

# **Welsh Government budget 2013/14 Submission to Finance Committee September 2012**



## **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. WCVA has prepared this paper in consultation with the umbrella bodies and networks in membership of the Third Sector Partnership Council and the County Voluntary Councils.
3. Ahead of the publication of the draft budget for 2012/13 last year WCVA submitted a comprehensive response to the Finance Committee setting out our main areas of concern regarding funding for the sector over the coming years. An abridged version of this paper is attached to this submission as an annexe and sets out:
  - The funding context in which the sector operates
  - How the sector is making efficiencies in light of the current financial climate
  - How the sector adds value to the funding it receives
  - The sector's role in delivering public services including innovation and collaboration
4. The issues raised in this paper remain pertinent for this next budget and the paper is attached to re-emphasise the important context in which the sector is operating and the ways in which the Welsh Government budget can be used to support the sector and in turn create better outcomes for Welsh citizens.

## **Key issues for the 2013/14 draft budget**

5. In summary, the key issues raised in relation to the 2013/14 draft budget are as follows:
  - The third sector is recognised as a key partner in delivery throughout the Programme for Government. As the third sector only receives a tiny proportion of the Welsh Government's budget (2.7%), it would be a false economy to cut third sector services: such cuts would not realise notable savings, and retained investment will help to deliver considerable added value through the sector's ability to lever in additional resources and deploy volunteers.

- In most cases, budget lines for third sector funding are not visible as they are below the Action level. We would therefore urge the Finance Committee to explore the detail below the Action level and ascertain the implications for third sector organisations.
- In order for third sector organisations to be able to plan, access to relevant budgetary information and advanced notice of any changes are vital. We would highlight to the Finance Committee that 'Early and constructive dialogue' and 'Timely decisions' are principles of the Welsh Government's *Code of Practice for Funding the Third Sector*.
- 2013/14 is the final year of the current year three year budget period. Existing commitments and budget lines should be honoured; and Welsh Government should enter into early dialogue, as required by its *Code of Practice*, about the next three year period.

## Main considerations

6. The third sector is funded from a range of budget Actions across all Major Expenditure Groups, but in the majority of cases the detail is not visible at Action level. It is difficult, therefore, for WCVA and other third sector organisations to analyse and understand the implications of the indicative figures for 2013/14 or indeed the draft budget due to the lack of detail below the Action level.
7. We would urge the Finance Committee and other scrutiny committees to establish, in their scrutiny of the draft budget, where the third sector funding within individual Actions that is not currently visible may be affected by planned increases or decreases. More detailed information at as early a stage as possible is essential for the sector to be able to understand, scrutinise and prepare for the potential consequences of the budget on their funding.
8. There are a range of budget lines from which we know the sector is funded but we are unable to tell what impact any change to these will have without information below the Action level. These Actions include:
  - Domestic Abuse
  - Youth Justice
  - Substance Misuse
  - Enable people to live independent lives
  - Tackle homelessness
9. Based upon indications in last year's budget the funding for the majority of these Actions is maintained at current levels (although this of course represents a cut in real terms). There are, however, cuts indicated in some Actions which may affect the sector - these include:
  - Develop and implement climate change, emission prevention, and fuel poverty policy, communications, legislation and regulation
  - Inclusion - Refugees, Asylum Seekers and Migrant Workers
  - Equality and Human Rights

We would welcome further detail and early consultation in the implications of these for the third sector.

