in Wales must take in order to demonstrate that they are paying due regard to the general duty. Assessing the equality impact of proposed policies and practices is one of the specific duties.

Budget-allocation is a fundamental practice for which the Welsh Government is required to demonstrate it has assessed the equality impacts and, having considered this, have 'due regard' (i.e. give appropriate weight) to the results of the assessments. This requires the Welsh Government to consider taking action to address any issues identified, such as addressing negative impacts within the budget setting process.

#### **What the duty requires on assessing impact**

- assess the likely impact of proposed policies and practices on its ability to comply with the general duty
- assess the impact of any policy which is being reviewed and of any proposed revision
- publish reports of the assessments where they show a substantial impact (or likely impact) on the Welsh Government's ability to meet the general duty
- monitor the impact of policies and practices on its ability to meet that duty.

The specific duties require the Welsh Government to meet the engagement provisions as part of assessing the impact on people with protected characteristics. Therefore, in setting its budget, the Welsh Government must involve people who it considers are representative of one or more of the protected groups and who have an interest in how it sets its budget.

In assessing equality impacts, it is important that the Welsh Government has as much up-to-date and reliable evidence as possible about the needs and experiences of the different groups the budget is likely to affect. Where there is insufficient information appropriate action should be taken to fill these gaps, such as involving relevant people or groups. A lack of evidence should never be used as a reason for inaction.

The 'assessing impact' duty involves considering whether the evidence indicates that there is a different impact on people with particular characteristics, and whether this impact is disproportionately negative. It is seldom acceptable to state simply that a policy or practice (such as a budget) will universally benefit/disadvantage everyone, and therefore individuals will be affected equally whatever their characteristics. The analysis should be more robust than this.

It is important to ensure that the conclusions reached can be explained, particularly where the evidence can be interpreted in different ways. Documenting the budget assessment is important to ensure that the general and specific duties are being met. It is important that the Welsh Government makes its assessment public, in the interests of transparency and accountability. The report should highlight 'impacts', rather than be a commentary on budget allocation.

**The Commission would welcome the Committee's scrutinising if the Welsh Government has fully complied with the PSED in a timely manner, with particular reference to the specific duties on assessing impact and engagement.**

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## **The cumulative impact of tax and welfare reforms**

In March 2018, the Equality and Human Rights Commission published [a report](#) (commissioned from Landman Economics and Aubergine Analysis) looking at the cumulative impact of the UK Government's tax, welfare, social security and public spending from 2010 to 2017. The report sets out recommendations to UK Government for evaluating financial decisions resulting from this analysis. This was a ground-breaking report, with its model offering huge potential for the development of robust cumulative impact assessments. The recommendations are relevant to the Welsh Government as it develops its approach to assessing the cumulative impact of spending decisions. We recommended that the Welsh Government takes forward opportunities that the model presents. The report's recommendations include:

- more ongoing and collaborative preparation in advance of budget-setting
- a clearer decision-making process, with respective responsibilities across departments understood throughout the budget-setting process
- ongoing monitoring and evaluation of the impact of spending measures on people sharing different protected characteristics both during and after implementation.

**The Commission would welcome the Committee scrutinising if the Welsh Government has taken forward the report's findings and recommendations.**

**The Welsh Government should target its spending decisions on minimising and reducing disadvantage experienced by different groups, and it should conduct and publish a Cumulative Impact Assessment of the varied impact on people with different protected characteristics alongside the budget.**

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## **Appreciative Inquiry into the Welsh Government's approach to assessing the impact of its budget**

The Equality and Human Rights Commission previously commissioned an [appreciative inquiry](#) into the Welsh Government's approach to assessing equality impacts of its budget. The report identified how equality issues could be appropriately identified and used to inform decision making in the future. The Welsh Government's approach to equality impact assessment has developed significantly since this report, but its key findings and recommendations remain relevant.

The findings included:

- Welsh Government departments should take responsibility for conducting EIAs and ensure they have clearly defined and appropriately resourced roles for carrying out and quality assuring EIA. Equalities considerations should become part of the day to day activity of departments and need to be embedded into day to day roles.
- It is recommended that targeted training is provided to enable officials to carry out robust EIAs.
- It is recommended that the Welsh Government develops and sets in place mechanisms for assessing the cumulative effects of budgetary decisions. Cumulative effects should include the impacts of UK Government decisions and how they affect decisions subsequently made by the Welsh Government as well as decisions made by the Welsh Government in its own right.
- It is recommended that the Welsh Government more clearly sets out how strategically significant decisions impact on people with protected characteristics as well as, but distinct from, setting out how decisions impact on groups facing socio economic disadvantage.
- It is recommended that the Welsh Government makes clearer the evidence and engagement activity used to inform strategically important decisions and how this information was used. This information should be presented in a clear way to enable effective decision making and scrutiny.
- The EIA process should be ongoing and not a one off intervention. Individual departments should not necessarily be starting from the beginning when budgetary equalities

assessment commences but should be building on ongoing and continuous equalities analysis. This should also mean that EIAs are developed throughout the policy making process. Cabinet and ministerial level decisions need to be informed by EIA as part of this iterative process.

**The Commission would welcome the Committee scrutinising if and how the Welsh Government continues to build on the recommendations of the 'Appreciative Inquiry into the Welsh Government's approach to assessing equality impacts of its budget' report.**

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## **Findings from last year's Inquiry into assessing the impact of budget decisions**

Last year, the Children, Young People and Education Committee, the Equality, Local Government and Communities Committee, and the Finance Committee published a report into the Welsh Government's Assessing of the impact of budget decisions.

The Commission's letter of June 28, 2019 (meeting 17/07/2019), responded to the Welsh Government's response to the Committees' joint-report following that Inquiry. We highlighted priorities that required further development, including:

- The use of cumulative impact assessments in the assessing the impact of budget decisions
- The timely publication of impact assessments
- Improvements in the Welsh Government's Integrated Impact Assessment tool

**The Commission would welcome the Committee scrutinising if the Welsh Government has taken forward the findings and recommendations of the Inquiry report into Assessing of the impact of budget decisions.**

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## **Equality and Human Rights Commission**

The Equality and Human Rights Commission is Great Britain's national equality body and has been awarded an 'A' status as a National Human Rights Institution (NHRI) by the United Nations.

Our job is to help make Britain fairer. We do this by safeguarding and enforcing the laws that protect people's rights to fairness, dignity and respect.

As a statutory non-departmental public body established by the Equality Act 2006, the Commission operates independently. We aim to be an expert and authoritative organisation that is a centre of excellence for evidence, analysis and equality and human rights law. We also aspire to be an essential point of contact for policy makers, public bodies and business.

We use our unique powers to challenge discrimination, promote equality of opportunity and protect human rights. We work with other organisations and individuals to achieve our aims, but are ready to take tough action against those who abuse the rights of others.

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Dadansoddi  
Cyllid Cymru

Wales Fiscal  
Analysis

# Welsh Government Draft Budget proposals for 2021-22

Written Response to Finance Committee Call for Information



# Written response to Finance Committee Call for Information: Welsh Government Draft Budget 2021-22

03 DECEMBER 2020

## 1. Introduction

- 1.1 The Finance Committee of the Welsh Parliament is seeking information to inform their scrutiny of the Welsh Government's 2021-22 Draft Budget proposals. This written response draws upon Wales Fiscal Analysis' *Welsh Budget Outlook 2020* report, published by Cardiff University's Wales Governance Centre on the 3 December 2020. The full report can be found [here](#).
- 1.2 This written response contains an update on the Welsh Government's Covid-19 response in 2020-21 to date, analyses the implications of the UK Government's Spending Review 2020 for the Draft Budget 2021-22, and discusses some of the choices facing the Welsh Government.

## 2. Welsh Government's Covid-19 response to date

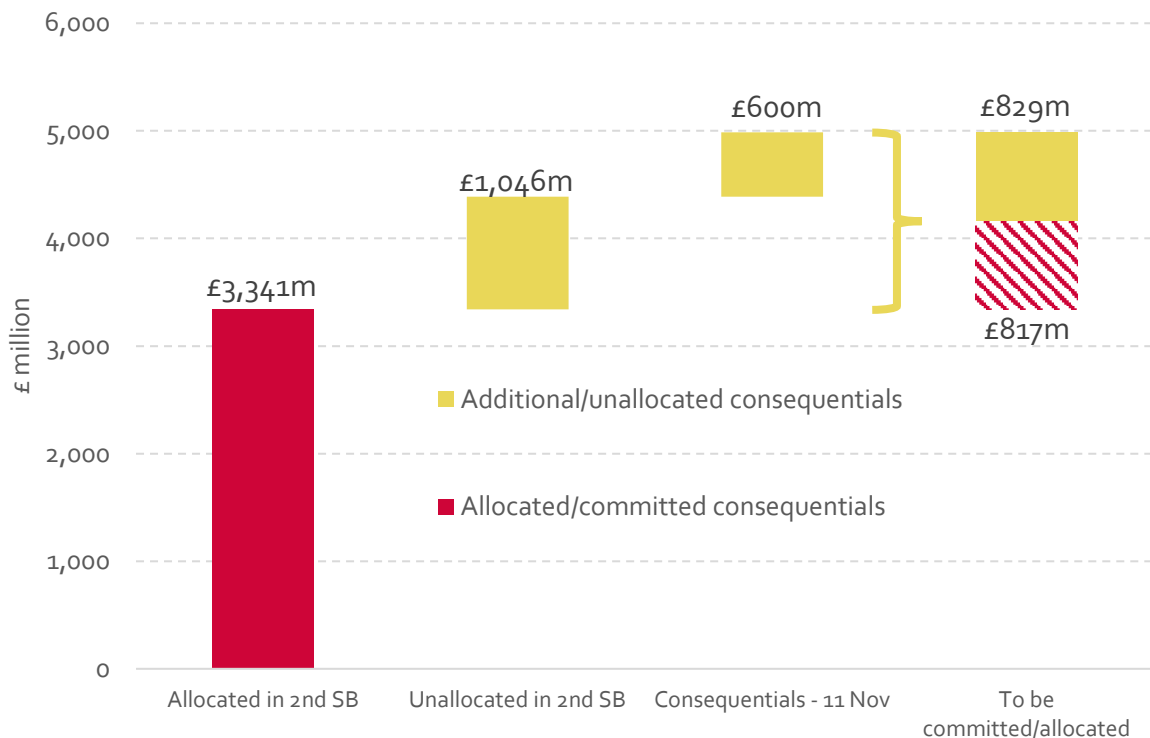
- 2.1 Since March, the size and composition of the Welsh budget for 2020-21 has changed dramatically, growing by over a quarter relative to Final Budget plans.
- 2.2 Available funding for the Welsh Government's Covid-19 fiscal response amounts to £5.6 billion, funded mainly by a funding guarantee from the UK government, repurposed funding from the European Union and reprioritised funding from within the budget.
- 2.3 The Welsh Government has so far allocated £4 billion of this funding in two supplementary budgets. The largest allocations have been made to the Health and Social Services budget (£1.4 billion) and the Economy and Transport (£1.5 billion).
- 2.4 Spending announcements not yet included in supplementary budgets include the £320 million Covid-19 Reconstruction Fund and a £340 million increase in support for businesses through the Economic Resilience Fund, to support businesses affected by tougher restrictions being introduced in December. This suggests Welsh Government support for businesses this year in grants and reliefs will equate to approximately £2 billion.
- 2.5 Taking recent commitments into account, it seems plausible that around £829 million of the Welsh Government's Covid-19 allocation remains uncommitted at this point. **Figure 1** shows how much of the Welsh Government's £5 billion funding guarantee remains uncommitted at

this stage. However, there is significant uncertainty around this number, as it is not possible to determine whether all funding announcements are entirely additional or if they will be funded from within existing allocations.

- 2.6 The Welsh Government has provided timely and detailed information on Welsh Government Covid-19 spending commitments this year, through two supplementary budgets over 6 months. When publishing its Draft Budget for 2021-22, the Welsh Government should again set out its spending commitments for 2020-21, to aid scrutiny of its plans for 2021-22.

**Figure 1**

**The £5 billion COVID-19 funding guarantee for the Welsh Budget for 2020-21**



Source: Welsh Government 1<sup>st</sup> Supplementary Budget 2020-21 (2020); Welsh Government 2<sup>nd</sup> Supplementary Budget 2020-21 (2020); and authors' calculations. Note: Unallocated totals do not include unallocated fiscal resource already in Final Budget plans; consequentials from UK Government March 2020 Budget and funding found from within Welsh budget not included. Committed funding estimates only based on available information and Welsh Government announcements.

