



Welsh Government draft budget proposals for 2014/15

Submission to Finance Committee

September 2013

Introduction

1. Wales Council for Voluntary Action represents, campaigns for, supports and develops voluntary organisations, community action and volunteering in Wales. It represents the sector at UK and national level; and together with a range of national specialist agencies, County Voluntary Councils, Volunteer Centres and other development agencies, it provides a support structure for the third sector in Wales. It has 3,000 members, and is in touch with many more organisations through a wide range of national and local networks.
2. We welcome the opportunity to submit information to the Finance Committee, in particular regarding the Welsh Government's approach to preventative spending. In 2012 WCVA launched the Wales Wellbeing Bond, which provides up-front investment in partnerships between the public and third sectors that can create savings through preventative programmes. Through access to social finance, we believe that there are considerable opportunities for the third sector to work with the public sector in Wales, to reorganise services and reduce demand on pressurised publicly-funded services.

Question 4 - What are your views on the Welsh Government's approach to preventative spending and how is this represented in your resource allocation?

3. It is broadly agreed that existing approaches to the funding of public services are unsustainable in the longer term, as public finances shrink and individuals' needs change. Unless changes are made, it is likely that future public services will only be able to concentrate on ever more acute problems, leading to higher eligibility criteria to access statutory support.
4. There is therefore a clear need to focus on earlier interventions and preventative measures that reduce levels of incidence and need, and are more cost effective. An investment in sport and physical recreation and the inculcation of healthier lifestyles, for example, would lessen pressure on curative treatment for obesity-related diseases such as type 2 diabetes.
5. But to change focus is difficult: determining the viability of early intervention service models requires careful research and analysis; public authorities cannot abruptly disinvest where they are committed to existing forms of service provision; and they lack the necessary finance to invest in new and transformative approaches.

6. We believe that there is an important confluence of factors now that provide opportunities to address these problems:
7. First, the urgency of the issue means that there is a clear need to rethink approaches to many public service areas. The scale of the problem is such that making efficiency savings alone will not be sufficient to maintain services at current levels.
8. Secondly, the third sector has developed significant expertise in providing a broad range of additional, non-statutory support that directly reduces the burden on public sector services. It is therefore ideally placed to identify, test and deliver effective interventions that reduce or prevent the take up of more intensive services where problems are acute.
9. Examples of such approaches to preventative services include out-of-hours home from hospital transport for discharged patients, providing risk assessments in the home thereby preventing readmission to hospital; befriending services that enable people to remain living independently in their own homes; Care and Repair Cymru providing rapid adaptations, avoiding the costs of residential care and more expensive support; making the homes of victims of domestic or sexual violence more secure so that they can remain in their home rather than move out to a refuge or priority housing; mentoring and support schemes working with young people at risk of offending.
10. Thirdly, the third sector in Wales now has access to considerable finance options that enable investment in services that deliver social outcomes and savings for the public purse.
11. There are a number of initiatives already underway in Wales that seek to focus on preventative measures through accessing new forms of finance.
12. Social impact bonds are a mechanism for providing up-front investment in preventative measures that can create future savings by reducing demand on pressurised publicly-funded services. From the savings made, original investments can be repaid and sustainable preventative actions can continue to be funded.
13. At the end of last year, WCVA launched the Wales Wellbeing Bond - a form of social impact bond - which provides up-front investment in partnerships between the public and third sectors that can create savings through preventative programmes. It provides an opportunity in Wales to innovate in how the third sector delivers with the public sector, and how that delivery is funded.
14. The Wales Wellbeing Bond differs from the standard Social Impact Bond model through placing co-production principles and third sector delivery at its core, and because it involves no private investment any savings generated will be recycled into further social investment.
15. Cwm Taf Local Health Board are currently exploring using the Wales Wellbeing Bond to deliver early intervention mental health initiatives that improve patients' wellbeing and make savings in prescription costs for anti-depressants.
16. Since its launch, the Bond has attracted considerable interest from across the public sector and third sector. In WCVA's conversations with potential partners about the

Bond, a number of common questions and concerns have emerged about taking on financial risk; allocation across different budget heading; and the timescales needed before savings are realised.

17. We recognise that there are a number of barriers to taking this work forward, but we believe that these barriers are surmountable. These models don't necessarily require wholesale transformation. Small changes to existing provision can be made. The financing methodology provides a means of testing whether redeploying existing investment will deliver the desired outcomes and savings. And no loan would be approved - or taken on - without a robust evidence base.
18. It is worth restating that a loan can be beneficial, in contrast to other funding mechanisms, as it gives the delivery partners a real stake in achieving successful outcomes. It also supports the sustainability of the spend - each successful delivery generates not only the cash for that organisation to carry on, but also provides an evergreen fund to support new or an expansion of initiatives
19. We believe that through the vehicle of social finance, there are considerable opportunities for the reorganisation of public services through new partnerships between the third sector and public sector, and a shift towards a greater focus on preventative measures that yield financial savings and improved social outcomes.

Enclosed: WCVA Wales Wellbeing Bond leaflet

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