10. Despite an overall small increase in the Communities, Equality and Local Government MEG revenue line there is a reduction of 9.66% in the Third Sector Action. This is not unexpected and was indicated in previous budgets but it certainly represents a challenge at a time of increased demand on services and rising costs. In the last financial year we were pleased to see increased funding allocated to this Action in the supplementary budget (£145,000 from reserves for advice services) and an increase in the overall Action line due to reprofiling from other Actions within the MEG. We will be keen to see how these changes are reflected in the draft budget for 2013/14 and whether this increased and reprofiled funding has been sustained.
11. Grants for the sector under the reduced budget lines of Inclusion and Equality - the Inclusion Grant and the Advancing Equality Fund - are under review by the Welsh Government. Consultation with the third sector on the proposed changes is anticipated in Autumn 2012. We would recommend that the reduction under these budget lines is not taken from the amount of the grants available to the sector.
12. Supporting Sustainable Living Grants sit under Climate Change and Sustainability. An extension to this grant fund for 2013-2014 has been agreed by WG Procurement and an indication that funding may be increased has been welcomed (official confirmation from WG is awaited). Environment Wales (under Environment) has submitted a standstill budget request for 2013-2014. However, whilst there is strong support for the programme to remain, potential cuts of 4% may be implemented. Again, we would recommend that the reduction under these budget lines is not taken from the amount of the grants available to the sector.
13. There are a number of current concerns within the third sector regarding funding. With increased demand on many services and rising costs the sector is facing a number of challenges and these are not helped by financial uncertainty due to late decisions over funding and changes in criteria or requirements to receive funding, both of which are issues we know some organisations have encountered. We are working with Welsh Government to resolve these but it is important to note that where any budget cuts may affect the sector advanced warning is essential especially where services may end or staff posts may have to be cut. Organisations will need sufficient notice and accurate information; and not have to assume that a reduction in a budget line will apply uniformly to all affected organisations.
14. In recent years, there has been a significant shift in how third sector organisations are funded by the public sector. Between 2006 and 2009, income from contracts replaced grant funding as the primary form of funding from public authorities in Wales. Funding from contracts is increasingly becoming the default position, while grant funding is diminishing rapidly. Grant funding and concluding contracts through procurement are fundamentally different processes, and where procurement is not legally necessary, WCVA strongly advocates for the use of grants as the primary mechanism for funding the third sector. Grants can provide the basis for partnership with the third sector in service development and delivery based on co-operation, whilst retaining robust value for money tests. Grants offer greater flexibility, more opportunities for dialogue, and less bureaucratic processes than procurement. Grant funding can be used to invest in local organisations, communities and economies, thereby retaining resources in Wales.

15. Where procurement is necessary however, we would advocate for far greater use of Community Benefits within procurement. It is a key action in the Programme for Government to “ensure the widespread adoption of the community benefits approach to contracting in order to maximise the value delivered through procurement expenditure.” This will help ensure that purchasing activities help contribute to added social, economic and environmental benefits.
16. The Programme for Government recognises the third sector as a key partner in the delivery of the Welsh Government’s agenda. It is an ambitious programme and it is clear that government cannot meet its stated aims alone. In many areas the third sector is leading the way and it has more to offer than simply as a delivery partner. It is important to involve third sector organisations and service users in the design as well as the delivery of services and programmes and that the budget be used to support third sector organisations who can help the government to achieve the objectives it will be unable to meet on its own. As mentioned above the implications for the sector are hard to tell from the information given but we know about the anticipated cut to the third sector Action line, and this does not give us confidence that the budget will deliver the support needed to help the sector to develop and support government in delivery.
17. Finally, 2013/14 is the final year of the current year three year budget period. As well as honouring existing commitments and budget lines, Welsh Government should enter into early dialogue, as required by its *Code of Practice for Funding the Third Sector*, about the next three year period.

### **Broader considerations**

18. It should be a priority to maintain support for third sector organisations who are able to maximise resources available in the community, lever other funding into their community, and support the massive contribution made by volunteers.
19. Public sector funding for the third sector is a very small part of overall expenditure, and reductions will have a negligible impact on the savings that need to be made. The Welsh Government only spent 2.7% of its total budget on the sector in 2009-10. Local government spends only 2.6%. Funding from health bodies has failed to keep pace with inflation over the same period, and only 0.2% of total health spend in Wales is invested in the third sector.
20. Nevertheless, third sector organisations are acutely aware of the funding situation and are always exploring ways of reducing costs.
21. Reductions in funding for the third sector may have a multiplier effect by losing additional funding and resources levered in on the basis of public sector funding.
22. Reducing funding for preventative work, early intervention and building community capacity and resources will lead to greater demands for more expensive statutory services.
23. Building on the sector’s ability to deliver services in new ways that involve ‘co-production’ with citizens and communities - working in partnership with service providers to address their own needs - should be a priority for the continuing public

service reform programme and effective delivery of the Programme for Government which Welsh Government cannot deliver alone.