- 2.7 The size of the uncommitted funding in the Welsh budget partly reflects the late revisions to the UK government's funding guarantee to the Welsh Government. It also reflects the unprecedented uncertainties the Welsh Government faces in planning its budget this year. Even in 'normal' years, it is not uncommon for around 2%-5% of the budget to be unallocated until the usual 2<sup>nd</sup> Supplementary Budget in February.
- 2.8 This year, the cost and demand pressures for public services over the remaining months of the financial year are even more uncertain. Pressures will depend on several factors, from the severity of future waves of Covid-19, the potential roll out of a vaccine over coming months, alongside recurring winter pressures on services. The economic context and the need for

further support for businesses this year is also highly uncertain. Future periods of tight public health restrictions would need to coincide with more grant funding for affected businesses. These uncertainties are amplified by inflexible budgetary arrangements currently in place (discussed in section 5).

### 3. Impact of Spending Review 2020 on the Welsh budget

- 3.1 The Spending Review 2020 provided the first detailed breakdown of additional spending on public services planned by the UK government, which influences the amount of funding available for the Welsh Government. The £113.5 billion of additional public services spending by the UK government this year includes £22 billion for the Test and Trace system and £15 billion on Personal Protective Equipment (PPE) procurement this year.
- 3.2 Although the Spending Review provides greater clarity on Covid-19 related public services spending, it is not possible to exactly determine which spending programmes in England have resulted in additional consequential for Wales. This is because some areas of additional spending, such as on vaccine procurement and a portion of the Test and Trace programme will be UK-wide and will not result in additional consequential. This complicates comparisons between the Welsh Government's Covid-19 response with that of the UK government.
- 3.3 In July, the UK government gave the devolved governments a funding guarantee, based on total estimated additional spending on services in England in 2020-21. This provided the devolved governments with greater certainty around their budgets this year, as they would not need to wait for individual spending commitments in England to be approved for the size of their budgets to be increased. The funding guarantee amounts to an additional £5 billion for the Welsh Government budget in 2020-21, with approximately £3.3 billion of this funding guarantee related to estimated additional public services spending in England.
- 3.4 The Spending Review documents also state that £2 billion of the funding guarantee has not yet been triggered through the Barnett formula. This would imply that approved spending in England would need to rise by an additional £10.6 billion for the funding guarantee to be increased again this year. Such an increase is a possibility, given that the UK government has put aside an additional £25.3 billion for a Covid-19 reserve, to allow for additional costs this year.
- 3.5 The UK government has allocated £55 billion for Covid-19 related costs on public services in 2021-22. £34 billion of this funding has been allocated to departments, with a further £21 billion in reserve. Already allocated funding has triggered £766 million for the Welsh Government in 2021-22.
- 3.6 The Welsh Government's core, or "business-as-usual", day-to-day block grant will increase by £695 million from 2020-21 to 2021-22, to £13.5 billion. Despite recent growth, on a like-for-like basis, day-to-day funding for the Welsh budget in 2021-22 will still be slightly below pre-austerity levels.

- 3.7 The Chancellor cut back on previously pencilled-in increases in day-to-day spending, by £10 billion in 2021-22, and by £13 billion in 2024-25. These spending plans suggest a bleaker outlook for the Welsh budget over the medium term and set the context for the public sector pay freeze announced for non-NHS staff.
- 3.8 Meanwhile, the Welsh Government's capital block grant will be cut in nominal terms next year, due to a fall in Financial Transactions funding. Capital funding will remain below its 2009-10 peak, and recent increases are not as significant as those seen in response to the financial crisis of 2009-10. This suggests the Welsh Government should make full use of its capital borrowing limit in 2021-22 (of £150 million).

## 4. Outlook for the Welsh Government's 2021-22 Draft Budget

- 4.1 On 21 December, the Welsh Government will publish its draft budget for 2021-22, facing significant uncertainties around the size of its budget and spending pressures. Crucial decisions will need to be made around responding to the Covid-19 pandemic and funding public services.
- 4.2 Available funding from the UK government for Covid-19 related costs in 2021-22 equates to only 14% of the funding available for the Welsh Government's fiscal response in 2020-21. If spent exclusively on public services, as per the UK government's spending plans in England, additional public services spending on Covid-19 pressures next year would fall by two-thirds relative to 2020-21.
- 4.3 Under current plans, a significant portion of Covid-19 related costs will need to be met from within the Welsh Government's own budget next year. Plans also leave no funding to allocate for business rates reliefs or grants, at a time other UK-wide economic schemes are also coming to an end.
- 4.4 As ever, allocations made to the NHS next year will have a big impact on funding available for all other services. Matching the NHS share of Covid-19 spending this year, as well as matching the per person increase in NHS spending in England, would mean around £430 million of Covid-19 related funding and a £350 million increase in the core NHS budget. This would mean £340 million of Covid-19 related funding for all other areas of the budget, as well as £590 million for their core budgets.
- 4.5 Social distancing and infection control will reduce what the NHS can deliver for a given level of funding. There is also a significant backlog of patients who were not treated in the spring, as well as new demand pressures, notably on mental health services. However, increasing NHS allocations would entail smaller increases in spending for other public services which may not adequately cover the huge demand and cost pressures they too face.
- 4.6 Surveys and modelling carried out by the Welsh Local Government Association find underlying pressures for local government budgets will total £279 million, most related to workforce costs (including social care commissioning costs), which may be affected by the public sector wage announcements made by the UK government last week.

- 4.7 The position of these services going into the Covid-19 crisis should also be considered. Total Welsh Government support for local authorities was still around 13.5% lower than 2010-11 levels in real terms, before the pandemic hit. Older age social care spending has remained broadly flat in real terms for over a decade, and there is a strong argument for improving staff remuneration given that less than half of the personal care workforce are paid less than the Real Living Wage. Per pupil schools spending fell by 6% in real terms from 2009-10 to 2018-19, according to the Independent Review of School Spending in Wales.<sup>1</sup>
- 4.8 A key part of government economic support this year has been provided through the Welsh Government budget, with up to £2.1 billion of grants, reliefs and loans being made available to businesses. Barring significant changes in the flow of consequentials next year, the prospect of similar support being provided next year is unlikely. Even providing half of the level of reliefs offered to businesses in 2020-21 (£332 million) in 2021-22 would take around a third of the additional funding available for non-NHS funding increases, in the scenario outlined in paragraph 4.4.
- 4.9 With forecasts suggesting a rise in unemployment in Wales to around 110,000 next year, support provided for those out of work will become hugely important. Skills related spending was set to be around £157 million in 2020-21 and increased to £186 million in the 2<sup>nd</sup> Supplementary Budget. There is a strong argument for increasing this spending again next year.

## 5. Budget management and borrowing rules

- 5.1 The system of funding guarantees introduced by the UK government in July provided some welcome certainty for the devolved government budgets and increased transparency on the additional funding being made available. However, with large amounts of Covid-19 funding being held in reserve by the UK government, uncertainty over the size of the Welsh budget and large in-year revisions are likely to persist next year and beyond.
- 5.2 While some unexpected increases in demand pressures this year may be covered by late increases to consequentials, the Welsh Government will be unable to borrow to cover overspending in this financial year. This means the Welsh Government may need to keep back unallocated funding in response to these uncertainties. This also impairs the Welsh Government's ability to make 'open-ended' spending commitments, such as the commitments made by the UK government to businesses in England, with grants depending on the extent of restrictions in place over coming months.
- 5.3 There are also restrictions on the Welsh Government's use of the Wales Reserve, which were agreed as part of the 2016 Fiscal Framework agreement. The Welsh Government has drawn down the maximum annual amount of resource funding (£125 million) in its budget plans for this

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<sup>1</sup> Available [here](#).

year. This would mean it will be restricted from accessing £107 million of resource funding from the reserve should it wish to use all remaining amounts.

- 5.4 Conversely, if the Welsh Government underspends relative to the increase in its budget this year, it will be restricted in the amounts it can carry forward to future years. Although there are no annual limits for payments into the reserve, it is capped in aggregate at £350 million. Given the projected position of the Wales Reserve at the end of this year, the maximum the Welsh Government could carry forward under current rules into 2021-22 would be £138 million. The UK government has agreed some flexibility over previous years when late changes were made to the Welsh Government's block grant via the UK Supplementary Estimates. As in the case of current borrowing powers, the rules governing the Wales Reserve should be amended to reflect the heightened uncertainty which the Welsh Government faces this year and will likely face over coming years.

## 6. Devolved taxes in the Draft Budget 2021-22

- 6.1 A key strength of the fiscal framework is that the Welsh Budget is only exposed to volatility in the tax base insofar as an economic shock is felt asymmetrically across the UK. The net effect on the Welsh budget will be determined by the *relative* change in revenues compared to England and Northern Ireland.
- 6.2 In November 2020, the Office for Budget Responsibility (OBR) published their devolved tax forecasts on behalf of the Welsh Government. Despite differences in the sectoral composition of the Welsh economy relative to the UK as a whole, there is little evidence to suggest that Income Tax liabilities in Wales are expected to be hit by more or less than the UK average due to the pandemic.
- 6.3 Although devolved tax revenues are not expected to be disproportionately impacted by the pandemic, a forecast decline in the Welsh share of UK non-savings, non-dividend (NSND) Income Tax means the Block Grant Adjustments for the Welsh Rates Income Tax (WRIT) is set to grow faster than tax revenues over the next four years, negatively impacting the Welsh Budget. This is true to a smaller extent for Land Transaction Tax (LTT), but slightly offset by the net effect of revenue from Landfill Disposals Tax (LDT) and its associated BGA.
- 6.4 For LTT and LDT, the Welsh Government can adjust their supplementary budgets to account for an in-year update to the forecast. For WRIT, any difference between forecast at the beginning of the financial year and the outturn for Wales and England & Northern Ireland will not be resolved until a reconciliation exercise after outturn data becomes available (normally around 15 months after the end of the financial year). This reconciliation process may introduce some volatility to the Welsh Budget over future years.
- 6.5 Given the relatively austere outlook for the Welsh Budget over coming years (as described in our section 4.2 of our main report), debates over the use of devolved tax powers should intensify. Increasing the basic rate of Income Tax could allow the Welsh Government to fund higher levels

of spending in a progressive manner or shield poorer households from less progressive elements of the local and reserved tax system.

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Dadansoddi  
Cyllid Cymru  
Wales Fiscal  
Analysis

# TYSTIOLAETH CLILC I'R PWYLLGOR CYLLID CYLLIDEB LLYWODRAETH CYMRU 2021-22. 02/12/20



CLILC • WLGA

## CYFLWYNIAD

1. Mae Cymdeithas Llywodraeth Leol Cymru (CLILC) yn cynrychioli'r 22 awdurdod lleol yng Nghymru, ac mae'r 3 awdurdod parc cenedlaethol a'r tri awdurdod tân ac achub yn aelodau cyswllt.
2. Mae CLILC yn sefydliad trawsbleidiol a arweinir yn wleidyddol, gydag arweinwyr pob awdurdod lleol yn penderfynu ar bolisi drwy'r Bwrdd Gweithredol a Chyngor CLILC yn ehangach. Mae CLILC hefyd yn penodi uwch aelodau fel Llefarywyr a Dirprwy Llefarywyr i ddarparu arweinyddiaeth genedlaethol ar faterion polisi ar ran llywodraeth leol.
3. Mae CLILC yn gweithio'n agos gydag ymgyngorwyr proffesiynol a chymdeithasau proffesiynol o lywodraeth leol ac yn cael cyngor ganddynt yn aml, fodd bynnag, CLILC yw corff cynrychioliadol llywodraeth leol ac mae'n darparu llais cyfun, gwleidyddol llywodraeth leol yng Nghymru.
4. Mae'r dystiolaeth hon yn dod o'n cyflwyniad i'r Is Grŵp Cyllid ar 2 Tachwedd. Mae'r Is Grŵp Cyllid yn cael ei gadeirio gan y Gweinidog Tai a Llywodraeth Leol ac mae Arweinwyr 8 o Awdurdodau Lleol yn mynychu. Mae gweinidogion eraill yn mynychu'n rheolaidd.
5. Er mwyn llywio cylch cyllideb Llywodraeth Cymru ar gyfer 2021-22 fe gyflawnodd CLILC arolwg o'r 22 awdurdod lleol. Mae'r papur yn adeiladu ar arolwg y llynedd ond mae hefyd wedi ei lywio gan waith a wnaed yn ystod y flwyddyn ariannol hon er mwyn mesur a dadansoddi effaith COVID-19 ar lywodraeth leol. Mae hyn wedi golygu fod yr ymatebion gan awdurdodau lleol wedi eu heffeithio'n drwm gan yr angen i ymdrin â goblygiadau'r pandemig.
6. Bellach mae corff sylweddol o ddata arolwg ar gael o safbwynt y pwysau a wynebier gan y sector. Yn ystod y flwyddyn ariannol hon mae'r Is Grŵp Cyllid wedi derbyn dau adroddiad chwarterol yn darparu canlyniadau'r ddau arolwg, yn nodi amcangyfrif o

