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## **UNISON Cymru Wales Submission to Senedd Finance Committee: Welsh Government Draft Budget 2022-23**

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1. What, in your opinion, has been the impact of the Welsh Government's 2021-22 budget including funding related to COVID-19?

1.1 This has undoubtedly been one of the most difficult periods of modern times and Government's across the world have had to grapple with a deadly virus we did not understand. Throughout the pandemic, it has been necessary to crisis manage and respond quickly to protect public health and the Welsh Government response has been no exception.

1.2 Overall, UNISON believes Welsh Government's management of the pandemic has been responsible and has placed public health at the front and centre. UNISON is clear that partnership working has helped support this response and has promoted a rapid, efficient response to the crisis. For example, partnership working allowed for PPE supplies to reach the necessary areas and protect frontline staff as much as possible in the workplace. Where issues were identified, unions were able to raise them urgently with the relevant employer and with the necessary government officials in order to reach a speedy resolution.

1.3 Furthermore, UNISON has welcomed the responsible use of public finances manage services including the track and trace provision, which was run through public services. This is in stark contrast to the provision in England where the same service has been outsourced to the private sector at great cost to the public purse and to the service being provided.

1.4 In addition, UNISON recognises the benefit of the establishment of the local government hardship fund. The fund undoubtedly offered some protections and avoided a mass redundancy situation across Welsh local authorities – allowing income generating areas to continue to operate. UNISON is clear, the outcome for local authorities in Wales is better when compared to authorities in England.

1.5 However, UNISON has concerns over some of the budgetary decisions made which have been short-term in their approach rather than more visionary. Taking social care as an example, UNISON has been frustrated with the implementation of the bonus payments in social care.

1.6 The roll out of the payment has been flawed, with many workers who should have been eligible for the payment not receiving it, leading to a feeling of a divided

workforce. Furthermore, UNISON is clear that the systemic issues in the sector – including issues of low pay – should be addressed as a priority for the long-term rather than with the use of one-off bonus payment.

1.7 UNISON welcomed the Welsh Government’s commitment to pay the Foundation Living Wage (FLW) across social care, but workers in the sector are yet to feel the benefit of this promise. UNISON believes this need to be addressed as a matter of urgency.

1.8 The infection control fund, established by the UK (United Kingdom) Government is a further example of the poor treatment of workers in the social care sector. Until the establishment of the fund, many workers in the social care sector were expected to balance social responsibility with putting food on the table for their families – an immoral situation, particularly given the risk these workers were putting themselves in. This is example shows the very dire situation in the sector and demonstrates the very real and critical need for a national care service and collective bargaining across the sector. The social care and fair work forum must deliver for the long-term benefit of the sector.

1.9 Health services are also being stretched to the limit – with waiting times at record levels, a lack of elective surgery, and a rising incidence of bed-blocking resulting from failing social care services. We could not have anticipated the unknown impact of a global pandemic; however, it is worth noting the lack of workers in the NHS and the effects of long-term public sector pay restraint. Whilst UNISON is aware of the restrictions placed on government finances because of Barnett consequential, we would have welcomed a more creative approach to the use of funding on NHS worker pay. Retention is going to be key for the future of health services and this simply will not be achieved without fair pay.

1.10 This all comes on the back of a long-term financial restraint resulting from austerity. Many services, including youth, planning, and environmental services, had been decimated prior to the pandemic. There is no slack in the system and so many important services lack resilience, an issue further compounded by the pandemic.

1.11 Clearly, planning is more important than ever but is equally more difficult than ever given the constantly shifting context we are operating in. More financial certainty for the coming years would be welcome, particularly given the high rate of inflation and spiralling living costs.

2. How do you think Welsh Government priorities for 2022-23 should change to respond to COVID-19?

2.1 There is a pressing need to address and resolve the crisis in the social care sector and funding needs to be ring-fenced for this specific purpose. UNISON is clear, it is of key priority that proper industry wide collective bargaining is applied across the entire social care sector. Collective bargaining would at least begin to address the industrial recognition that

social care workers need and would begin to address the challenge of coordinating improved standards across a sector which is hugely fragmented.

2.2 Furthermore, social care is highly skilled and increasingly complex. There is no one-size approach. People are living longer and with more complex health needs that need tailored support. Collective bargaining can help to properly recognise the skills and demands in care through properly negotiated terms, conditions and pay, which will in turn support fair reward. We cannot expect to recruit and retain a high-quality workforce for the long-term if we offer poor quality jobs, pay, terms and conditions. There must be a shift away from reducing costs, which inevitably leads to labour cost reductions, towards the delivery of quality care and focus on outcomes.

