



FAO: Finance Committee

Dear Committee Members,

Cymorth Cymru welcomes the opportunity to respond to this consultation regarding the Welsh Government Draft Budget Proposals. We have kept our consultation focused on the Supporting People Programme, which currently funds homelessness and housing related support services for 60,000 of the most vulnerable people across Wales.

In terms of the 2017-18 Welsh Government budget, the protection of both the Supporting People Programme grant and the Homelessness Prevention grant has enabled preventative services across Wales to continue - and therefore helped 60,000 people to avoid homelessness and live independently in their communities. At this time last year, there were very real concerns that funding would be cut by as much as 15%. Organisations providing SP services were facing the potential for significant disruption to their services, and it would have resulted in the loss of support for many individuals. Many charities that deliver these services responded to Cymorth Cymru at the time to say that combined with other pressures such as welfare reform, the reduction in other funding and increased drive for 'efficiencies', this would force some of them to close, putting entire services at risk.

By protecting the budget in cash terms (if not real terms), this worst-case scenario was not realised, and we have to pay tribute to Welsh Government for protecting the budget and for Plaid Cymru for ensuring it was included in last year's budget deal. It once again underlines the cross-party cooperation that has been present throughout the Assembly's existence.

However, one significant impact that we need to draw attention to is the continued uncertainty of the Supporting People Programme funding. Once again this year, we are aware that significant cuts are being considered by Ministers, something which the First Minister refused to rule out in a recent interview (ITV Wales, Sharp End, 12/09/2017). This level of uncertainty creates problems in and of itself in the sector. Charities and housing associations have fed back to Cymorth Cymru that every January without confirmation of budgets, they need to issue redundancy notices to colleagues in Supporting People projects. This has a direct and detrimental impact on the sustainability of projects, with staff often leaving for roles that offer more stability and certainty. It can also have an impact on vulnerable people using these services, as they do not know whether the service will continue to exist. This instability occurs *whether or not the Programme is protected*, as every year local authorities have to plan for cuts, and even if they do not take place, it then takes a long time for official confirmation of funding to filter down to providers.

This is a point that was drawn out in the recent Wales Audit Office report, which levelled some criticism against the management of the grant (but, crucially, not the services themselves), arguing that the Welsh Government should move away from the current annual funding cycle to three-year indicative funding. This would be extremely helpful, by reducing the uncertainty faced every year by providers. Fundamentally as well, it will enable individuals who are receiving support to be more secure in their recovery.

We are deeply concerned that any cut to the Supporting People Programme would put the lives of vulnerable people at risk. People who have been helped by Supporting People have spoken personally about the life-changing impact it can have. Our *Experts by Experience* report ([Spring 2017](#)) makes it clear, having spoken to almost two hundred people with direct experience of Supporting People, the impact the programme has had. Many say they would otherwise be dead, in hospital, or homeless. Others told us that Supporting People services had helped them to escape domestic abuse, to avoid re-offending and to re-engage with education, training and employment. This is the very real human impact of the Programme, but there have been other studies that have demonstrated the impact on the public sector, such as to the Carmarthenshire study which found that for every £1 spent, it generates savings of £2.30 to housing, health, social care and community safety. In addition, the Data Linkage Feasibility Study commissioned by the Welsh Government showed a clear link between the receipt of SP services and a reduction in NHS service usage. We believe the economic and human case for protecting the Supporting People budget is clear.

We are aware that the Welsh Government's draft outline budget will be published on 3rd October, but will only include departmental lines. We would advise caution if the overall Communities budget is not cut, as we are aware that the Welsh Government may include funding for their childcare commitment in this department. As a result, the Communities budget would need to increase by the same level of the childcare pledge ([between £80 - £200m](#)) in order to guarantee Supporting People protection. Assembly Members will therefore need more information on the day of the draft outline budget to determine whether Supporting People is going to be cut.

Our organisation is sustainable and secure for the longer-term, but the services provided by our members and other providers are not. The additional costs based on national living wage, welfare reform, wider austerity, and continued reductions in grant funding has created a perfect storm of pressure for providers. Many are saying they will not be able to continue operating if the issue is compounded with further cuts to Supporting People.

In terms of specific areas that the Committee wanted to look at, we have drawn out particular points:

Financing of local health boards and health and social care services

The Supporting People Programme, and the other areas of spending within the Communities budget, help to reduce greater pressure and cost on health and care budgets. During our engagement events in January people told us that these services helped them to improve their health and avoid hospitalisation, particularly in relation to mental health and suicide. Older people and people with learning disabilities told us that they would be in residential social care if SP services hadn't enabled them to continue living independently in their communities.