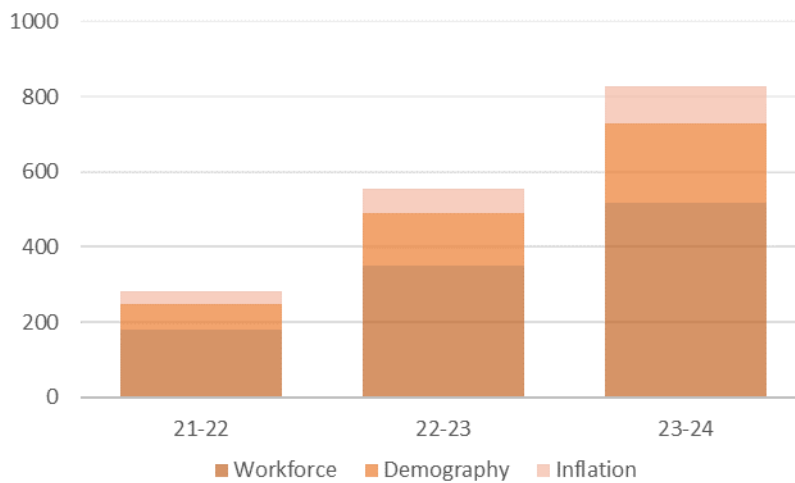
effaith ariannol yr ymateb parhaol i argyfwng COVID-19. Mae'r rhain wedi nodi'r effaith ar incwm awdurdodau lleol a'r pwysau ar wariant refeniw. Yn yr un cyd-destun roedd yr ail adroddiad yn edrych ar faterion sy'n dod i'r amlwg a chyhoeddiadau COVID-19 a wnaed gan Lywodraeth y DU a fydd yn golygu dyraniadau cyllid canlyniadol ar gyfer gweinyddiaethau datganoledig gan gynnwys Llywodraeth Cymru. Mae'r adroddiad hefyd yn cynnwys effaith COVID-19 a'r effaith hir dymor fydd y pandemig yn ei adael ar gyllidebau llywodraeth leol.

7. Mae'r papur hwn yn crynhoi canlyniadau arolwg y 22 awdurdod lleol a gomisiynwyd gan CLILC i gasglu mwy o wybodaeth fanwl ar yr amcangyfrif o effaith amrywiol senarios ariannol dros y dair mlynedd nesaf. Mae'n werth nodi fod gan bob un o'r 22 awdurdod broses cynllunio ariannol blynyddol gref, sy'n eu galluogi i osod cyllideb gytbwys.
8. Bu ymateb diymdroi gan yr awdurdodau lleol i'r argyfwng digynsail hwn. Mae hyn yn golygu nad yw Cynlluniau Ariannol y Tymor Canolig fel y cytunwyd arnynt fel rhan o broses gyllido 2020-21 bellach yn ddilys, oherwydd y pwysau digynsail. Er bod y pandemig yn parhau, mae cynghorau bellach yn gweld y cyfnod adfer fel mater allweddol o safbwynt cynllunio ariannol. Bydd sicrwydd a chymorth ariannol yn allweddol i lwyddiant y cam hwn.
9. Roedd yr arolwg yn ceisio edrych ar effaith ar wasanaethau yn y dyfodol o dan wahanol ragdybiaethau hyd at 2023-24 lle roedd setliadau yn cynnwys chwyddiant gweithlu, galw, a phwysau chwyddiannol eraill. Roedd hefyd yn ceisio casglu barn ynglŷn â'r lefel o hyder sy'n bodoli y gellir gwarchod gwasanaethau, a lle'r oedd y lefel uchaf o bryder am wasanaethau.
10. Roedd arolwg eleni hefyd yn ceisio gwybodaeth am effaith Covid-19 ar gyllidebau gofal cymdeithasol. Mae'r cysylltiad agos rhwng canlyniadau iechyd a gofal cymdeithasol yn adnabyddus, ac yn 2020-21 mae hyn wedi achosi mwy o bwysau ariannol sy'n gysylltiedig â Covid yn y sector gofal, y tu hwnt i ffactorau demograffig cysylltiol. Mae cynnwys yr agwedd hon yn ymdrech i ddod i bersbectif system gyfan drwy gasglu gwybodaeth fel bod rôl llywodraeth leol a phwysau ariannol sy'n deillio o hynny yn cael eu nodi fel rhan o ddull gweithredu system gyfan pan fydd penderfyniadau cyllido yn cael eu gwneud sy'n effeithio'r sector iechyd a gofal cymdeithasol.

## Crynodeb

11. Mae Llywodraeth Leol yn gweithio ar reng flaen yr argyfwng cyfredol i ddiwallu her digynsail COVID-19. Mae hyn wedi bod yn enghraifft nodedig a sylweddol o'r bartneriaeth gyda Llywodraeth Cymru a'r sector cyhoeddus ehangach. Mae ymrwymiad staff i gefnogi'r rhai mwyaf diamddiffyn wedi bod yn ffactor allweddol wrth ymateb i'r argyfwng. Mae ymateb y Cynghorau wedi ei gynorthwyo'n sylweddol gan gyllid ychwanegol yn ystod y flwyddyn gan Lywodraeth Cymru. Mae'r cymorth ariannol hanfodol hwn i gefnogi COVID-19, a gafodd ei groesawu'n fawr, wedi dod â sefydlogrwydd dros dro i ganiatáu cynghorau i ymateb i'r pandemig.
12. Yn ddealladwy, mae'r ymateb digynsail wedi ailgyfeirio ymdrechion awdurdodau lleol i ymdopi ag effaith y pandemig ac i ddarparu eu rôl arweinyddiaeth cymunedol. Er yr her a'r amgylchiadau ariannol, mae awdurdodau lleol yn parhau i ddarparu amrywiaeth eang o wasanaethau ac yn aml mae hyn wedi ei anwybyddu yn ystod y cyfnod digynsail hwn.
13. Mae ymatebion i'r arolwg yn nodi effaith y pandemig ar flaenoriaethau lleol a chyllid cynghorau. Mae gwasanaethau a arweinir gan alw yn y sector gofal cymdeithasol wedi eu heffeithio'n arbennig o ddrwg ac mae gwir bryder ynglŷn â pharhad gwasanaethau a'r effaith barhaol ar gyllid yn amlwg yn ymatebion y cynghorau. Mae'r ymatebion hefyd yn amlygu'r rôl allweddol mae darparwyr gofal preifat a gomisiynwyd gan gynghorau yn ei chwarae, y mae llawer ohonynt yn fach, ac nid ydynt yn meddu ar y gwytnwch ariannol sydd gan ddarparwyr mwy.
14. Mae adroddiadau blynyddoedd blaenorol i'r Is Grŵp Cyllid wedi nodi yn aml fod gwasanaethau lleol yn cyrraedd trobwynt oherwydd caledi. Mae effaith bosib COVID-19 yn broblem llawer mwy.
15. Mynegodd Cynghorau bryder sylweddol ynglŷn â'r sefyllfa gyllido yn y dyfodol. Mae pwysau ariannol annisgwyl yn ogystal â'r her o gyflawni arbedion cyllideb 2021-22 a gytunwyd arnynt cyn COVID yn rhoi pwysau ar gynghorau. Mae rhai o'r arbedion a gytunwyd arnynt ar gyfer eleni yn gymhleth ac yn seiliedig ar drawsnewid, sy'n golygu bod amheuaeth ynglŷn â phryd, ac os bydd y rhain yn digwydd bellach oherwydd yr angen i ymateb i'r argyfwng, Mae hyn yn ychwanegu haenen arall o ansicrwydd i gyllid awdurdodau lleol a chynllunio ariannol ar gyfer y dyfodol, a bydd o bosib angen toriadau pellach i wasanaethau.
16. Mae'r tabl canlynol yn dangos y bwlch ariannol a gyfrifwyd ar ein modelu ein hunain. Cyfanswm y pwysau sylfaenol ar gyfer 2021-22 yw £279 miliwn ac mae patrymau tebyg

yn amlwg yn y ddwy flynedd nesaf. Mae hyn yn cyd-fynd ag amcangyfrifon yr awdurdodau lleol eu hunain o'n harolwg. Mae'r pwysau cronus yn cynyddu i £822 miliwn erbyn 2023-24.

**Ffigur 1.** Pwysau Gwario Llywodraeth Leol

**Ffynhonnell:** Amcangyfrifon sylfaen: Adenillion Gwariant Refeniw Gwirioneddol a Chyfrif Refeniw (2019-20 i 2020-21)

17. Fel mewn blynyddoedd blaenorol, mae'r gyfran fwyaf, 63% neu £174 miliwn, oherwydd costau'r gweithlu (gan gynnwys costau comisiynu gofal cymdeithasol). Mae pwysau galw yn gyfystyr â £72 miliwn sydd yn bennaf oherwydd gofal cymdeithasol, a phwysau chwyddiannol arall o £33 miliwn.
18. Yn y meysydd gwasanaeth mawr mae dwy ffynhonnell o dystiolaeth ychwanegol yn cadarnhau maint y pwysau yn y meysydd penodol hynny. Yn gyntaf, mae adroddiad diweddar Luke Sibieta a gomisiynwyd gan Lywodraeth Cymru yn nodi pwysau gweithlu ysgolion. Mae'r rhain yn ffurfio sail y pwysau addysgol sylfaenol. Yn ail mae gwaith LE Wales a adroddwyd i'r Is Grŵp Cyllid y llynedd ac yn ffurfio sail pwysau demograffig a gweithlu ar gyfer gofal cymdeithasol.

## Ymatebion i'r Arolwg

19. Roedd yr arolwg yn gofyn i'r Cyngor pa mor hyderus oedden nhw o safbwynt gwarchod gwasanaethau rhag toriadau pellach o dan wahanol amodau. Roedd cydnabyddiaeth fod cynnydd y llynedd o £184 miliwn neu 4.3% yn newid sylweddol ers y degawd blaenorol ac wedi gwarchod gwasanaethau a swyddi.
20. Wrth asesu effaith senarios amrywiol yn y dyfodol, ychydig o seibiant yn unig fyddai setliad oedd yn cynnwys chwyddiant gweithlu yn ei roi rhag blynyddoedd o galedi ac ni ellid sicrhau y byddai unrhyw faes gwasanaeth yn cael ei warchod yn llwyr rhag toriadau.

21. Byddai cynnwys chwyddiant gweithlu a phwysau galw yn darparu cymorth ychwanegol sylweddol, ond roedd pryder yn amlwg o safbwynt gallu i fodloni'r holl bwysau costau yn enwedig mewn ysgolion, gwasanaethau oedolion a gwasanaethau plant o ystyried effaith COVID ar y galw.
22. Roedd pob maes gwasanaeth o fewn y cynghorau yn ymddangos yn yr ymatebion fel meysydd pryder, ond y rhai oedd yn cael eu gweld yn gyson fel y rhai yr oedd mwyaf o bryder amdanynt oedd:
  - Gwasanaethau Oedolion
  - Ysgolion;
  - Gwasanaethau Plant; a
  - Digartrefedd.

### Setliadau oedd yn cynnwys Chwyddiant Gweithlu

23. Rhoddodd senario gyllido oedd yn cynnwys chwyddiant gweithlu beth seibiant i gynghorau, ond yr oedd yn dal i adael bwlch sylweddol yn y cynlluniau ariannol. Agorodd y posibilrwydd o beth cwmpas i gyfyngu toriadau i Addysg a Gofal Cymdeithasol ond yr ymateb cyffredinol oedd y byddai'n dal angen gwneud penderfyniadau anodd ynglŷn â lefelau gwasanaethau yn y senario hon, lle gellid gwarchod rhai meysydd, a dod â rhai gwasanaethau i ben yn llwyr.
24. Nododd ymatebion yr arolwg y byddai gwarchod cyllidebau Addysg a Gofal Cymdeithasol yn eithriadol o heriol. Byddai gwarchod hyd yn oed un o'r meysydd hyn yn afrealistig.
25. Mae'r broblem o danfuddsoddi hefyd yn peri pryder. Roedd arolygon yn ymwybodol o'r angen i symud i gam adfer, a phwysleisiodd awdurdodau lleol unigol bwysigrwydd ceisio cefnogi'r economi lleol. Mae'r gallu i gyllido buddsoddiad cyfalaf yn allweddol i ddarparu adferiad a thwf. Mae setliad sydd ond yn cynnwys chwyddiant gweithlu yn tanseilio'r cwmpas ar gyfer buddsoddiad os nad oes meysydd eraill yn cael eu torri i gyllido costau benthyca. Ar gyfer rhai awdurdodau lleol, bydd Rhaglen Ysgolion yr 21ain ganrif yn gweld gofynion buddsoddi cyfalaf yn parhau i gynyddu gyda'r costau benthyca yn llyncu canran fwy o'r gyllideb refeniw. O dan y senario hon mae fforddiadwydd y rhaglenni hyn yn bryder.