2.3 The current pay, terms and conditions for many social care workers are poor – meeting only the legal minimum standards. Funding needs to be made available for the immediate implementation of the FLW for all workers social care workers. We need to encourage more workers into social care for the long-term and we need to ensure workers are fairly rewarded for their work. There are examples of good employers, but unless there are fair and decent sector standards across the piece, the sector will remain fractured and unstable.

2.4 We expect to see legislation on public procurement and specifically on national framework agreements related to social care progress through the Senedd this term. It is essential this legislation go as far as possible for its potential to be a mechanism to help deliver fair work to be fully realised. Scrutiny of such legislation is key to ensuring it properly addresses these critical issues within the care sector.

2.5 Whilst there will no doubt be a financial cost associated with overhauling the sector, there will clearly be savings and efficiencies elsewhere. The whole health and social care sector need to be considered in more circular terms – spending in social care will produce efficiencies elsewhere in the system. There is a current and ongoing issue with bed-blocking in hospitals, which creates lag in the system elsewhere and we see ambulance queues outside of hospitals. Better financing and capacity in the social care sector will help alleviate other health service pressures.

2.6 Recruitment and retention in the NHS also need to be prioritised. The current workforce has been under sustained pressure and are working below a full complement of staff. This way of working is unsustainable, and we are already seeing workers burn out and leave the sector.

2.7 Public services more broadly have been under sustained pressure over a long-term period because of austerity and COVID. It is more important than ever to ensure local government is sustainable now the immediate crisis is over. Local government have vital importance to our post-covid recovery. Whilst health and social care are reactive in the way they operate, local government services undertake a more preventative role for our communities. This role will be more important than ever given the sustained pressures on health and social care services. It is important to not only keep services going but to invest to repair local government services to allow them to fulfil their potential and alleviate the pressure on crisis services.

2.8 For future budgetary planning, UNISON believe Welsh Government need to consider a public sector pay strategy for public services in Wales and other bodies related to it. Current budgetary planning rarely identifies an increase in workforce costs – there must be a clearer identification of projected workforce costs to allow an assurance their costs will increase. Taking the Careers Services as an example, the workforce budget has been flat with the outcome being a choice between staff cuts or wages being unable to keep pace with cost of living – both options are damaging to the service and are unfair on the workforce.

2.9 A three-year budget cycle will allow a much greater ability to forward plan. Local government in Wales has been seeking such a cycle for some time. A three-year budget period will give some level of certainty to public services and will allow a greater freedom for more innovative planning.

3. How financially prepared is your organisation for the 2022-23 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

3.1 As identified above, a three-year budget cycle will be beneficial to public services across Wales.

3.2 Budgets must be allocated for workforce development, and this can be further enhanced through the Wales Union Learning Fund (WULF). The WULF projects have been consistently responsive to the needs of the workforce, and the COVID crisis is no exception. WULF projects reacted quickly to issues including the need to develop digital skills at pace, specific social care priorities, as well as worker mental health and wellbeing support.

3.3 To allow grant schemes to fully realise their potential, Welsh Government must ensure the additional workforce cost is built into the grant funding allocation. Local authorities are already operating at beyond capacity and they do not have enough staff available to properly administer the schemes and this must be built into the grant.

3.4 It is important to note the budgetary impact for workers at an individual household level. There are too many workers experiencing in-work poverty. Too many workers are unable to plan ahead because of poor pay and the fact wages are not keeping pace with living costs. Furthermore, the changes to universal credit will further destabilise household budgets. This will inevitably impact on people's mental health, and this will have a knock-on impact on public services further down the line.

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 A three-year budget cycle will allow a much greater ability to forward plan. A three-year budget period will give some level of certainty to public services and will allow a greater freedom for more innovative planning.

4.2 UNISON believes Welsh Government should have a public sector pay strategy and this should be open for scrutiny. Current budgetary planning rarely identifies an increase in workforce costs – there must be a clearer identification of projected workforce costs to allow an assurance their costs will increase. Taking the Careers Services as an example, the workforce budget has been flat with the outcome being a choice between staff cuts or wages being unable to keep pace with cost of living – both options are damaging to the service and are unfair on the workforce.