24. The assessment of how budget decisions impact upon the third sector should include the outcomes and added value that the sector produces from government funding, and not simply the cost.
25. Clarity is required about the circumstances in which procurement or grant-funding are used to fund third sector services, with a presumption that collaborative arrangements with the third sector are used unless there is a legal requirement for procurement. This would ensure that the sector is able to focus on effective delivery of services in a holistic way rather than constantly seeking to secure piecemeal funding through procurement and allow for the delivery of services that most effectively meet the needs to individuals and communities.
26. We commend the Welsh Government on the Equality Impact Assessment of the budget as this demonstrates its continued commitment to equality. We also commend the recent review supported by EHRC on the impact assessment process. The third sector fed into this review and issues raised included, increased engagement of the sector in the initial stages of the budget impact assessment and increasing transparency of the assessment.

## Summary

- We would urge the Finance Committee and scrutiny committees to request information below the Action level that could help us and other third sector organisations understand more clearly the implications of the Welsh Government budget on their work.
- The third sector is very diverse and whilst it receives only a very small proportion of public funds it is able to add to those funds and deliver innovative services that meet the needs of some of our most vulnerable citizens who may not have access to mainstream services. At times of financial pressure important to consider how to make the Welsh budget go further and if properly engaged and supported the third sector can play a key role in achieving this and in the effective delivery of the Programme for Government.

We would be happy to offer any further information to the Committee as required and will submit further detailed comments on the content of the draft budget once it is published to the Finance Committee and the other scrutiny committees for their consideration.

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September 2012

Annexe 1: WCVA submission to Finance Committee for 2012/13 budget (September 2011)

**Annexe 1:**  
**Welsh Government budget 2012/13**  
**Submission to Finance Committee**  
**September 2011**



## Introduction

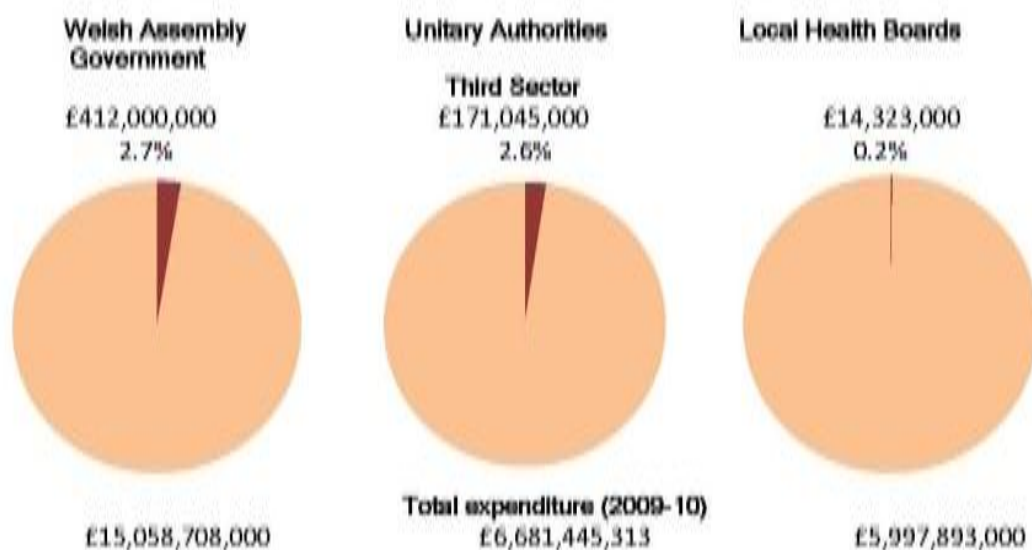
1. Wales Council for Voluntary Action represents, campaigns for, supports and develops voluntary organisations, community action and volunteering in Wales. It represents the sector at UK and national level; and together with a range of national specialist agencies, county voluntary councils, volunteer 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. WCVA has prepared this paper in consultation with the umbrella bodies and networks in membership of the Third Sector Partnership Council.