26. Mae Cyngorau wedi bod yn syndod o lwyddiannus hyd yma o safbwynt edrych am arbedion effeithlonrwydd gweithredol. Roedd cydnabyddiaeth y gallai'r pandemig ddarparu peth cyfleon ychwanegol o safbwynt arbedion asedau a chostau teithio, ond fyddai'r rhain ddim yn dod yn agos at gau unrhyw fwch cyllidol.
27. Ni fyddai poblogaeth sy'n heneiddio a ffactorau demograffig eraill yn cael eu cynnwys gan gynnydd cyllidol yn y senario hon. I rai cyngorau, mae hyn yn broblem barhaus. Mewn awdurdodau lleol eraill mae cynnydd yn y Cyflog Byw yn creu pwysau ariannol.
28. I osgoi toriadau o dan y senario hon ac i gwrdd y bylchau cyllidol a amlinellir gan gyngorau, byddai'n rhaid cael cynnydd mawr ac annerbyniol yn nhreth y cyngor. Dywedodd ymatebwyr y byddai hyn yn achosi'r un problemau ag sydd wedi eu hamlinellu o dan senario arian gwastad. Mewn geiriau eraill, doedd dilyn y llwybr hwn ddim yn opsiwn.

### Setliadau sy'n cynnwys Chwyddiant Gweithlu a Phwysau Galw

29. Y senario hon sy'n gwarchod y gwasanaethau fwyaf. Roedd yr ymatebion yn amrywio yn dibynnu ar y lefel o bwysau galw a disgwyliadau a wynebwyd gan y cyngorau. Byddai'n rhoi peth cymorth i'r holl gyngorau wrth geisio osgoi'r toriadau mwyaf mewn gwasanaeth. Mae'r gallu i warchod Addysg a Gofal Cymdeithasol yn cael ei gynyddu.
30. Tra bod rhai awdurdodau yn teimlo na fyddai angen toriadau cyllideb i fodloni pwysau galw, y pryder sylfaenol yw mai 'dim ond' cynnal gwasanaethau cyfredol a bodloni pwysau demograffig fyddai hyn yn ei wneud. Ni fyddai gwelliannau gwasanaeth ac unrhyw effaith ychwanegol gan COVID-19 yn y dyfodol yn cael eu cyllido.
31. Hyd yn oed o dan y senario hon, roedd rhai cyngorau yn teimlo y byddai ganddynt fwch cyllideb oherwydd ymrwymadau i gyllido gwelliannau gwasanaeth. Byddai'n rhaid i flaenoriaethau polisi lleol sy'n ymwneud â Datblygu Economaidd ac Adfer barhau i dderbyn arbedion cyllid digolledu gan wasanaethau eraill i fodloni'r gofynion hyn.
32. Roedd un ymateb yn nodi hyder y byddai'r prif wasanaethau a ddarperir yn cael eu gwarchod rhag toriadau yn seiliedig ar y senario gyllido hon, ond ychwanegwyd mai dim ond pe bai Llywodraeth Cymru yn parhau i gefnogi'r costau ychwanegol sy'n gysylltiedig â COVID-19 y byddai hyn yn digwydd.

33. Bydd angen i wasanaethau barhau i ddod yn fwy effeithiol a chymryd arbedion sy'n deillio o newidiadau i drefniadau gweithio oherwydd Covid-19. Bydd angen cyflawni arbedion mewn meysydd penodol (e.e. swyddogaethau swyddfeydd cefn) i gynhyrchu buddsoddiad pellach mewn gwasanaethau rheng flaen, blaenoriaethau lleol a newid trawsnewidiol parhaol.
34. Roedd rhai awdurdodau'n teimlo y byddai'r senario hon yn rhoi sgôp i adlewyrchu ar lefelau treth y cyngor a gynlluniwyd. Nid oedd hon yn nodwedd gyffredin i bawb ond mae'n dystiolaeth o barodrwydd i gefnogi cymunedau lleol lle byddai'n bosib edrych ar leihau'r lefel sydd wedi ei gynllunio o gynnydd.
35. Mae'r mater o gyfraddau casglu ar gyfer treth y cyngor yn bryder. Mae'r darlun ar draws Cymru yn un o gyfraddau casglu is, oherwydd effaith y pandemig ar incwm cartrefi. Gyda'r potensial ar gyfer cynnydd mewn costau cynlluniau gostyngiad treth y cyngor mae hyn yn cynyddu fel ffactor risg ar gyfer cyllidebau cyngorau.

### Meysydd Gwasanaeth sy'n achosi'r Mwyaf o Bryder

36. Roedd yr arolwg yn ceisio barn ar wasanaethau lle roedd y pryder mwyaf o dan y dair senario.
37. Mae pob gwasanaeth cyngor a nodwyd yn achosi pryder. Fodd bynnag, roedd thema cyson yn nodi fod yr holl gynghorau yn poeni am wasanaethau mawr sydd wedi eu heffeithio gan COVID-19.
38. Hyd yma mae Ysgolion wedi cael eu gwarchod rhag y gwaethaf o'r toriadau cyllid ond mae'r darlun sy'n cael ei greu gan ymatebion yr arolwg yn nodi y byddai setliad gweddol wael yn effeithio ar wella safonau a chymorth i ddysgwyr sydd o dan anfantais ac yn ddiameddiffyn. Mae ymatebion yn nodi er bod hwn yn faes blaenoriaeth, ni fyddai'n bosib darparu sicrwydd rhag gostyngiad mewn cyllid mewn rhai senarios. Mae gan rai awdurdodau ysgolion mewn sefyllfa o ddiffyg trwyddedig, ar y cyd â hyn, mae pryder cynyddol am effaith setliad arian gwastad neu chwyddiant cyflog yn unig, mewn cyfnod pan fo un awdurdod wedi gweld cynnydd o 37% yn y nifer o ddysgwyr sydd yn gymwys am brydau ysgol am ddim.
39. Doedd hi ddim yn syndod fod Gofal Cymdeithasol i Oedolion yn ymddangos fel pryder allweddol. Roedd ymatebion yn nodi'r angen i barhau i ddarparu Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) ond nodwyd hefyd y pwysau parhaol oherwydd COVID-

- 19, oedd yn cael eu cyllido ar hyn o bryd drwy Gronfa Galedi Llywodraeth Cymru. Mae hwn wedi bod yn system sylweddol ar gyfer rhoi cymorth ariannol, ond ar hyn o bryd nid yw ond yn cynnwys blwyddyn ariannol 2020-21. Mae pwysau demograffig yn golygu fod costau'n cynyddu ar gyfnod pan fo pryderon cynyddol ynglŷn â breuder y farchnad. Mae data hawlio sy'n dod o'r gronfa galedi yn dangos fod angen hawliadau misol o rhwng £8 miliwn a £12 miliwn ar gyfer y sector. Bydd hyn yn dod i gyfanswm o £96 miliwn a £144 miliwn yn flynyddol.
40. Roedd Gwasanaethau Plant eisoes o dan bwysau cyn effaith Covid-19. Roedd ymatebion yn nodi'r pryderon am yr effaith ar les plant yn ystod y cyfnodau clo ac mae'r mater hwn yn debygol o weld pwysau ariannol yn deillio o COVID-19 yn yr hir dymor. Mae galw am lleoliadau, costau uchel lleoliadau a chanran uchel o swyddi gwaith cymdeithasol yn cael eu llenwi gan staff asiantaeth yn parhau i ychwanegu at bwysau ariannol yn y maes hwn. Tra bo'r niferoedd o 'blant sy'n derbyn gofal' wedi cynyddu, mae patrymau'n awgrymu nad ydy'r rhain eto wedi cyrraedd eu huchafbwynt a'u bod yn debygol o gynyddu ymhellach. Mae'r nifer o blant sy'n derbyn gofal wedi cynyddu dros gyfnod y pandemig ac mae lleoliadau yn gynyddol anodd i'w canfod. Mae hyn yn creu pwysau ychwanegol ar y sefyllfa ariannol.
41. Mae pwysau ariannol tai a digartrefedd yn bryder sylweddol. Hyd yma mae'r cyllid refeniw sydd wedi bod ar gael ar gyfer COVID-19 wedi helpu i fynd i'r afael â chysgu ar y stryd. Bu cyllid gan y Grant Cymorth Tai a'r Grant Cysgu ar y Stryd hefyd o gymorth ond bydd problemau a heriau newydd yn codi oherwydd y dyletswyddau cyfreithiol newydd o dan Adran 75(3) Deddf Tai (Cymru) 2014. Mae'r maes hwn yn debygol o weld galw yn cynyddu yn y tymor canolig a'r hir dymor oherwydd y cynnydd mewn lefelau digartrefedd.
42. Mae breuder cludiant Cyhoeddus a Chludiant Ysgol, yn enwedig gwasanaethau bws, wedi ei liniaru drwy ddefnyddio cyllid Caledi Llywodraeth Cymru yn 2020-21 er mwyn rhoi cymorth byr dymor i ddarparwyr cludiant. Mae pryder bellach ynglŷn â hyfywedd darparwyr sydd wedi eu heffeithio gan y lleihad parhaol mewn nifer o deithwyr. Mae potensial y bydd costau contractau yn cynyddu oherwydd bod llai o ddarparwyr yn bodoli ac effaith darparu mesurau diogelwch er mwyn rheoli COVID-19.
43. Y pryder mwyaf sylweddol o safbwynt Diwylliant a Chwaraeon yw'r gostyngiad mewn lefelau incwm. Mae'r maes hwn wedi colli incwm o theatrau, neuaddau cyngerdd a digwyddiadau mawr, sydd hefyd yn atynnu ymwelwyr sydd yn darparu incwm i fusnesau lleol.

44. Mae pwysau galw yn enwedig ym maes Amgylchedd / Iechyd Y Cyhoedd a Gwasanaethau Rheoleiddio eraill. Mae tystiolaeth o fwy o gyfrifoldebau a llwyth gwaith mwy oherwydd rheoli gorfodaeth rheoliadau COVID-19.
45. Mae Cynghorau wedi eu heffeithio hefyd gan eu bod wedi colli incwm ffioedd a thaliadau. Mae hyn yn ffynhonnell sylweddol o gyllid ar gyfer gwasanaethau ac mae diffygion 2020-21 wedi eu llenwi gan y Gronfa Galedi. Mae'r lefelau gostyngol o incwm yn debygol i barhau yn 2021-22 ac mae'r elfen allweddol hon o gyllid awdurdodau lleol yn annhebygol o ddychwelyd i lefelau hanesyddol am beth amser eto. Heb gymorth parhaol ar gyfer colli incwm bydd angen toriadau gwasanaeth i ddigolledu gan fod ansicrwydd ynglŷn â phryd (ac os) bydd galw yn dychwelyd i lefelau cyn COVID-19.

### Effaith Covid-19 ar Wasanaethau Gofal Cymdeithasol

46. Roedd arolwg eleni hefyd yn ceisio gwybodaeth am effaith Covid-19 ar ofal cymdeithasol. Mae'r ymateb cenedlaethol i'r argyfwng wedi amlygu'r cysylltiad agos rhwng canlyniadau iechyd a darpariaeth gwasanaethau gofal cymdeithasol. Mae'r ymateb cyffredinol wedi achosi pwysau ariannol oherwydd Covid yn y sector gofal, ar ben y pwysau blynyddol a wynebier oherwydd newidiadau demograffig.
47. Ymateb cyson a gafwyd gan gynghorau oedd fod Cronfa Galedi Llywodraeth Cymru wedi ei defnyddio i gefnogi gofal cymdeithasol yn y cyfnod heriol hwn, gyda rhai yn nodi ei rôl o safbwynt cynnal y farchnad ddarparwyr a chynnal gwasanaeth cynaliadwy wrth symud ymlaen.
48. Mae'r cydweithio agos rhwng y Gwasanaeth Iechyd ac awdurdodau lleol wrth ymateb i'r pandemig wedi arddangos pa mor bwysig yw'r sector gofal o safbwynt darparu gwasanaethau iechyd ar draws Cymru a gwella perfformiad y gwasanaeth iechyd o ganlyniad i'r pandemig. Pwysleisiodd rhai awdurdodau'r angen am gyllid ychwanegol GIG Cymru i gydnabod y rôl mae'r cynghorau yn ei chwarae fel bod llywodraeth leol yn derbyn siâr deg o unrhyw gyllid canlyniadol iechyd gan Lywodraeth y DU a allai ddod i Gymru.
49. Roedd ymatebion yn nodi pwysigrwydd sicrhau fod darparwyr gofal y sector preifat yn gallu parhau â'u rôl bwysig nid yn unig yn bodloni gofal a gomisiynwyd gan y cynghorau ar gyfer y mwyaf diamddiffyn mewn cymdeithas, ond hefyd o safbwynt rhyddhau

adnoddau mewn ysbytai. Mae'r pandemig cyfredol wedi rhoi pwysau ariannol sylweddol ar ddarparwyr gofal oherwydd y costau cynyddol (staffio, salwch, cyfarpar diogelu personol ac ati) ond mae hefyd wedi effeithio ar eu gallu i greu incwm gan gleientiaid sy'n talu ffioedd llawn. Byddai diffyg yn y farchnad yn golygu y byddai'n rhaid i Gynghorau chwilio am gapasiti gofal ymhellach i ffwrdd. Byddai hynny'n golygu cynnydd sylweddol mewn costau.

