



# The Welsh Economy and Covid-19

## 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 are pleased to have the opportunity to respond to the Welsh Affairs Committee's consultation on the Welsh economy and Covid-19. We thank those organisations and individuals who have contributed evidence to our response. These include Cardiff Third Sector Council, Association of Voluntary Organisations Wrexham, Cynnal Cymru and Fair Treatment for Women in Wales.

## **DOES THERE NEED TO BE A UK-WIDE PROGRESSIVE LIFTING OF RESTRICTIONS OR WILL WALES NEED ITS OWN PLAN FOR EASING THE CONSTRAINTS ON BUSINESS OR THE PUBLIC?**

3. Were there to be substantial variations in lockdown restrictions in some areas of the UK but not others, there is potential for those areas still in lockdown to be economically disadvantaged. This is especially the case of devolved administrations that wish to continue the lockdown but do not have access to current UK-wide programmes of support. It is vital to understand the interdependence of the nations at this crucial moment.

## **WOULD THERE BE ANY BENEFITS FROM WALES HAVING ITS OWN PLAN FOR EASING LOCKDOWN RESTRICTIONS, SEPARATE FROM THE REST OF THE UK, AND HOW FEASIBLE WOULD IT BE TO HAVE SUCH A PLAN?**

4. See our answer to the previous question. Doing this, while potentially feasible, could lead to difficulties with policing, supply chains and cross-border services. It is difficult to think

of economic benefits to this situation. Given the number of devolved decision-making areas that are directly linked to the crisis response – e.g. health, care, education, etc – there will need to be appropriate plans and communication with all sectors and the public.

## **WHAT ADDITIONAL FLEXIBILITY IS NEEDED TO SUPPORT SEASONAL INDUSTRIES, SUCH AS TOURISM AND AGRICULTURE, DURING THE PANDEMIC?**

5. So far, many tourist industries may have lost income as a result of the lack of Easter holiday business; but the situation will become harder as the months progress. Organisations who rely on income from school trips will also be hit heavily over the next three months if schools don't return before September. These organisations will need additional support throughout 2020 and beyond.
6. There are parts of the voluntary sector that support the tourism industry, including nature groups, historic buildings and the countryside. Working with these agencies will provide a more robust response.
7. Closure over the summer also means a loss of opportunity for organisations to sign up new members, which will impact engagement and volunteering as well as finances.

## **WHAT ADDITIONAL FINANCIAL SUPPORT DOES THE WELSH ECONOMY REQUIRE IN ORDER TO SURVIVE DURING THE PANDEMIC AND TO RECOVER AFTERWARDS?**

8. Wales will require substantial support. There are questions around the effectiveness and fairness of the Barnett Formula for Wales. Funding should be distributed on a need basis, not a population basis.
9. The voluntary sector will continue to need long-term financial support to play its part in the recovery of the economy. Pre-crisis data showed that 28% of people volunteer each year, giving 61 million volunteering hours. This activity is worth £757 million to the Welsh economy. Given the value of volunteers during more normal times, what value the volunteering activity taking place during this pandemic?
10. The UK Shared Prosperity Fund will be vital in allowing for an effective economic recovery. Conversations between UK and Welsh Governments on how the Fund is administered must continue, despite the crisis. We believe that administration of the fund must lie with Welsh Government, so it can adopt programmes tailored to the needs of the people and communities of Wales. Significant job losses expected from the COVID-19 outbreak underline the need for any successor to focus on employability, skills, and inclusion.
11. Additionally, we must not forget about the implications of Brexit. Covid-19 has shown the necessity to have a strong relationship with Europe for research, and supplies of essential products.