## Summary of main points

3. This paper sets out issues that we hope will assist the Finance Committee in their scrutiny of the Welsh Government budget for 2012/13 and beyond. In particular it highlights the following:
  - It should be a priority to maintain support for third sector organisations who are able to maximise resources available in the community, lever other funding into their community, and support the massive contribution made by volunteers.
  - Public sector funding for the third sector is a very small part of overall expenditure, and reductions will have a negligible impact on the savings that need to be made.
  - Nevertheless, third sector organisations are acutely aware of the funding situation and are always exploring ways of reducing costs.
  - Reductions in funding for the third sector may have a multiplier effect by losing additional funding and resources levered in on the basis of public sector funding.
  - Reducing funding for preventative work, early intervention and building community capacity and resources will lead to greater demands for more expensive statutory services.
  - Building on the sector's ability to deliver services in new ways that involve 'co-production' with citizens and communities - working in partnership with service providers to address their own needs - should be a priority for the continuing public service reform programme.
  - The assessment of how budget decisions impact upon the third sector should include the outcomes and added value that the sector produces from government funding, and not simply the cost.
  - Clarity is required about the circumstances in which procurement or grant-funding are used to fund third sector services, with a presumption that collaborative arrangements with the third sector are used unless there is a legal requirement for procurement.

## The funding context

4. Many third sector organisations neither seek nor receive public funding. They are small groups and self finance their own activities. Public sector funding is, however, of major importance to many organisations and to the people and communities with whom they work. For some organisations it provides the revenue platform for a wide range of activities and services that are an essential component of the wider public services on which people and communities depend. Other organisations (for example, village halls and community centres) may access capital grants that underpin their ability to generate their own revenue.
5. Over the last decade WCVA's third sector almanac has assembled an increasing accurate understanding of how the third sector is funded in Wales. The most recent figures available indicate that around 32% of the sector's funding in Wales is from the Welsh Government and UK Government, and around 13% is from local government and local health boards.
6. Whilst this is vital for the organisations concerned, it represents a tiny element of the total budgets of the public sector funders - see below.



7. The Welsh Government only spent 2.7% of its total budget on the sector in 2009-10. Local government spends only 2.6%. Funding from health bodies has failed to keep pace with inflation over the same period, and only 0.2% of total health spend in Wales is invested in the third sector. In each case this represents a lower percentage than previously funding levels.
8. In the current year, the sector has faced real cuts. Organisations working in Wales with funding from the Home Office and other non-devolved departments have experienced disproportionate cuts that have impacted on some of the most vulnerable people in Wales. Whilst organisations funded by the Welsh Government have not to date suffered the major cuts faced by organisations in Wales funded by the UK Government, they are nevertheless seeing their income drop in real terms over the next three years.