50. Canfu'r arolwg fod y cyllid LIC ychwanegol sy'n cael ei gyfeirio at ddarparwyr ar hyn o bryd wedi sicrhau fod rhai darparwyr yn dal i fasnachu ac y bydd yn anodd iddynt barhau i'r dyfodol heb y cyllid ychwanegol hwn.
51. Roedd pryder ynglŷn â methiant y farchnad darparwyr lleol, ac roedd pryder hefyd ynglŷn â phwysau yn cael ei deimlo y tu hwnt i ddiwedd y pandemig:
- Bydd angen i feysydd penodol o fewn Gwasanaethau Oedolion fel therapi galwedigaethol a gwaith cymdeithasol cyffredinol ddal i fyny gyda gwaith nad yw'n flaenoriaeth sy'n parhau i fodloni trothwyon statudol. Yn ymarferol bydd hyn yn golygu costau ychwanegol am beth amser.
  - Bydd yn rhaid i wasanaethau lechyd Meddwl ymdopi â phwysau ychwanegol i gefnogi cyfran ychwanegol o unigolion sydd wedi eu heffeithio gan effaith y pandemig ar lefelau o unigedd.
  - Yn ystod y pandemig mae dod o hyd i leoliadau ar gyfer Plant Sy'n Derbyn Gofal wedi bod yn heriol. O ganlyniad, bydd cynnydd mewn costau, yn arbennig gyda chost uchel lleoliadau y tu allan i'r sir i'w rheoli ar ôl y pandemig.
  - Mae'n bosib na fydd gwasanaethau gofal dydd yn ailddechrau gyda'r un model ar ôl i'r pandemig lacio. Mae'n bosib y bydd modelau gwasanaeth newydd angen cyllid ychwanegol i'w cefnogi.
52. Mewn ymateb i'r pandemig bu aildrefnu gweithrediadau a rheolaeth dydd i ddydd. Mae hyn wedi effeithio rhaglenni trawsnewid sy'n golygu fod rhai cynghorau wedi oedi newidiadau sylweddol sydd hefyd wedi eu clymu i raglenni arbed arian. Mae awdurdodau yn cydnabod fod angen i ddatblygu ac ailfodelu gwasanaethau er mwyn bodloni anghenion cyfredol a chynyddol, ond nid yw'r capasiti angenrheidiol ganddynt i wneud hynny.

## Parhau â'r newid trawsnewidiol oherwydd COVID 19

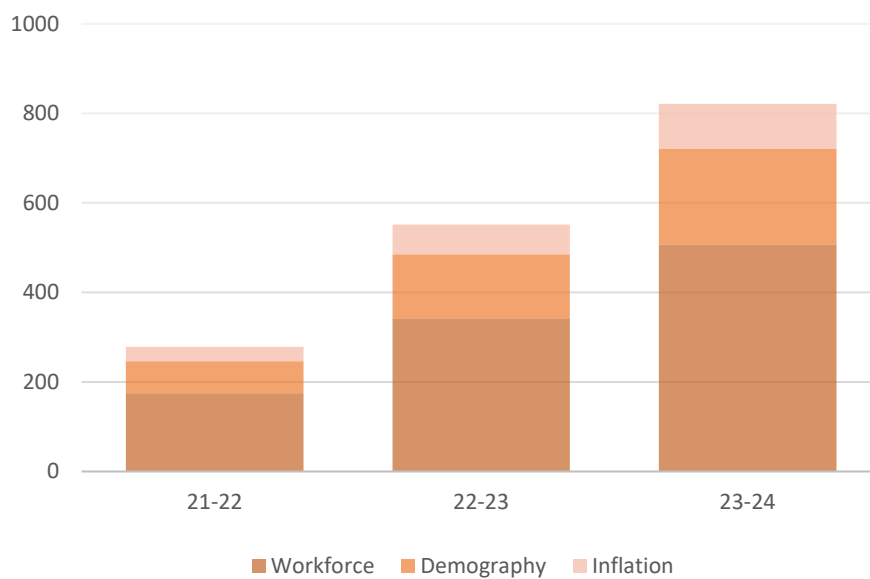
53. Ar 8 Awst ysgrifennodd y Gweinidog Tai a Llywodraeth Leol at Arweinwyr i gydnabod y diffyg incwm ar draws yr holl awdurdodau lleol ac i gydnabod ymdrechion roedd Cyngorau wedi eu gwneud i arloesi er mwyn cadw gwasanaethau i fynd ac i ddarparu gwasanaethau newydd neu ychwanegol o ganlyniad i COVID 19. Roedd y llythyr hefyd yn nodi'r dyhead cryf i barhau ac i adeiladu ar y newidiadau cadarnhaol mewn gwasanaeth y mae nifer o Gynghorau wedi eu cyflwyno mewn ymateb i'r pandemig. Roedd y Gweinidog yn awyddus i glywed am ba newidiadau sydd wedi eu gwneud a pha ganlyniadau cadarnhaol sydd wedi eu cyflawni, ac roedd ymatebion gan y 22 awdurdod yn cynnwys meysydd fel gweinyddu, llywodraethu, eiddo gweithio'n hyblyg a'r defnydd o graffu digidol.
- Ers dechrau'r pandemig mae cyfran sylweddol o weithlu pob un o'r awdurdodau lleol yn gweithio o bell. Mae'r newid hwn wedi gweld arbedion o ran teithio ac ynni. Mae'r effaith hir dymor yn debygol o weld gostyngiad mewn anghenion gofod swyddfa cyffredinol. Adroddodd Cyngorau am gynnydd mewn llythrennedd digidol ar draws eu sefydliadau gan gynnwys ymysg aelodau etholedig.
  - Mae Awdurdodau Lleol wedi gweld dulliau traddodiadol o dalu a chysylltu â'r Cyngor (fel wyneb yn wyneb mewn Swyddfeydd Gwasanaeth i Gwsmeriaid) yn newid i wasanaeth ar y ffôn neu ar y we. Mae rhai cyngorau wedi defnyddio cardiau Swyddfa'r Post i gasglu rhenti tai gan denantiaid. Mae hyn yn wedi lleihau'r gwaith o drin arian parod.
  - Mae'r defnydd o beirianwaith i gyflymu'r newid mewn diwylliant wedi cynyddu. Mae technoleg wedi galluogi staff ac aelodau etholedig i gynnal cyfarfodydd a thrafodaethau heb yr angen i deithio i leoliad penodol. Mae'r gostyngiad mewn amser teithio wedi golygu arbedion, gostyngiad yn yr effaith garbon, a gwell cynhyrchiant.
  - Ar ôl y cyfnod clo, cafodd gwasanaethau fel Canolfannau Ailgylchu Gwastraff Cartref a Llyfrgelloedd eu hail agor at ddefnydd y cyhoedd drwy systemau archebu ar-lein, oedd yn rheoli mynediad yn effeithiol a diogel. Mae rhai cyngorau yn symud i gatalogau llyfrgell electronig fel y gall trigolion gael mynediad diogel at wasanaeth. Mae gwasanaethau llyfrgell digidol wedi eu gweithredu yn llwyddiannus iawn ac mae cyngorau yn bwriadu darparu gwasanaeth 'clicio a chasglu' yn barhaol.

- Mae'r defnydd o dechnoleg AI wedi ei gyflymu i gynnal gwasanaethau drwy ryddhau adnoddau mewn gofal rheng flaen yn ogystal â meysydd gweinyddol, drwy wneud prosesau'n awtomatig.
  - Mae'r gweithlu wedi arddangos hyblygrwydd sylweddol, o gefnogi pryddau ysgol am ddim i weithredu Profi, Orlhain a Diogelu. Seiliwyd y broses o adleoli er mwyn cefnogi gwasanaethau hanfodol gan gytundebau a wnaed gydag Undebau Llafur. Ers dechrau'r pandemig, penderfynodd un cynghorydd gludo Pryddau Ysgol Am Ddim i gartrefi'r holl ddisgyblion oedd yn gymwys am Bryddau Ysgol Am Ddim. Bu hyn yn gymorth i gartrefi diamddiffyn, ond bu hefyd o fudd i fusnesau lleol. Fe ddangosodd y broses sut roedd yr holl weithlu yn cefnogi'r gymuned leol.
  - Mae un cyngor yn adrodd fod sefydlu cynllun ymgysylltu a chefnogaeth gymunedol ddwys a gwerthfawr i'r rheini oedd yn gwarchod eu hunain (ac i'r rheiny oedd angen cymorth hefyd) wedi cynhyrchu adborth a dealltwriaeth cymunedol gwerthfawr. Bydd hyn o gymorth i siapio eu blaenoriaethau yn ystod y cam adfer a thu hwnt.
  - Mae gwneud defnydd o gyfarfodydd ar-lein ar gyfer Cynadledau Amddiffyn Plant wedi bod yn ddatblygiad cadarnhaol. Mae un cyngor yn nodi ei fod wedi gallu cyrraedd cworwm o 100% yn gyson sydd yn golygu cyfarfod llawer mwy effeithiol i ddiogelu plant.
  - Yn sydyn, fe sefydlodd Cynghorau ganolfannau gofal plant sefydledig er mwyn cefnogi'r rheiny oedd yn gweithio ar y rheng flaen, yn ogystal â'r plant mwyaf diamddiffyn, roedd y ddarpariaeth hon dros saith diwrnod yr wythnos, a thrwy gydol y gwyliau ysgol. Cyflwynodd un cyngor 'dîm o amgylch y ganolfan' er mwyn darparu mynediad anffurfiol at broffesiynau penodol, bu'r model aml-asiantaeth hwn mor llwyddiannus nes ei fod wedi parhau.
  - Mewn un cyngor, mae Wardeiniaid Tai Gwarchod wedi cael gliniaduron. Bydd hyn yn lleihau faint o waith papur sydd yn rhaid ei gwblhau a'i gasglu. Bydd hefyd yn rhyddhau amser i Uwch wardeiniaid sy'n gorfod ei gasglu at ei gilydd a'i wirio yn fisol.
54. Does dim amheuaeth fod ymdopi â'r pandemig wedi bod yn hynod o heriol i awdurdodau lleol, ond mae cynghorau yn adrodd fod rhai o'r newidiadau sydd wedi digwydd yn ystod y pandemig yn cael eu hymgorffori i ffordd barhaol o weithio. Bydd

hyn yn gweld ffocws ar wella darpariaeth gwasanaeth, gwella lles staff, a manteisio ar welliannau cynhyrchiant.

## Pwysau Craidd yn y Tymor Canolig

55. Mae Ffigur 2 isod yn crynhoi'r pwysau gwariant ar gyfer llywodraeth leol yn seiliedig ar ein model sy'n arfer defnyddio ffurflenni a gasglwyd yn ganolog fel y gwaelodlin ac yna'n cyfrifo'r hyn rydym yn ei wybod am bwysau dros y 3 blynedd nesaf. £279 miliwn yw pwysau'r cyfanswm gwariant ar gyfer 2021-22 sydd yn uwch nac mewn blynyddoedd blaenorol, sy'n adlewyrchu'r setliadau tâl uwch. Pwysau gweithlu na ellir ei osgoi yw 64% o hyn. Erbyn 2023-24, amcangyfrifir y bydd yn cynyddu i £822 miliwn, ac y bydd pwysau gweithlu (£507 miliwn) yn uwch na phwysau demograffig a phwysau chwyddiant eraill ynghyd (£315 miliwn).
56. Mae'r pwysau ar gyfer y flwyddyn nesaf yn agos iawn â'r data mae'r 22 awdurdod wedi ei ddarparu drwy'r Arolwg Adolygiad O Wariant. Gyda'i gilydd mae hyn yn dod i £274 miliwn, felly tua £5 miliwn yn llai na mae'r modelu'n ei awgrymu.