In addition, the recent data linkage feasibility study indicated that SP services led to a reduction in the use of health services. More work is currently being done to link SP data and health data across the whole of Wales, and in our view it would be ill thought out to cut the Supporting People Programme while work is ongoing that will further demonstrate the impact it makes on health and care.

Given the pressures on public spending, reducing a preventative programme would be a retrograde step that would significantly increase pressure on local authorities and health boards.

Approach to preventative spending and how is this represented in resource allocation

Preventative spending – and preventative legislation and policies – is an area that the Welsh Government can be rightly proud of. The Housing (Wales) Act 2014 has influenced the English Homelessness Reduction Act 2016, one of the few major pieces of Wales-based policy that has been adopted in England. The preventative approach is a key success of devolution, which all parties can be proud to have supported. The Supporting People Programme is also something that has had cross-party support over the years, and is the envy of colleagues in England, who have seen the ring-fence removed and services decimated. Assembly Members will be aware that the Supporting People Programme is preventative in a number of ways: it prevents homelessness; reduces the need for acute health services; prevents a loss of independence; prevents domestic abuse, and prevents re-offending.

We acknowledge that it is harder, in a period of austerity, to fund preventative services when the demands on crisis response are increasing. However, it has never been more important. The risk when funding is reduced is that crisis is prioritised, and preventative spending is slashed. This is exactly the pattern of budget-setting that the Welsh Government seem to be following, and it will have marked consequences. In a very real and unfortunate sense, the policy aims of the Welsh Government are becoming more and more divorced from the fiscal reality of budget decisions. This debate needs to be had within the Assembly, to ensure that preventative spending is given a robust funding allocation that is not always put at risk by increased need for crisis services.

Sustainability of public services, innovation and service transformation

The third sector has been a source for innovation and transformation for decades. Supporting People providers have worked with statutory partners in housing, health and social care to deliver innovative, person-centred services that provide value for money. In response to austerity, charities and providers have worked extremely hard to provide more for less. It is becoming harder to do this, however. As noted above, organisations are telling us that they are cutting closer and closer to the bone, and it is almost impossible for services to make savings that do not impact on frontline delivery. In terms of public service sustainability, most providers are now talking about having reached their own crisis point. Providers of learning disability services for example, have talked about the sheer weight of costs potentially leading to services being ended

(<http://www.bbc.co.uk/news/health-40803107>). These pressures are not exclusive to social care, and threaten Supporting People providers in all areas.

Welsh Government policies to reduce poverty and mitigate welfare reform

We acknowledge that the Welsh Government is doing its best to navigate, and mitigate, welfare reform policies on vulnerable people's lives. The benefit cap, bedroom tax, changes to young people's entitlements and the sanctions regime have all had a detrimental impact on vulnerable people. Supporting People is one of the key programmes that supports people affected by welfare reform to access and maintain housing in extremely difficult circumstances. The ill-conceived and potentially catastrophic decision to apply the Local Housing Allowance cap to supported housing is a major concern for the sector. The Welsh Government has been very collaborative in its efforts to develop a policy response to this, but it is essential that the Welsh Government ensures that any funding devolved from Westminster in 2019/20 is allocated to supported accommodation.

Unfortunately, any success the Welsh Government has had in reducing poverty and mitigating welfare reform will pale into insignificance if the Supporting People budget is cut. It is precisely this budget that has shouldered much of the burden created by Westminster-driven poverty. Any reduction would make it much, much harder to mitigate welfare reform and would directly increase poverty. Not only that, but it would increase the poverty of those on the edges of society, who may have very little resilience to cope with changes in their circumstances.

How the Future Generations Act is influencing policy making

The challenge, as ever, is in making the promise of the Future Generations Act a reality. We are pleased that it is receiving widespread attention, and as ever we support the ambitions of the legislation. However, we remain concerned that, as with the preventative principles that the Welsh Government have consistently championed, the principles of the Future Generations Act will be eroded in this budget. A time of budget difficulty is exactly when the cooperation promise in the Act is needed. Supporting People is a good example of a Programme that supports co-operation across public policy areas and reducing the capability of these services to support people will make this harder.

Supporting People is a good model, in terms of services on the ground, for how different elements of policy can work together. It can have impacts on education, criminal justice, health, social care, and more. It should be championed as an example of what the Welsh Government, and Welsh providers, can do when they work together – rather than constantly undermined and challenged by the need to protect funding every year.

Conclusion:

We would ask the Committee to keep a close eye on the Communities budget when the draft outline budget is released. We have real concerns that the Supporting People Programme will have its funding cut, something that should be challenged in the

strongest possible terms. A nation like Wales, which is built on its many different communities, can only be as strong and successful as those who have the least. Many of the people who are supported by the Programme are the most vulnerable and marginalised in our society. We hope that the Committee will closely scrutinise the impact of any cuts on their lives.

Best wishes,

Katie Dalton