9. Against the background of cuts, the sector faces increasing demand for services. Previous recessions have demonstrated, perhaps unsurprisingly, that the human costs of growing financial hardship are increases in family breakdown, drug and alcohol problems, mental ill-health, domestic abuse and homelessness. There is strong evidence that the increases in demand for services helping people overcome these issues will be exacerbated by the UK welfare reform changes. Third sector organisations are at the frontline of responding to these pressures, and will be responding to greater demand without increased resources, and many with reducing income.
10. The continuing pressures on public expenditure are well recognised by the third sector and it is understood there will be reductions. There are good reasons, however, to protect funding for the third sector in the current economic climate. It employs 51,000 people, and involves over 1.1 million volunteers who not only provide real benefits for people and local communities, but also develop their own skills and abilities through their volunteering, and through their engagement in their communities. Mobilising community effort and self-help has always been important, and becomes increasingly so in the current environment.
11. Local enterprise and community involvement are equally important in contributing to community and economic regeneration, helping to create employment, raise skill levels and tackle poverty-related problems.
12. The third sector is an effective mechanism for the achievement of wide reaching public policy goals. It follows, therefore, that the third sector and government should work in partnership to understand more fully the social return on investment that the third sector can deliver, and to maximize the contribution the sector can make to Welsh public life and civil society in a changed economic landscape.
13. The sector recognises the pressures that there will be on the budget, but short term cuts in support for the sector could store up problems in the future. Priority therefore should be given to spend that:
  - Addresses the immediate service needs of people in Wales
  - Protects the integrity of the sector to enable it to continue to address the current and unanticipated needs in the long-term
  - Offers the best value for the Welsh pound by leveraging in resources (financial and human) from other sources
  - Fosters self-help and initiative, and individual and community responses to needs

## **Efficiencies**

14. Given the small scale of public sector funding for the third sector as part of total government spend, cost savings by third sector organisations will have a marginal impact on the wider public expenditure saving that needs to be made. Reduced funding will, however, have a significant effect on the ability of third sector organisations to mobilise and lever in additional resources, which they could normally secure. Therefore the negative impact on people and communities will be



proportionately greater; leading to a greater burden on public expenditure in the longer-term.

15. Nevertheless, there are a number of ways in which different third sector organisations are responding to the current public expenditure situation. For example:
  - Community Housing Cymru and Care and Repair Cymru have created a group structure, sharing back-office services and a single group chief executive
  - There have been mergers between two Women's Aid Groups and Llamau
  - A group of third sector substance misuse providers have created, with support from the Welsh Government, a new joint company which has bid successfully for national contracts, and has the potential to develop shared services and support
  - St David's Foundation Hospice Care and Usk House Day Hospice have merged and will be able to enhance their services across a wider geographical area
  - AWETU and Cardiff and the Vale Coalition of Disabled People are merging and will share office space
  - The Crossroads schemes in Ceredigion, Pembrokeshire and Powys have formed a single organisation, Crossroads Mid and West Wales, unifying their administrations and operational management, and creating a more sustainable entity
  - The CIC (Conwy Intermediate Care) Start Project brings together statutory and third sector bodies to complement Intermediate Care services in Conwy
  
7. The third sector infrastructure recognises the importance of collaboration and merger, and encourages its members to consider joint working so that they are in a position to respond to a changing environment and make informed decisions about whether collaborating or merging is in the best interests of their service users. WCVA and CVCs provide support for those organisations who want to explore joint working as part of the commitments in the Partnership Agreement with Welsh Government. A number of national umbrella organisations also provide support and guidance for their members on this subject.

## **Reducing and avoiding costs, and adding value**

16. The bigger challenge is to ensure continued support for third sector organisations whose work:
  - Focuses on prevention or early intervention, avoiding or reducing much greater public expense over a relatively short period of time
  - Draws in additional resources (financial and human) to provide more value for people and communities
  - Builds capacity in communities to take their own action and enable people to support each other and promote mental well-being
  - Is indispensable in that no other agency or group of agencies could credibly provide the service offered
  - Provides more efficient and effective ways of meeting objectives
  
17. Uniquely, the third sector almost always adds direct cash value to any funding it receives from the public sector, drawing in funding from additional sources as well as adding direct value in kind through volunteer effort. It also generates other added benefits, through engagement with citizens and services users, opportunities for

participation and links with wider sources of community support. The benefits of supporting the sector are illustrated in the points that follow.