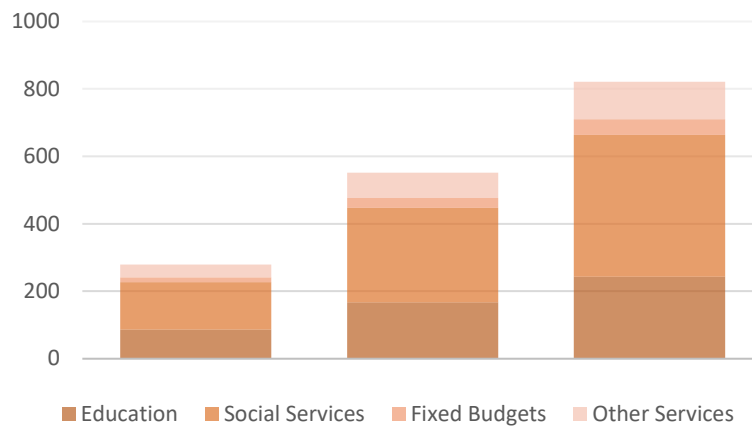
**Ffigur 2:** Pwysau cronol hyd at 2023-24, yn ôl thema, £miliwn

**Ffynhonnell:** Amcangyfrifon sylfaen: Adenillion Gwariant Refeniw Gwirioneddol a Chyfrif Refeniw (2019-20 i 2020-21)

57. Mae Ffigur 3 isod yn dangos bod cyfran uwch o bwysau yn y dyfodol yn dal i gronni yn y gwasanaethau mwy. Yn gryno, y prif nodweddion yw:

- Pwysau ychwanegol o £140 miliwn ar gyfer gofal cymdeithasol yn 2020-21 yn dod yn £420 miliwn erbyn 2022-23, sydd yn gyson gyda'r astudiaeth sydd heb ei chyhoeddi gan LE Wales a gomisiynwyd gan Lywodraeth Cymru (dylai hwn ddarparu amcangyfrifon mwy cywir).
- Mae pwysau ar ysgolion yn llai gan gynyddu o £87 miliwn i £244 miliwn dros yr un cyfnod. Eto, mae'r amcangyfrifon hyn yn unol â'r rheiny sydd yn cael eu cydnabod yn y gwaith a gomisiynwyd gan Lywodraeth Cymru. Mae'r [adroddiad](#) gan Luke Sibieta yn amcangyfrif y bydd chwyddiant gweithlu (addysgu and a staff nad ydynt yn addysgu) rhwng 6.4% a 8.4% dros gyfnod o dair blynedd.
- Mae elfennau sefydlog o'r gyllideb – cyllid cyfalaf, ardollau gwasanaeth tân a Chynllun Gostyngiad Treth y Cyngor – yn cynyddu o £15 miliwn i £46 miliwn erbyn diwedd y cyfnod.
- Y gwasanaethau anstatudol sy'n weddill, sef rhai o'r rhai amlycaf a'r rhai mwyaf gwerthfawr i gymunedau a'r rhai sy'n gwneud cyfraniad cadarnhaol at

les pobl, yw'r rhai sydd mewn mwyaf o berygl a dyma'r rhai sydd wedi dioddef fwyaf o galedi ariannol hyd yma.

**Ffigur 3:** Pwysau cronrol hyd at 2023-24, yn ôl gwasanaeth, £miliwn

**Ffynhonnell:** Amcangyfrifon sylfaen: Adenillion Gwariant Refeniw Gwirioneddol a Chyfrif Refeniw (2019-20 i 2020-21)

58. Yn olaf, er bod y rhan fwyaf o'r papur hwn wedi ymdrin â gwariant refeniw, ni ddylid anghofio pwysigrwydd buddsoddi cyfalaf. Mae Llywodraeth Leol wedi croesawu'r cyllid cyfalaf ychwanegol sydd wedi'i ddarparu dros y blynyddoedd diwethaf i ariannu cludiant, ysgolion, tai ac isadeiledd lleol arall. Fel mewn blynyddoedd diweddar, yn y pen draw, hoffem i lefelau gwariant cyfalaf llywodraeth leol ddychwelyd i lefelau 2009-10.
59. Mae Comisiynydd Cenedlaethau'r Dyfodol wedi cyhoeddi cynllun deg pwynt i ariannu ymateb Cymru i'r argyfwng hinsawdd. Fel mae'r Comisiynydd yn ei nodi, mae gwariant Llywodraeth Cymru ar ddatgarboneiddio yn y cyllidebau presennol ac yn y gorffennol wedi bod oddeutu 1%, a bellach nid yw hyn yn hanner digon i ariannu heriau argyfwng hinsawdd. Mae Llywodraeth Cymru wedi gosod uchelgais i'r sector cyhoeddus i fod yn garbon niwtral erbyn 2030. Gall llywodraeth leol fod yn rhan allweddol o helpu i gyflawni'r nodau hyn ond bydd angen adnoddau digonol os yw am allu mynd i'r afael â'r her.
60. Ar ôl COVID, fel rhan o'r adferiad, byddwn yn parhau i frwydro am gyfres o raglenni cydlynus, dros Gymru gyfan, o fuddsoddiad mewn gwasanaethau awdurdodau lleol. Nodwyd manylion y pecyn ysgogi economaidd mewn llythyr i Weinidogion yn ôl ym mis Gorffennaf. Gyda chyllid Llywodraeth Cymru, gallai awdurdodau lleol fenthyl a buddsoddi mewn sawl rhaglen gyfalaf sylweddol. Gallai'r rhain gyfrannu, yn gyflym ac yn sylweddol i becyn ysgogi economaidd ehangach, gan helpu i wella perfformiad a chanlyniadau mewn perthynas ag ystod o amcanion polisi a rennir pwysig eraill hefyd. Byddant yn helpu i barhau gyda ac adeiladu ar newidiadau cadarnhaol, trawsnewidiol sydd eisoes wedi cael eu cyflwyno i'r gwasanaethau hyn mewn ymateb i COVID 19.

61. Llywodraeth leol sydd yn y sefyllfa orau i ddarparu gwell cludiant, tai, prosiectau ynni adnewyddadwy a datrysiadau sy'n seiliedig ar natur. Llywodraeth leol sydd hefyd yn y lle gorau i sicrhau bod datgarboneiddio'n egwyddor ac yn sbardun allweddol i benderfyniadau o fewn y system gynllunio, prosesau caffael y sector cyhoeddus a buddsoddi dros £17 biliwn o asedau cronfa bensïynau'n gyfrifol.

## Casgliad

62. Yn adroddiad llynedd i'r Is Grŵp Cyllid, daethpwyd i'r casgliad fod Awdurdodau Lleol wedi bod yn weddol gryf, er y cyfnod hir o ostyngiadau gwirioneddol mewn cyllideb. Mae heriau eleni yn rai gwaeth o lawer oherwydd effaith ddigynsail COVID-19.
63. Mae'r cymorth sylweddol gan Lywodraeth Cymru yn ystod y flwyddyn, yn ogystal â dull gweithredu yn seiliedig ar weithio mewn partneriaeth wedi darparu parhad gwasanaeth sylweddol mewn cyfnod o argyfwng. Fodd bynnag, bydd angen setliad teg ar gyfer 2021-22 er mwyn osgoi toriadau dwfn o fewn meysydd allweddol llywodraeth leol fel nad yw cynghorau ond yn parhau i chwarae rôl allweddol drwy ddarparu cymorth parhaol, ond hefyd yn arwain y cam adfer ar gyfer ein cymunedau wrth i ni ddychwelyd i sefyllfa fwy arferol.

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### AM RAGOR O WYBODAETH, CYSYLLTWCH Â

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# WLGA EVIDENCE TO FINANCE COMMITTEE

## WELSH GOVERNMENT BUDGET 2021-22

### 02/12/20

## INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and three fire and rescue authorities are associate members.
2. The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.
3. The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.
4. This evidence is drawn from our submission to the Finance Sub Group (FSG) on 2 November. The FSG is chaired by the Minister for Housing and Local Government and attended by 8 Local Authority Leaders. Other ministers attend regularly.
5. In order to inform the 2021-22 Welsh Government budget round the WLGA carried out a survey of the 22 local authorities. The resulting paper builds on last year's survey but is also informed by work carried in this financial year to quantify and analyse the impact COVID-19 on local government. This has meant that the responses from local authorities have been heavily impacted by the need to deal with the implications of the pandemic.
6. There is now a considerable body of survey data on the pressures faced by the sector. This financial year FSG has received two quarterly reports providing the results of the two surveys setting out the estimated financial impact of the ongoing response to the COVID-19 emergency. These have set out the impact on local authority income and the

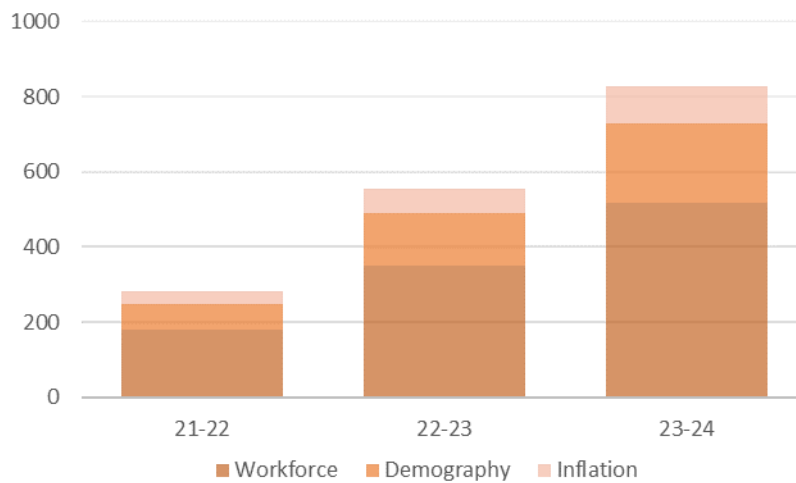
pressures on revenue expenditure. In the same context the second report looked at emerging issues and COVID-19 announcements made by UK Government that will have consequential funding allocations for devolved administrations including Welsh Government. This report also covers the impact of COVID-19 and the inevitable legacy impact of the pandemic on local government finances.

7. This paper summarises the results of the survey of all 22 local authorities commissioned by the WLGA to collect more detailed information on the estimated impact of various financial scenarios over the next three years. It is worth noting that each of the 22 authorities has a robust annual financial planning process enabling them to set a balanced budget.
8. The unprecedented crisis saw an immediate response by local authorities. This has meant the Medium Term Financial Plans agreed as part of the 2020-21 budget process are no longer valid because of the unprecedented pressure. Even though the pandemic remains councils are now seeing the recovery phase as a key issue for financial planning. Financial certainty and support will be key to the success of this phase.
9. The survey sought to look at the future impact on services under differing assumptions up to 2023-24 where settlements included workforce inflation, demand and other inflationary pressures. It also sought to gain views about the level of confidence that services could be protected and where the greatest level of concern existed for services.
10. This year's survey also sought information on the impact of Covid-19 on social care finances. The close link between health outcomes and social care is well known and in 2020-21 this has caused further Covid-related financial pressure in the care sector beyond associated demographic factors. The inclusion of this aspect is an attempt to gain a whole system perspective by collecting information so that local government's role and the resulting financial pressure is noted a part of the whole system approach when funding decisions are made that affect the health and social care sector.

## Summary

11. Local Government is working at the forefront of the current emergency to meet the unprecedented challenge of COVID-19. This has also been a notable and significant demonstration of the partnership with Welsh Government and the wider public sector. The commitment of staff to support the most vulnerable has been a key factor in

- responding to the crisis. Councils' response has been greatly assisted by in year additional funding from Welsh Government. This welcome and necessary financial support to the COVID-19 has brought temporary stability to allow councils to respond to the pandemic.
12. The unprecedented response has understandably redirected local authority efforts to dealing with the impact of the pandemic and to deliver their community leadership role. Despite the challenge and financial circumstances, local authorities continue to provide a wide range of services and this has often gone unnoticed at this unprecedented time.
  13. Survey responses indicate the impact of the pandemic on local priorities and council finances. Demand led services in the social care sector have been particularly badly affected and real concern about service continuity and the on-going impact on finances is evident in councils' responses. The responses also highlight the key role played by council commissioned private care providers many of whom are small and lack the financial resilience of larger providers.
  14. Reports in previous years to FSG have often commented that local services were reaching a tipping point because of austerity. The potential impact of COVID-19 is of another order of magnitude.
  15. Councils raised significant concern about the future funding position. Unexpected financial pressures when coupled with the struggle to deliver 2021-22 budget savings agreed pre COVID is putting pressure on councils. Some savings agreed for this year are complex and transformation-based meaning that there is doubt about when, and indeed if, these will now occur because of the need to respond to the crisis. This adds another layer of uncertainty to local authority finances and future financial planning that may require deeper cuts to services.
  16. The following table shows the financial gap calculated from our own modelling. The underlying pressures for 2021-22 total £279m and similar patterns are evident in the next two years. This aligns with local authorities' own estimates from our survey. The cumulative pressure rises to £822m by 2023-24.