12. There is a need to rethink how the voluntary sector in Wales is engaged by mainstream programmes such as those run by the Department for Work and Pensions following the crisis. This will be especially important should the number of Universal Credit claimants continue to rise.
13. Grants should be available to support new investment that could support areas that are failing due to international sourcing being unable to cope. Within the UK, support should be available for those businesses that can develop manufacturing capacity for PPE.
14. The sector was already stretched following austerity and Brexit uncertainty. The flexibility shown by funders in the crisis has been welcome, but underlined the need for additional and ongoing funding and resources for both infrastructure and frontline sector services and activities, particularly if we are to harness the collective endeavour generated through the pandemic and sustain the assets that exist and have emerged in our communities.
15. Lockdown has caused additional problems for those suffering mental health issues. Once lifted, there is sure to be an increase in demand for mental health services. These will require resourcing.
16. Increased funding to health boards to establish or improve existing patient pathways to out-of-area specialists post-lockdown will be necessary to try to avoid delays or bottlenecks in the system.
17. Pre-existing inequalities within the sector and wider society have been further highlighted during the crisis. Groups meeting the needs of BME communities are often least well-resourced but carry out a vital function supporting marginalised people, particularly given that smaller community groups may be unconnected digitally. Similarly, refugees and asylum seekers have no recourse to public funds and there is an absence of clear plans to support them following the crisis.
18. Any funding distributed during and post-pandemic must continue to adhere to the [Code of Practice for Funding the Third Sector in Wales](#).

## **HOW EFFECTIVELY ARE THE UK AND WELSH GOVERNMENTS WORKING TOGETHER IN ENSURING SUFFICIENT SUPPORT IS PROVIDED TO THE WELSH ECONOMY DURING AND AFTER THE PANDEMIC?**

19. Announcements from Westminster do not always make reference to consequential funding to Wales and other nations. These should be calculated and announced at the same time to avoid appearing as afterthoughts. This would help prevent the appearance of a disconnect between governments.
20. Governments should be working with each other, individuals and communities to help address the crisis and to decide strategy going forward. Clear and accessible communication has never been more important.

## **WHAT ADDITIONAL FINANCIAL POWERS AND BUDGETARY FLEXIBILITY SHOULD BE PROVIDED TO WELSH GOVERNMENT IN RESPONSE TO THE PANDEMIC?**

21. There needs to be clarity about what money is being used to contribute to the UK-wide response and what is then being devolved. There needs to be more flexibility in Wales to avoid frameworks that separate capital and revenue funding – restrictions like this could hamper economic growth.
22. Arrangements should be agreed at national level to enable pathways for the public sector to work collaboratively with the third sector and 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 much needed support for hospital discharge –the third sector is explicitly included in the additional investment.

## **WHAT SUPPORT IS NEEDED FROM THE BANKING SECTOR TO SUPPORT BUSINESSES AND ORGANISATIONS DURING THE PANDEMIC AND THE RECONSTRUCTION PERIOD THAT WILL FOLLOW?**

23. There is an issue for medium-sized UK-wide charities, with a turnover of £1m to £5m, who are falling through gaps in the support structure. They require support too.
24. Social enterprises are often small or micro-businesses and many are new establishments, meaning they have not had time to grow the necessary investment or infrastructure to allow them to remain resilient amid a decline in demand. Smaller social enterprises are at risk of closure and need support.
25. There have been problems in banks' approach to lending for government schemes. UK Government will need to ensure banks do as they are instructed.

## **WHAT SUPPORT DO KEY SECTIONS OF THE POPULATION, INCLUDING THE ELDERLY AND NEWLY UNEMPLOYED, NEED FROM UK AND WELSH GOVERNMENTS DURING AND AFTER THE PANDEMIC?**

26. Unemployment is likely to be at its highest for a long time. Communities already struggling will struggle further. Delivering the services these communities need will require a different approach, engaging with the communities themselves. This will require funding, planning and support, as well as opportunities for people to retrain to move into jobs where there is a shortfall of staff. The UKSPF could support this work.
27. The [National Principles for Public Engagement](#), endorsed by Welsh Government, can help with this engagement work.

