



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.

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