18. Research carried out by WCVA on behalf of the Welsh Government mapped the health, social care and wellbeing services provided by third sector organisations in Wales. This found that the sector provided an estimated total service budget of £292 million; of this, just under 50% was provided by the Welsh Assembly Government, local authorities and the NHS. For every £1, the sector secured over an extra £1 from other sources. The same research showed that at least 120,000 people were involved in providing these health and social care services. There were over 30,000 employees, 5,000 trainees, and 85,000 volunteers. Volunteers, in fact, provided the equivalent of nearly 30,000 full time posts.
19. Care and Repair Cymru has identified that each £1 it spends to enable older and disabled people remain in their own homes saves public services £8 by avoiding the costs of residential care and more expensive support.
20. The Matrix research into housing-related support - commissioned by the Welsh Government - showed that for every £1 spent, £1.68 was saved across other policy areas such as community safety and health. Housing-related support in Wales is provided primarily by third sector organisations. One organisation that provides accommodation for seven adults who require an intensive level of support saved the local authority £0.5million in its first year by bringing clients who were based out of county back to their home area.
21. Research elsewhere in the UK into the Partnerships for Older People Projects pilot programme demonstrates that prevention can be both effective and deliver value for money: for every £1 spent on preventive services, there was an average £1.73 benefit to the health and social care economy, even in the short term.
22. Each £1,000 provided by Environment Wales to community projects levers in a further £2,000 in cash or kind from other sources and recruits seven volunteers. In 2009-10, 160 grants totalling £610,335 enabled 6,641 volunteers to undertake 171,440 hours of action for the environment and levered in £1,305,146 in additional funding.
23. For the past three years, initially Brecknock & Radnor Crossroads and then Crossroads Mid & West Wales, has been delivering a pilot project in Powys, aimed at supporting people living with cancer and their carers. During the period of the project to 31 August 2010, 119 patients and their carers have benefited; 59 patients had a terminal diagnosis and 47 (80%) were able to die at home. The estimated savings to the NHS during this period exceeds £250,000, generated by a service that costs £50,000 pa.

## **Public service innovation**

24. The preceding examples illustrate the benefits of working in partnership with third sector organisations in public service design and delivery. It is increasingly important to develop innovation and new models of service delivery in the light of both the future demographic pressures and needs, and the public expenditure situation.

25. There is a growing recognition that government and public sector funding alone, regardless of its level of resources, is unable to meet the aspirations of citizens, for a safe, sustainable healthy and happy life. Services, however well resourced or carefully delivered will not succeed unless they engage the individuals and communities who use them.
26. There are ways of developing future public services which create a bigger 'cake' and which deploy not just public sector staff and budgets, but also users, families, neighbours, local third sector organisations and the wider community in a 'total service' which goes beyond traditional service provision and releases new resources, skills and energies. It means commissioned services and self-organised support complementing each other rather than operating in isolation. This needs a new equation that measures the *total value* of a service and benefits for the citizen (taking account *all* resources deployed - employed staff time, user input, volunteer time, community support groups) against the public sector investment. The prize is to use our public funding in ways that lever in additional resources - to achieve better value for the citizen.
27. This could mean a new approach based on co-design and co-delivery of public services, where activities and services are designed and delivered by a wide range of actors - bringing together the independent third sector and the public sector with the citizen and the community at the centre. It means investing in community capacity and initiative in order to provide mutual support that complements, and reduces demands on, other services. The approach can involve:
  - Citizen-directed support
  - Service user led services
  - Community led services
  - Mixed volunteer and staffed services
  - Integrated services.
28. This is already happening in Wales, delivering enhanced services at reduced cost. Examples include:
  - Out-of-hours transport from hospital and support for older people who are clinically able to return to home, helping to avoid re-admissions. The saving on the cost of re-admissions more than covered the cost of the service in 2009.
  - Involving volunteers in longer term support and relationships with young people leaving care and, in turn, care leavers volunteering themselves through Millennium Volunteers
  - Involving volunteers in enhancing the experience of patients in hospitals in an organised, union-approved way.
  - Integrating statutory and third sector services into a seamless Intermediate Care Service.
  - Direct payment schemes which increase user satisfaction, independence and control, and also produce both savings and an enhanced service.
  - Community alliances bringing together people needing care and support with local groups to build formal and informal networks and structures to meet their needs.