28. There is likely to be a huge impact on the elderly and other vulnerable groups. Those worried about going out in the community will need support to build their confidence and help them overcome emotional issues. There will also need to be an emphasis on care closer to or in the home or community. As set out in Cynnal Cymru's response, Welsh Government should ensure fair pay and working conditions for those working in the care sector. The Foundational Economy Challenge Fund provided several grants to pilot the use of technology to improve services for vulnerable groups. It is important that Welsh Government acts quickly to assess the impact of these pilots and supports their wider roll out where they have shown to be effective.
29. As noted by Fair Treatment for Women in Wales in their response, women who have experienced diagnostic delay can then face issues in accessing support, which can then prevent them working. It is possible that end of lockdown will see reprioritisation of services and result in people ending up back at the end of the queue for services they sorely need. Government should work with service users and organisations to explore how to prevent this.
30. There may also be a surge in numbers of people seeking services of domestic abuse organisations post-lockdown, as people find more freedom to access these services. Welsh Government should be working with organisations to prepare and support them to deal with this increased demand.
31. There are specialist charities and agencies that support all the people who received shielding letters and in the wider vulnerable group categories, from charities working with older people to those in housing need, with addictions, with additional needs and long-term health conditions. Working with these specialist organisations, their staff and volunteers (often with lived experience) will add significantly to any policy and practice response.
32. The economy is likely to slump during the crisis and post-lockdown, but there must not be cuts to the benefits of vulnerable people as a result.

## **WHAT WORK CAN BE DONE TO MAKE THE WELSH ECONOMY MORE RESILIENT IN THE FACE OF FUTURE CRISES AND POTENTIAL OUTBREAKS OF COVID-19 AND OTHER PANDEMICS?**

33. The UKSPF and other funds can help create a longer-term legacy for Wales by using repayable financial models, not grants.
34. It is important going forward that there is no over-reliance on one particular type of job, sector or company that, in the event of another significant worldwide problem, could see significant local problems caused by the closure of just one company or organisation.
35. Health and social care workers have proved themselves to be invaluable during this crisis, but are among the lowest paid. There should be further investment in wages and training

in the health and social care workforce to encourage more people to make their career in this sector and remain in Wales.

36. Single-year funding cycles for the voluntary sector make much work of the sector precarious and uncertain – there is little or no time to plan, deliver services, recruit and retain staff or evaluate services that have been delivered. This is unsustainable long-term and must be addressed. The sector is an important player in the Welsh economy, representing eight per cent of employment, and must be resourced to help the economy become more resilient.
37. Ensuring voluntary sector involvement in the local and strategic resilience space is vital. There is currently ad hoc engagement. The experience of the crisis indicates that greater resilience would be instilled with a more cohesive approach to resilience planning going forwards.

## **HOW WILL SUPPLY CHAINS NEED TO EVOLVE AFTER THIS PANDEMIC AND HOW CAN THE TWO GOVERNMENTS WORK TOGETHER TO SUPPORT THESE CHANGES?**

38. Charities and social enterprises often prefer to source local products. The sector must be sufficiently funded in future to continue to do this.
39. However, Covid-19 has shown how different countries are interdependent on each other for a wide range of products. 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.

## **WHAT LESSONS CAN BE LEARNED FROM THE PANDEMIC AND FROM THE RESPONSE OF OTHER COUNTRIES FOR THE FUTURE OF THE WELSH ECONOMY?**

40. Wales must look at other countries for an understanding of how others have dealt with the problem and the impact certain measures have on wellbeing and the economy. The Civil Society Forum on Brexit and the range of European partners that WCVA has may be to identify some learning to share.
41. We need to think about how we can take a longer-term view for investment decisions. Advice services for example have seen a significant decline in number in the recent past, but are now reporting a surge in demand for advice on e.g. Statutory Sick Pay and Universal Credit. One local provider has told us they have had to re-deploy and provide fast-track training for an additional member of staff to deal with the demand. Advice on debt and evictions/repossession/homelessness are set to continue to grow for some time to come.

42. To be better prepared for next time, charities need more unrestricted income from all funders to allow them to make updates to systems, processes and equipment to make them more agile.

## **DISCUSSION**

43. WCVA will be pleased to discuss these or any other points relating to this consultation with officials, committees or Ministers if requested.

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*15 May 2020*