4.3 UNISON believes there need to be some uniform arrangement for consulting with stakeholders – particularly given the social partnership context we are operating in. UNISON is keen to promote engagement on budget issues through social partner mechanisms and believe there should be biannual budget briefings. This is key part of building the social partnership agenda and ensuring all partners have a full understanding of the budget process and implications. This will support the continued development of genuinely open and transparent social partnership.

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, £150 million and £1 billion respectively, to current Welsh Government capital borrowing within this Framework?

5.1 UNISON supports increased devolution and the ability to make decisions about services closer to those who use them. As such, UNISON supports increasing the overall capital borrowing limits as outlined.

5.2 UNISON recognises that, unfortunately, there is to be no imminent change in funding arrangement between UK and Welsh Government despite well-rehearsed arguments about the weaknesses associated with the Barnett formula. In the meantime, UNISON believes it is of key importance to properly scrutinise the funding arrangement and ensure Welsh Government gets every penny of funding owed because of any Barnett consequential. UNISON believes it is important to shine a light on the funding arrangement and expose how the funding mechanism works to ensure it is widely understood and to ensure Welsh Government is receiving all the funding due.

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 2022-23 budget?

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

7.1 Public services have once again stepped up to an enormous challenge. The public sector, and public service workers have remained dedicated and committed throughout this crisis, to great personal costs in too many incidences. The true value of public services has been highlighted once again and they must be at the heart of our recovery. Furthermore, public service can help drive forward the changes we need with regards to workplace digitalisation, climate change, and economic development.

7.2 Local councils can be economic drivers in the local economies and can help to ensure economic development progresses more evenly across Wales. Funding for economic regeneration should be allocated through local authorities, which now have more tools available than ever before through the city regions and corporate joint committees.

7.3 Social care has been operating in sustained crisis conditions and the social care sector must be prioritised as our communities recover. The arguments around social care have been threaded throughout this response so will not be repeated here, although UNISON would welcome the opportunity to provide additional information and evidence as required.

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

8.1 UNISON is clear that climate change must be of key priority in supporting economic recovery and public services must be involved in that change. Public services as a whole (excluding transport) represent about 8% of the UK's direct greenhouse gas emissions – the NHS alone represents about 4% of those emissions. When procurement, construction and social housing are considered, the impacts are much greater.

8.2 Welsh Government must commit transparent and significant public funding in order to allow the urgent actions needed to decarbonise public services. Without adequate funding public services can only achieve green outcomes in an ad hoc and piecemeal way, increasing the risk of not meeting statutory decarbonisation targets. We cannot afford to divert further funds from already underfunded public service budgets. An additional decarbonisation funding stream is necessary.

8.3 Building a resilient green economy, as part of the recovery from the pandemic, represents a once in a lifetime opportunity. Key to this success is a social partnership approach, engaging with public service employers, workers, and unions to ensure the transition to net zero is just and fair – protecting and creating jobs, improving our health and the planet.

8.4 The government needs to start funding public service decarbonisation now. The government must set up a separate and significant additional climate and decarbonisation budget.

8.5 Full detail of UNISON's blueprint for climate-friendly public services is available in a new report: "Getting to net zero in public services: the road to decarbonisation" ([26609.pdf \(unison.org.uk\)](#)).

8.6 Welsh Government cannot legitimately and credibly declare a climate emergency without allocating the adequate funding needed to address the challenge.

9. How resources should be prioritised to address the pressures felt in sectors that need to "catch-up", such as Health and Education.

9.1 Social care – this response has spoken on social care at length, so it is not necessary to repeat the need for the sector to be prioritised, other than to highlight it must be a key priority during funding considerations. For social care, this is not just a case of "catching up" because of the pandemic but overhauling the sector to make sure it is sustainable and equitable for the long-term.

9.2 Youth services – no child should be left behind. Almost one in three in Wales live in relative income poverty – a figure likely to worsen as a result of welfare reform and the pandemic. The combination of over a decade of cuts to youth services and the pandemic has been devastating to youth service provision.

9.3 This is undoubtedly impacting the mental health, wellbeing, and prospects for Wales' young people. Current rules allow youth service provision to be merged and provided as part of a broad package of education and social care measures. As a result, real youth work is being lost.

9.4 When youth services go, benefits to young people and communities are lost – along with resulting savings in intervention services further down the line. Local authorities must have a genuine duty to provide universal, open access youth services, backed up by the necessary resources.

