

Cyrenians Cymru response to:
National Assembly for Wales – Finance Committee
A call for information – Welsh Government draft budget proposals for 2014- 15

1. What, in your opinion, has been the impact of the Welsh **Government's 2013**- 14 budget?

The ring-fencing of the Supporting People budget has been welcome, and is vitally important as poverty increases through, for example, the welfare reforms.

2. Looking at the indicative budget allocations for 2014- 15, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

The 'elephant in the room' for the Welsh budget is the vast expenditure on duplicating administrative functions through local government. In particular the funding support of 22 duplicated back-office functions, with their associated on-costs, is entirely unsustainable in a time of economic crisis and increasing poverty. 22 Local Authorities for a population of £3.5m – in parallel with the civil service network around WAG the WG and quangos – is absurd, unwieldy and a waste of public money. A reduction to 4, or possibly 6 (taking into account the city region developments), would save huge sums and protect critical services to children and adults.

3. What expectations do you have of the 2014- 15 draft budget proposals? How financially prepared is your organisation for the 2014- 15 financial year, and how robust is your ability to plan for future years?

My aspiration would be that, in recognition of the above, the Welsh pendulum would swing from its current obsession with bureaucracy, and all its concomitant forms, towards a focus on delivery and protection of quality services to citizens in Wales.

My expectation is that bureaucracy will deepen like a coastal shelf, and front-line services will be progressively salami-sliced. The warning signs about a possible 20-30% cut in the Supporting People budget are evidence of this.

As a third sector organisation, Cyrenians Cymru tries to plan as far as feasible for the future. This planning is hindered, in common with other third sector organisations, by the nature of short-term funding; usually 2 or 3 year contracts. Therefore planning beyond 3 years is usually speculative.

4. **What are your views on the Welsh Government's approach to preventative spending and how is this represented in your resource allocation (if appropriate)?**

There should be much, much more emphasis on preventative spending, coupled with incentives to bring the public, third and private sectors together, and a plan that supports joint working. There are many examples of where preventative spending could make significant differences, but to take a few in the Cyrenians' field of work:

- Social Care – currently an overwhelming predominance of private sector provision, including private equity provision which is hugely expensive and often poor quality. We would recommend that the WG put in place a 10-year plan, appropriately funded, to develop the involvement of the not-for-profit sector in care delivery. This would ultimately be cost-saving and lead to an improved care service.
- Health – it is widely said that it is easier to get an audience with the Pope, than to meet commissioners of health services in Wales. Cyrenians works with the people who are statistically most prone to ill-health and have the lowest life expectancy, homeless people, yet receive no core funding from Health – despite years of trying. Yet a recent cost-benefit analysis in an external evaluation claimed that our services were saving the NHS at least £279,000 p.a.
- Criminal justice – it is well known that a primary cause of re-offending is the high cost of housing on release. Prison costs anything from £2,500 to £3,500 per person per week. It makes obvious sense, therefore, to invest in subsidised low-cost housing, coupled with effective support, to reduce re-offending.
- Employment support – the Work programme has been branded a 'miserable failure' (cf. Crisis), yet some third sector employment initiatives have been successful. The Cyrenians Employment Support Agency has achieved a 16.5% success rate of helping people into employment, targeting vulnerable adults, where the Work programme achieved 2-3%. A cost-benefit analysis demonstrated that for every £1 spent a minimum net gain of £1.44 was achieved.
- Substance misuse – in some areas of Wales, drug use is at epidemic proportions. In Swansea there are an estimated 8,000 heroin addicts and around 650 treatment places. A former Chief Superintendent of South Wales Police was on record as estimating the potential cost to the state of a heroin addict, during his/her lifetime at £800,000. The WG should invest heavily in this area, and learn from exemplar projects in Europe that are tackling this problem.

- Co-production and co-development – with the bleak economic landscape for Wales, and a progressively falling average GDP, it makes good sense to invest in co-production – for social and economic reasons. Again, there are good examples of co-operative models in Europe. Wales was involved in the foundation of this movement through Robert Owen, and should be involved in its flourishing in the 21st century.

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