



# Welsh Government Draft Budget Proposals

## 2017-18

*A consultation response from Cymorth Cymru*

21 September 2016

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### Introduction

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

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

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

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

Our **objectives** are to:

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

Our main **policy areas** are

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

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

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

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

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

## Consultation response

Cymorth Cymru welcomes the opportunity to respond to this consultation regarding the Welsh Government Draft Budget Proposals. We have kept our consultation focused on the members we support (providers of housing-related support services), the challenges they currently face, and some of the positive impacts they have on other services across Wales.

### **Q1: What, in your opinion, has been the impact of the Welsh Government's 2016-17 budget?**

We were delighted that the Supporting People Programme was protected in the 2016-17 budget. This was very welcome for support providers working with 60,000 of the most disadvantaged individuals across Wales. Of course, despite this positive news, it did mean that excellent projects running could not be extended, and in some areas there were still cuts to services.

We were particularly concerned, last year, that the Homelessness Prevention Grant saw a reduction of £500,000 – a cut of more than 7%. This grant, working alongside the Supporting People Programme, enables the preventative work established by the Welsh Government's Housing (Wales) Act to be effective. We would be concerned about the impact of any further reduction to this Grant, which saw funding removed from some of our member services last year, particularly education-based, primary prevention services.

In 2016-17 there were other pressures that were not directly addressed in the budget, but local authorities were able to take action to reduce their impact. These were chiefly the rise in the National Living Wage, combined with additional pressures as a result of court judgements on sleep-ins, travel times and overtime. They created a 'perfect storm' of rising costs for providers. Whilst the immediate crisis has settled for 2016/17, there is a very real concern amongst providers that this issue will continue to keep their services on the brink of collapse for the foreseeable future. Local authorities were able to avert the immediate crisis, but this threat remains for 2017-18 and beyond.

The financial pressures of the previous years, along with renewed uncertainty surrounding the impact of the Local Housing Allowance Cap, and the challenge of the Living Wage, have meant the sector has already made significant savings. Providers have adapted services and taken further action to reduce back office costs, and there is a very

real sense that after the previous years of budget cuts, they have reached their limit. The 2016-17 budget settlement alleviated the immediate sense of crisis in housing support services for a year, but already there is significant concern around the coming budget.

**Q2: What expectations do you have of the 2017-18 draft budget proposals?**

### ***Homelessness Prevention***

We strongly urge the Welsh Government to use the 2017/18 budget to continue funding the Supporting People (SP) programme. We hope that this funding can increase to ensure much wider prevention across Wales, delivering even greater value for money.

The Supporting People budget is an initiative that has been successful in helping vulnerable people in Wales for 13 years and it would be counterproductive to reduce funding for a programme that offers certainty and proven success. All the more importantly, amidst increased uncertainty following Brexit as well as the continued squeeze of austerity measures – plus of course the impact of the Local Housing Allowance Cap – there is a very real concern amongst providers that certainty in their funding is needed to avoid a significant reduction in capacity.

In March 2016, the Welsh Government published a report which explored the feasibility of using linked administrative data to demonstrate the impact of the Supporting People programme on the use of health services. From the next phase of this study which is due to roll out across all local authorities in Wales, it will be possible to draw out the *actual* cost benefits of the Supporting People programme on a historical basis, founded on real events, rather than on hypothetical cost savings. The feasibility study report showed that the monthly rate of a person's interaction with GPs and A&E increased up to and around the point in time when people began receiving support from Supporting People, followed by a decline which, by 12 months (and in some cases by 6 or even 3 months) after the Supporting People intervention, came to below the pre-support level.<sup>1</sup> This is just one specific example of how Supporting People alleviates pressure on public services.

<sup>1</sup>Supporting People Data Linking Feasibility Study: Emerging Findings Report  
<http://gov.wales/docs/caecd/research/2016/160310-supporting-people-data-linking-feasibility-study-final-en.pdf>

Overlaying this data with the data from homelessness returns will therefore allow local authorities and Local Health Boards to target their resources much more effectively, so it is essential that Supporting People, as a preventative fund, is increased.

As illustrated in the Institute for Fiscal Studies' report on the options available for the Welsh Government budget<sup>1</sup> we are very aware of difficult choices to be made. However, in terms of Supporting People, there is a growing body of evidence that this is a highly effective preventative programme that meets the agenda of the Government's Housing Act *and* the Social Services & Wellbeing Act, as well as helping provide a healthier and happier Wales as envisioned by the Wellbeing of Future Generations Act.

An increase in funding for the Supporting People programme would mean that we could go even further in tackling homelessness in Wales, by providing essential up-stream preventative services that would mean that people don't need to present to local authorities at risk of homelessness because they are being supported that much earlier.

As the Welsh Government's annual homelessness report of August 2016 made clear, the Housing (Wales) Act has been successful, so far. These early successes have led policy makers across England to consider the Wales model in terms of best practice and one of our newest members, Crisis, is working actively to promote this among the policy community in England. Again, protecting budgets that address homelessness at an early point in time is vital if this Act is to be a success.

### ***National Living Wage and the true cost of care***

Care and support providers are at a turning point. With the pressures mentioned above (National Living Wage, sleep-ins, travel judgement, overtime) there was a very real risk that providers would collapse, particularly in the learning disability sector, by April 2016. This did not happen last in 2016-17, as local authorities took action to address the short-term funding cap. However, we have very real concerns that over the long-term, resources are lacking to address this. We would hope to see a budget that takes action to address this shortfall, estimated to be a further 5% by 2019/20 from what staff salary budgets were required to rise to last April 2016.

Our learning disability provider members reflected to us that the 'market' is very different in Wales, and is predominantly third sector led. As such, they are more vulnerable to these cost pressures, as they cannot squeeze their profit – they have had to draw down

substantial reserves. They have huge concerns as third sector organisations that this cost pressure faced by providers could lead them to collapse – and could then lead to a return to institutionalisation. They are on a perpetual knife edge balancing between their legal commitments as charities, and their mission to provide effective services. If the cost of these services is not fully met, their financial model becomes unsustainable.

**Q3: How financially prepared is your organisation for the 2017-18 financial year, and how robust is your ability to plan for future years?**

Our members are clear there would be serious implications were the Supporting People budget to be cut for 2017/18. They report that the vital work of many local services would be heavily jeopardised. With pressures such as the implementation of national living wage extending to cover sleep-ins, a cut to SP funding would further reduce these services' flexibility. Many of the services which are transformative and impactful for vulnerable people in Wales would be decommissioned leaving many with nowhere to turn.

The short-term approach of a one year budget poses challenges in itself, perpetuating the constant administrative churn – and associated additional transactional costs – of applying for, reviewing and reporting on one year funding. A three year funding cycle would enable our members to think ahead much more strategically, innovate and transform their services in partnership with others.

**For queries please contact:**

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ENDS

<sup>i</sup> <https://www.ifs.org.uk/publications/8471>