9.5 Children's services are a lifeline for many families, and this must not be forgotten.

9.6 Teaching assistants (TAs) - UNISON has long called for consistency across local authorities. TAs were registered with the promise that it would professionalise standards. UNISON was cautious that registration would be costly with little benefit to TAs. UNISON believes the job descriptions and pay needs to be standardised across Wales. UNISON is also opposed to term-time only contracts. Consistency across the sector would undoubtedly benefit the delivery of education – it would promote a more stable workforce and create a level playing field across the sector. It would also encourage workers into the sector and would enhance clear progression routes for members of the workforce. Overall, this can only have a positive impact on the delivery of education and the pupil experience.

10. Welsh Government policies to reduce poverty and gender inequality.

10.1 As highlighted throughout this response, UNISON believes it is necessary for Welsh Government to develop a public sector pay strategy and to ensure that, as a part of this, additional funding is allocated under each relevant budget to allow the workforce to grow and develop.

10.2 Public sector pay has not kept pace with spiralling living costs over a long-term period. Until this is addressed, poverty and gender inequality will not be overcome. The public sector workforce are predominantly women and so it is predominantly women who have suffered as a result of pay restraint. Furthermore, sectors where poverty pay is now the norm, such as the social care sector, are also predominantly staffed by women. Fair pay must be a priority.

10.3 In addition, well-funded, responsive, and effective public services undoubtedly help create a fairer and more equal society. The budget must reflect this.

11. 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).

11.1 UNISON believes preventative spending is key to the overall health and wellbeing of our communities, however, far too often these very services are the first to face the axe when funding cuts are on the table.

11.2 UNISON considers local government services to be the health services of our communities. It is local government services that keep people healthy in body and mind, and keep people connected. The health and wellbeing benefits of leisure services, youth services, library services, parks and recreation areas, are clear. Refuse services, environmental health services, and social services are all essential for us to lead healthy lives. However, it is these same services that are often considered to be low-hanging fruit when budgets are squeezed, and there is then an inevitable impact on the NHS and social care services. NHS and care services are then, by comparison, the sickness services, which citizens then need to access, often as a result of failures in what should be considered preventative services. Public services need to be considered more holistically, with recognition that a cut in a preventative service will eventually cause demand in a crisis service, often at a greater cost overall.

12. Sustainability of public services, innovation and service transformation.

12.1 Reference has been made above to UNISON's report *Getting to net zero in public services: the road to decarbonisation* ([26609.pdf \(unison.org.uk\)](#)).

12.2 There must also be a commitment through the Welsh Government budget to a Just transition across Wales. A JUST transition is about a fair treatment of workers and communities most affected by change as we move to a low carbon world.

12.3 A JUST transition must mean a balanced low carbon energy mix; investment in skills and infrastructure; protecting and creating high quality jobs and employment; no community left behind.

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

13.1 Many public services are expected to provide minute detail about budget allocation, and this is time consuming and not necessarily the best way to ensure value for money. UNISON believes there should be a refocus on outcomes as a better way to assess how effectively funding is being utilised.

14. How the Welsh Government should use taxation powers and borrowing. – What specific support is needed in the budget for businesses. economic growth and agriculture, related to post EU transition.

14.1 UNISON supports the devolution of EU funding allocations to Welsh Government and for Welsh Government to determine how and where funds are spent, rather than “levelling up” decisions made at UK level.

15. 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).

15.1 Several key opportunities have been identified throughout our response including a just transition, decarbonising public services, and moving to a more outcomes focussed funding model.

15.2 In addition, UNISON believes the housing crisis should be addressed in this post-pandemic period. “The housing crisis” is not a new phenomenon and it is no surprise that the pandemic, with its catastrophic effect on income consistency, combined with the transformation of many homes into makeshift workplaces, has deepened this crisis. UNISON’s goal, for access to safe, secure, affordable housing to be a basic right for all UK citizens, seems a long way off.

15.3 UNISON believes a well-funded, forward-thinking approach can not only solve the housing crisis, but kickstart the country’s economy after the pandemic and provide the foundations for huge job growth into the green tech and construction sectors.

15.4 A UNISON and APSE report launched earlier this year outlines seven primary recommendations including:

- Investment in a new generation of council housing, at scale;
- Maximising opportunities within that investment for green growth and green upskilling;
- Re-empowering local authorities with meaningful control of planning; and
- Restoring the link between local housing allowance, housing benefit and rent.

15.5 The full report, *A Decent Place to Live: Homes fit for Key Workers*, can be viewed here: [A-decent-place-to-live-updated.pdf \(unison.org.uk\)](https://unison.org.uk/a-decent-place-to-live-updated.pdf)