**Figure 1:** Local Government Spending Pressures

**Source:** Base estimates: RO and RA returns (2019-20 to 2020-21)

17. As in previous years, the greatest proportion, 63% or £174m, is attributable to workforce costs (including social care commissioning costs). Demand pressures amount to £72m which is mostly down to social care, and other inflationary pressure of £33m.
18. In the large service areas there are two sources of additional evidence confirming the scale of pressures in those specific areas. Firstly, the recent report commissioned by WG from Luke Sibieta identifies the school workforce pressures. These form the basis of the underlying education pressures. Secondly the work of LE Wales reported to the Finance Sub Group last year and form the basis of demographic and workforce pressures for social care.

## Survey Responses

19. The survey asked Councils how confident they were about protecting services from further cuts under differing conditions. There was a recognition that last year's uplift of £184m or 4.3% was a step-change from the previous decade and protected services and jobs.
20. In assessing the impact of various future scenarios, a settlement that covered workforce inflation would give little respite from the years of austerity and no entire service area could be guaranteed full protection from cuts.

21. The covering of workforce inflation and demand pressures would provide considerable additional assistance, but concern was evident about the ability to meet all cost pressures particularly in schools, adult services and children's services given the COVID-related impact on demand.
22. All council service areas featured in the responses as causes of concern but those consistently seen as the most concerning were:
  - Adults Services
  - Schools;
  - Children's Services; and
  - Homelessness.

### Settlements that include Workforce Inflation

23. A funding scenario that included workforce inflation gave councils some respite but still left a considerable gap in financial plans. It opened up the possibility of some scope to limit cuts to Education and Social care but the overriding response was that this scenario would still require painful decisions about services levels, whether some areas could be protected and also ceasing some services entirely.
24. The survey responses noted that the protection of Education and Social care budgets would be extremely challenging. Even protecting one of these areas would be unrealistic.
25. The issue of underinvestment is also of concern. Surveys were aware of the need to move to a recovery phase and individual local authorities stressed the importance of trying to support the local economy. Key to delivering recovery and growth is the ability to fund capital investment. A settlement that only includes workforce inflation undermines the scope for investment unless other areas are cut to fund borrowing costs. For some local authorities, the 21st Century Schools Programme will see capital investment requirements continue to rise with the borrowing costs absorbing a greater percentage of the revenue budget. Under this scenario the issue of affordability of these programmes is a concern.
26. Councils have been remarkably successful to date when looking for operational efficiencies. There was an acknowledgement that the pandemic may provide some additional opportunities around asset savings and travel costs, but these would fall far short of closing any funding gap.

27. An ageing population and other demographic factors would not be covered by funding increases in this scenario. For some councils this is an on-going issue. In other local authorities Living Wage increases create financial pressure.
28. To avoid cuts under this scenario and to meet the funding gaps outlined by councils would still require a large and unacceptable council tax increase. Respondents noted this would have the same issues as outlined under a cash flat scenario. In other words, there would not be an option to pursue this route.

### Settlements that include Workforce Inflation and Demand Pressures

29. This scenario provides the greatest protection to services. The responses varied depending on the level of demand pressures and expectations faced by councils. It would give some support to all councils when seeking to avoid the deepest cuts in service. The ability to protect Education and Social care is enhanced.
30. Whilst some authorities felt budget cuts would not be required to meet demand pressures the underlying concern is this would 'only' maintain existing services and meet demographic pressures. Service improvements and any future additional impact of COVID-19 would not be funded.
31. Even under this scenario some councils felt they would have a budget gap because of commitments to fund service improvements. Local policy priorities around Economic Development and Regeneration would still need compensating budget savings from other services to meet these requirements.
32. One response noted confidence that the main services provided would be protected from cuts based on this funding scenario but added the caveat that this would only happen if coupled with Welsh Government continuing to support the additional costs associated with COVID-19.
33. Services will need to continue to become more efficient and take savings that result from changes working arrangements made because of Covid-19. Targeted savings in specific areas (e.g. back-office functions) would need to be delivered to produce further investment in frontline services, local priorities and on-going transformational change.

34. Some authorities felt this scenario would give scope to reflect on planned council tax levels. This was not a universal feature but is evidence of a willingness to support local communities where it would be a possible to look at reducing the planned level of increases.
35. The issue of collection rates for council tax is a concern. The picture across Wales is one of reduced collection rates because of the pandemic's impact on household income. When coupled with the potential for increase in council tax reduction scheme costs this increases as risk factor for council budgets.

### Service Areas Causing the Greatest Concern

36. The survey sought views on services where there was the greatest concern under all three scenarios.
37. All council service areas featured as causing concern. However, there was a consistent theme that indicated all councils are concerned about major service blocks that have been affected by COVID-19.
38. To date Schools may have been relatively protected from the worst of the funding reductions but the picture presented by survey responses indicates a relatively poor settlement will impact on improving standards and support for vulnerable and disadvantaged learners. Responses indicated that whilst this area is a priority it would not be possible to provide protection against funding reductions in some scenarios. When coupled with some authorities having schools in licensed deficit positions there is growing concern about the impact of a flat cash or pay inflation only settlement at a time when one authority has seen a 37% increase in the numbers of learners eligible for free school meals.
39. Unsurprisingly Adult Social Care featured as a key concern. Responses noted the need to continue to deliver the Social Services and Wellbeing (Wales) Act but also highlighted the on-going COVID-19 pressures currently being funded through Welsh Government's Hardship Fund. This has been a significant financial support mechanism but currently only covers the 2020-21 financial year. Demographic pressure means that costs are rising at a time when there is increasing concern about market fragility. Claim data coming from the hardship fund shows the monthly claims of between £8m and £12m are needed for the sector. This will amount to £96m and £144m annually.

40. Children's Services was already under pressure before the impact of COVID-19. Responses noted the concerns around the impact on children's wellbeing during lockdowns and this issue is likely to see financial pressures arising from COVID-19 in the longer term. Demand for placements, high placement costs and a high percentage of social work posts being filled with agency staff continue to add to the financial pressures in this area. Whilst numbers of 'looked after children' have increased trends suggest these have not yet reached the maximum and are likely to increase further. The number of looked after children has increased over the period of the pandemic and placements are increasingly difficult to source. This is creating an additional pressure on the financial position.
41. Housing and homelessness financial pressure is a significant concern. To date the revenue funding made available for COVID-19 has helped address rough sleeping. Funding from Rough Sleeping Grant and Housing Support Grant has also assisted but additional issues and challenges will arise due to the new legal duties under section 75(3) of the Housing (Wales) Act 2014. This area that is likely to see demand rise in the medium to longer term because of the increase in unemployment levels.
42. The fragility of Public and School transport, particularly bus services, has been mitigated by using Welsh Government Hardship funding in 2020-21 to give short-term support to transport providers. There is now concerns about the viability of providers affected by the continuing reduction in passenger numbers. There is the potential for contract costs to increase due to fewer providers existing and the impact of providing safety measures to manage COVID-19.
43. The most significant concern in Culture and Sport is the decline in income levels. This area has lost income from theatres, concert halls and large events, all of which also attract visitors who also provide income for local businesses.
44. There is demand pressure particularly in Environmental/Public Health and other Regulatory Services. There is evidence of increased responsibilities and workload from managing enforcement of COVID-19 regulations.
45. Councils have also been affected by a loss of fees and charges income. This is a source of significant funding for services and in 2020-21 shortfalls have been met by the Hardship Fund. The reduced income levels are likely to continue in 2021-22 and this key component of local authority funding is unlikely to return to historic levels for some time. Without on-going support for loss of income compensating service cuts will be

required because there is uncertainty about when (and if) demand will return to pre COVID-19 levels.

## Impact of Covid-19 on Social Care Services

46. This year's survey sought information on the impact of COVID-19 on social care. The national response to the crisis has highlighted the close link between health outcomes and the delivery of social care services. The overall response has caused Covid-related financial pressure in the care sector over and above the annual pressure faced by demographic changes.
47. A consistent response from councils has been that the WG Hardship Fund has been utilised to support social care at this challenging time with some noting its role propping up the provider market and maintaining a sustainable service moving forwards.
48. The close working between the Health Service and local authorities in response to the pandemic has demonstrated how important the care sector is in terms of providing health services across Wales and improving the performance of the health service as a response to the pandemic. Some authorities stressed the need for any additional NHS Wales funding to recognise the role played by councils so that local government receives a fair share of any health consequential funding from UK government that may come to Wales.
49. Responses indicated the importance of ensuring private sector care providers were able to continue their important role in not just meeting council commissioned care for the most vulnerable in society but also freeing up resources in hospitals. The current pandemic has placed significant financial strain on care providers due to increasing costs (staffing, sickness, PPE etc.) but has also impacted on their income generating ability from full fee-paying clients. Market failure would leave Councils looking for care capacity further afield. This would come at a significant increased cost.
50. The survey found that the additional WG funding that is currently being directed to providers has kept some providers trading and it will be difficult for them to continue to the future without this additional funding.
51. The concern about market failure of local providers was also matched by pressures that will be felt beyond the end of the pandemic:

- Specific areas on Adults Services such as occupational therapy and general social work will need to catch up with non-priority work which continues to meet statutory thresholds. In practice this will result in additional costs for some time.
  - Mental Health services will have to deal with additional pressure to support an additional tranche of individuals affected by the pandemic's impact on levels of isolation.
  - During the pandemic sourcing placements for Looked After Children has been challenging. As a result, there will be an increase in costs particularly with high cost out of county placements to manage post the pandemic.
  - Day care services may not resume using the same model as the pandemic eases. Emerging new service models may require additional finances to support them
52. In response to the pandemic there has been a refocussing of operations and day to day management. This has affected transformation agendas meaning that some councils have delayed significant changes that are also tied to budget saving programmes. Authorities recognise that there is a need to develop and remodel services to meet current and increased need but lack the capacity needed to do so.

## **Locking in transformational change due to COVID 19**

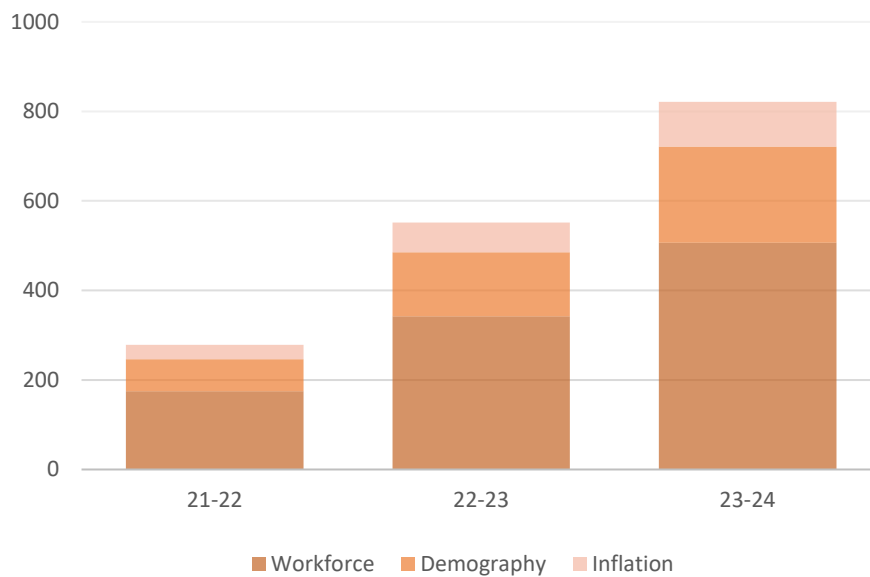
53. On 8th August the Minister for Housing and Local Government wrote to Leaders to acknowledge the loss of income across all local authorities and to recognise the efforts Councils had made to innovate to keep services going and to deliver new or additional services in response to COVID 19. The letter also noted the strong desire and need to build in and build on the positive service changes Councils have introduced in response to the pandemic. The Minister was keen to hear about what changes have been made and what positive outcomes have been achieved and the responses from the 22 authorities covered areas such as administration, governance, flexible working property and the use of digital scrutiny.
- Since the beginning of the pandemic all local authorities have a significant proportion of the workforce working remotely. This change has seen travel and energy cost savings. The longer-term impact is likely to see a reduction in overall office accommodation needs. Councils report an increased digital literacy across their organisations including elected members.