## **Collaboration between the public and third sectors**

29. Achieving a joined-up approach to public service delivery requires further progress in collaboration between the public and third sectors.
30. In the design and delivery of public services, there is a long-standing commitment to partnership with the third sector, promoted by successive governments and evidenced in local arrangements with local government and local health boards.
31. But there are also tensions that undermine the commitment. The third sector is already a significant public service provider. The new Welsh Government has indicated that it does not want the market and the private sector determining or delivering public services. In reality, however, both the Welsh Government and local authorities are promoting competitive procurement of services where there is no legal requirement to do so (and replacing, in some cases, long-standing grant funding arrangements). The consequence is that the third sector and private sector can end up competing for contracts where cost overrides quality and take no account of added value/community engagement support.
32. We do need to revitalize the relationship between the public and third sectors in a way that values third sector and volunteering as a positive force based upon shared values and partnership and collaboration, not just between elements of public sector but between public and third sector as well. We would like government to reverse the trend to procurement where this is not a legal requirement with greater use of grants and service level agreements, organised in ways that ensure value for money and best value. Where there is a legal requirement, we must ensure that service specifications do take account of (and assess and score) the added value of community engagement and involvement.

## **Focus on delivery**

33. The focus on delivery is welcomed. Many third sector organisations are well placed to deliver effectively and rapidly. Sometimes arrangements for delivery are over-complicated by bureaucratic, over-complex and ultimately ineffective procurement processes. As suggested above, where government is confident about the ability of certain organisations to deliver specific services, a collaborative rather than competitive approach may be far better suited to achieving effective delivery.
34. It is important, however, that the focus on delivery does not unintentionally adversely affect support for specialist and generalist umbrella bodies. There are a range of significant organisations core funded by the Welsh Government that act as support and intermediary bodies, supporting local organisations on the ground to interpret Government policy and work to put policy into action. This is a role that is recognised by Government officials as something they have neither the skills, capacity nor networks to undertake.
35. Such organisations therefore may not deliver directly, but they do know from their membership, and more widely, that their support and expertise is welcomed and necessary for the actual delivery of actions towards producing the desired outcomes. Whilst such organisations can to some extent reframe their functions to reflect the new paradigm, they are concerned that the focus on delivery and outcomes has the potential to marginalise their crucial work. As such, at a time of financial constraint those in the third sector that undertake such functions may be regarded as a lower priority for funding. On the contrary, their functions are of

greater importance in a period of funding pressures, helping organisations to adapt and maximize the additionality that they bring to their services and activities.

## Summary

36. The Finance Committee is invited to consider the following issues drawn from this analysis:
- It should be a priority to maintain support for third sector organisations who are able to maximise resources available in the community, lever other funding into their community, and support the massive contribution made by volunteers.
  - Public sector funding for the third sector is a very small part of overall expenditure, and reductions will have a negligible impact on the savings that need to be made.
  - Nevertheless third sector organisations are acutely aware of the funding situation and are always exploring ways of reducing costs.
  - Reductions in funding for the third sector may have a multiplier effect by losing additional funding and resources levered in on the basis of public sector funding.
  - Reducing funding for preventative work, early intervention and building community capacity and resources will lead to greater demands for more expensive statutory services.
  - Building on the sector's ability to deliver services in new ways that involve 'co-production' with citizens and communities - working in partnership with service providers to address their own needs - should be a priority for the continuing public service reform programme.
  - The assessment of how budget decisions impact upon the third sector should include the outcomes and added value that the sector produces from government funding, and not simply the cost.
  - Clarity is required about the circumstances in which procurement or grant-funding are used to fund third sector services, with a presumption that collaborative arrangements with the third sector are used unless there is a legal requirement for procurement.

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Deputy Chief Executive

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