- Local authorities have seen traditional methods of paying and contacting the Council (such as face-to-face at Customer Service Offices) shift to either telephone or web-based engagement. Some councils have used Post Office cards to collect housing rents from tenants. This has reduced the level of cash handling.
- The use of mechanisms to accelerate culture shift has accelerated. Technology has enabled staff and elected members to conduct meetings and discussions without the need to travel to a specific location. The reduction in travel time has produced savings, reduced carbon impact and improved productivity.
- Following lockdown services such as libraries and Household Waste Recycling Centres were brought back into public use by on-line booking systems that efficiently and safely managed access. Some councils are moving to electronic library catalogues so that residents can safely access a service. Digital library services have been implemented very successfully and councils intend to provide a 'click and collect' service permanently.
- The use of AI technology has accelerated to maintain services by freeing up resources in front line care as well as administrative areas by automating processes.
- There has been considerable flexibility demonstrated by the workforce from supporting free school meals to operating Track, Trace and Protect (TTP). Redeployment to support vital services has been underpinned by agreements made with Trade Unions. From the outset of the pandemic one council took the decision to deliver Free School Meals to the homes of all eligible FSM Pupils. Not only did this support vulnerable households but also benefited local businesses. The operation showed how the whole workforce supported the local community.
- One council reports that the establishment of an intensive and highly valued community support and engagement scheme for those that were shielding (and those also in need of support) has also produced valuable community feedback and intelligence. This will help shape their priorities during the recovery stage and beyond.
- The use of virtual meetings for Child Protection Conferences has been a positive development. One council states it has consistently been able to achieve 100% quoracy meaning significantly more effective meetings to safeguard children.

- Councils quickly established childcare hubs to support those working on the front-line as well as the most vulnerable children, this provision was seven days a week and throughout the school holidays. One council introduced a ‘team around the hub’ to provide informal access to named professions, this multi-agency model was so successful it has been continued.
  - In one council Sheltered Housing Wardens have been issued with laptops. This will reduce the amount of paperwork that has to be completed and collected. It will also free up time for Senior wardens who must collate and check it monthly.
54. There is no doubt dealing with the pandemic has been incredibly challenging for local authorities but councils report that some of the changes that have taken place during the pandemic will be incorporated into a permanent way of working. This will see a focus on improving service delivery, enhancing staff well-being, and locking in productivity improvements.

## Core Pressures in the Medium Term

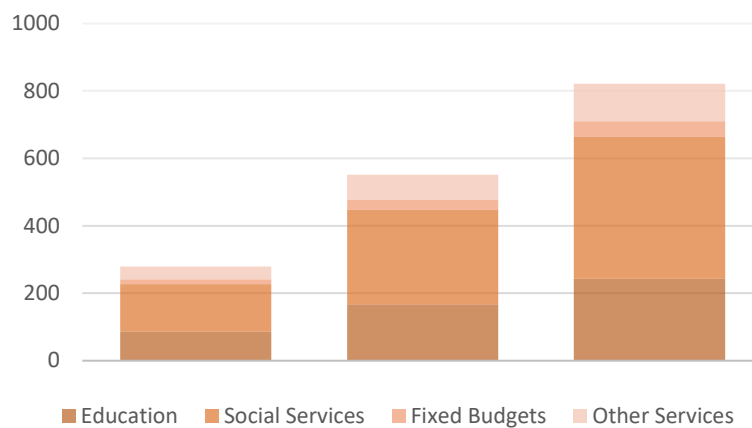
55. Figure 2 below summarises the expenditure pressures for local government based on our model that uses centrally collected returns as the baseline and then factors in what we know about pressures over the next 3 years. Total expenditure pressure for 2021-22 is £279m which is higher than previous years reflecting the higher pay settlements. Unavoidable workforce pressure accounts for 64% of this. By 2023-24 this is estimated to rise to £822m with workforce pressures (£507m) higher than demographic and other inflationary pressures combined (£315m).
56. The pressure next year aligns closely with the data from all 22 authorities have provided through the Spending Review Survey. This aggregates to £274m so around £5m less than the modelling suggests.

**Figure 2:** Cumulative pressures up to 2023-24, by theme, £m

**Source:** Base estimates: RO and RA returns (2019-20 to 2020-21)

57. Figure 3 below shows that a greater proportion of future pressure is still building up in the large services. In summary the key features are:

- An additional pressure of £140m for social care in 2021-22 becomes £420m by 2023-24 which is consistent with the unpublished study by LE Wales commissioned by Welsh Government (this should provide more precise estimates).
- The pressures on schools are less rising from £87m to £244m over the same period. Again, these estimates are well aligned to the those recognised by Welsh Government commissioned work. The recent Report from Luke Sibieta estimates workforce inflation (teaching and non-teaching) between 6.4% and 8.4% over a three year period.
- Fixed elements of the budget – capital financing, fire levies and the Council Tax Reduction Scheme – rise from £15m to £46m by the end of the period.
- The remaining non-statutory services, which are some of the most visible to and valued by communities and those that make a positive contribution to people’s wellbeing are the ones most at risk and areas that have borne the brunt of austerity to date.

**Figure 3:** Cumulative pressures up to 2023-24, by service, £m

**Source:** Base estimates: RO and RA returns (2019-20 to 2020-21)

58. Finally, while most of this paper has been about revenue spending, the importance of capital investment should not be overlooked. Local Government has welcomed the additional capital funding that has been made available in recent years to fund transport, schools, housing and other local infrastructure. As in previous years we hold the line that eventually we would like to see local government's capital expenditure reinstated to 2009-10 levels.
59. Last year the Future Generations Commissioner has published a ten-point plan to fund Wales' response to the climate emergency. As the Commissioner points out, in previous and current budgets the Welsh Government spend on decarbonisation has been around 1% which is nowhere near enough to fund the challenges that a climate emergency presents. WG has set an ambition for the public sector to be carbon neutral by 2030. Local government can play a vital role in helping to pursue these goals but will need to be resourced adequately if it is to be able to rise to the challenge.
60. In the aftermath of COVID, as part of the recovery, we will continue to make the case for a series of co-ordinated, Wales-wide programmes of investment in local authority services. Details of the economic stimulus package were set out in a letter to Ministers back in July. With Welsh Government funding, local authorities could borrow and invest in several significant capital programmes. These could contribute, rapidly and significantly, to a wider economic stimulus package whilst also helping to improve performance and outcomes in relation to a range of other important shared policy objectives. They would also help to 'lock in' and build upon positive, transformational changes already introduced to these services in response to COVID 19.

61. Local Government is best placed to deliver improved transport, housing, renewable energy projects and nature-based solutions. Local government is also best placed to ensure that decarbonisation is a key principle and driver for decision making within the planning system, public sector procurement and the responsible investment of over £17bn of pension fund assets.

## Conclusion

62. Last year's report to the FSG, concluded Local Authorities had been relatively resilient despite the prolonged period of real terms budget reductions. The challenges this year are of another order of magnitude because of the unprecedented impact of COVID-19.
63. The substantial in year support from Welsh Government coupled with an approach based on working in partnership has provided significant service continuity at a time of crisis. However, a fair 2021-22 settlement will be needed to avoid deep cuts in key areas of local government so that councils not only continue to play a key role providing on-going support but also lead the recovery phase for our communities as we return to a more 'normal' position.

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### FOR FURTHER INFORMATION PLEASE CONTACTS

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By virtue of paragraph(s) vi of Standing Order 17.42

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**Y Gwir Anrh/Rt Hon Mark Drakeford AS/MS**  
**Prif Weinidog Cymru/First Minister of Wales**



Llywodraeth Cymru  
Welsh Government

Llyr Gruffydd MS  
Chair Finance Committee

[SeneddFinance@senedd.wales](mailto:SeneddFinance@senedd.wales)

23 December 2020

Dear Llyr Gruffydd MS,

Thank you for your letter of 18 November. As the Counsel General confirmed on 11 November in Plenary, his Ministerial responsibilities in regard to Covid recovery concluded with the publication of *Covid-19 Reconstruction: Challenges and Priorities* in October.

The Government's immediate priority is one responding to the continuing public health emergency, maximising the emerging testing technologies available to us and delivering the Covid-19 vaccination programme.

At the same time, we are progressing the reconstruction priorities set out in the document. It is essential Covid recovery is taken forward by all the Welsh Government and are not regarded as the preserve of a single Minister. Our priorities for recovery stretch across all our functions as a government, both now and into the future.

As noted in the correspondence you received the responsibility for managing and delivering these priorities has now been moved to the relevant portfolio Ministers.

Ministers are best placed to ensure the immediate priorities within their portfolios are delivered and can focus their policies and programmes to align with the priorities for recovery. They can best determine what further work may be needed within the resources available to them, to action these priorities.

As the Minister for Finance and Trefnydd set out in the Senedd on 6 October, the eight priorities identified in *Covid-19 Reconstruction: Challenges and Priorities* will shape our budget discussions. Further details are available in the draft Budget published on 21 December.

Best Wishes

**MARK DRAKEFORD**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



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# Agenda Item 4

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Minister for Finance & Trefnydd  
Welsh Government  
Cathays Park  
Cardiff.

Tuesday 5 January 2021

**Subject: Changes to Land Transaction Tax Higher Rate**

Dear Minister,

I write regarding the changes introduced by the Welsh Government's draft budget for 2021/22, particularly the higher rate of Land Transaction Tax (LTT) for additional homes, taking effect from 22<sup>nd</sup> December 2020. We strongly object to this decision and the way it has been implemented, believing it is detrimental to thousands of residents and contradicts the Welsh Government's own budget-setting objectives and values.

Throughout the pandemic, landlords have been subjected to immediate changes that have limited their property rights – as the Senedd's Legislation, Justice, and Constitution (LJC) Committee has attested. Although we have made our views clear to the Minister for Housing & Local Government on the speed and lack of consultation regarding those decisions (e.g. the extension of notice periods), we understand they were introduced to prevent the spread on public health grounds.

Your decision regarding LTT is not a public health measure and, therefore such a swift introduction has no such justification. The manner of introduction, not to mention the financial impact, has wrought great disruption for those experiencing the already stressful process of house-buying at Christmas time. Those households and businesses already had to contend with the rapidly changing impact of the Coronavirus response restriction, having in many cases seen sales fail for no fault of their own and incurred significant extra costs as a consequence.

Not only is this an unwelcome burden to those private landlords providing housing for those who cannot afford, or choose not to buy at such an uncertain time, it makes it harder for "second-step" owner-occupiers to move to a new home and, thus, free up stock for first time-buyers. This change requires considerable additional funds to be found as those who have been unable to sell their current home until after they have secured their new home, must pay the surcharge upfront and wait to reclaim it upon the sale of their former principal private residence. This may cause some transactions to collapse and cause further hold-ups for anyone caught in a chain.

The start of a national lockdown is not the time to put additional burdens on a sector already facing some of the longest and most severe Coronavirus restrictions and will deter investment in rental properties that we so badly need.

The Welsh Government's own [Budget Narrative document states in paragraph 3.10](#) that the move to unwind the lifting of the LTT threshold – "*is consistent with the Welsh taxes principles of being clear and stable enabling citizens and business to plan with certainty*". This move is not in keeping with the Government's own taxation principles, nor has there been any impact assessment carried out. While government can and do change taxes at short notices as part of a budget process, businesses and consumers are well aware that such changes may take effect from the date set for the budget. It is most unusual for such changes to be implemented immediately months ahead of such a budget in a draft set of proposals.

Given all this, we are hardly surprised to see the [Law Society state](#) "Solicitors across Wales [are] appalled and dismayed with just 4 hours' notice of the increase in LTT making the housing market incredibly vulnerable during Covid." We hope that their intervention would at least provoke a rethink from this destabilising decision from the Government.

Therefore, we call on the Welsh Government to drop this change immediately and make good on any transactions this change has already had on those affected.

I have cc'd members and clerks of the Finance and LJC committees so they are also aware of our objections.

We look forward to your reply.

Sincerely,



Chris Norris  
NRLA Policy Director

CC: Llyr Gruffydd MS, Alun Davies MS, Sian Gwenllian MS, Mike Hedges MS, Rhianon Passmore MS, Nick Ramsay MS, Mark Reckless MS, Mick Antoniw MS, Carwyn Jones MS, Dai Lloyd MS, David Melding MS.

# Agenda Item 8

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