



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: Working together to meet the challenge of change
Date: 29 March 2011
By: Jane Hutt, Minister for Business and Budget

We have taken a distinctive Welsh approach to preparing for a series of budgets that reduce in real terms. Our preparations have already stood us in good stead. We believe that the cuts instigated at the UK level are too far too fast, but we are playing a part in reducing the UK's budget deficit. Our budget plans reflect the difficult decisions that we have taken, and they have been widely endorsed. They support the Assembly Government's priorities to protect front-line services in health, schools and skills, social services, jobs and to support the economic recovery. Those plans are also the result of a strong focus on evidence and a commitment to collaborative working.

Decisions that we have taken in the current year have also helped to put us on a strong footing. For example, I have already announced that through careful financial management, we have been able to find the required £113.5 million revenue reductions this year without making cuts to services, as well as preserving our 2010/11 capital budget.

Our approach to date has been multi faceted – reflecting the complexity of the challenges we face. Securing all possible efficiencies through tight

management of our public finances is vital in the short term to help us avoid arbitrary cuts. But we are working equally hard on the longer term challenge of change and reform to make our public services better, more sustainable and more responsive to the needs of people in Wales.

Our public services are being fundamentally re-shaped with service reviews either underway or completed in social services, education, local government, NHS Wales, economic renewal and environmental Assembly Government Sponsored Bodies. Supporting these reviews through focussing on cross-cutting approaches for cost savings and service improvements is the role of the Efficiency and Innovation Board, which I chair.

Through the series of Public Services Summits this year and last, I have seen first-hand the shared commitment to working collaboratively to provide better public services. With more than 90 leaders and senior managers from across the public services making a contribution to the Efficiency and Innovation agenda, a strong momentum has been established which is helping to deliver real benefits for public services.

The Efficiency and Innovation Board was one of the first formal responses anywhere in the UK to the financial challenges we face. Launched in early 2010, the Board works as an enabler in encouraging efficiency gains and service innovations to support the sector reviews as their findings emerge.

For example:

- Most local authorities and a number of other public sector organisations are involved in the 'xchangewales' programme, which is designed to streamline procurement processes. Building on this good progress, the Collaborative Procurement Taskforce recently published its review 'Buying Smarter in Tougher Times' and its recommendations are now being taken forward, focussing on standardisation, simplification and sharing skills and technology to strengthen capability.

- Public sector assets are being extensively mapped through a new property database. Understanding the asset base will enable more strategic decision-making on the future use of public sector buildings, including co-location and consolidation of sites. Similarly, through the publication of a Land Transfer Protocol, the previously complex and expensive process of transferring or disposing of land by public bodies is being simplified and streamlined.
- Organisations are also taking advantage of Wales-wide ICT opportunities, identified through the public sector ICT strategy, such as a more efficient public sector broadband system. A more strategic approach is also being developed to encourage greater integration of ICT systems, functions and activities, starting with a moratorium on new data centres.

We are supporting moves to streamline and simplify business processes in public services, taking much from the good practice that already exists across Wales to improve efficiency and ensure that any waste found is eradicated.

To make our corporate services more effective and efficient in supporting service delivery, work has just started on a shared services pilot in North Wales, which will consider the relationships and potential collaborations between local government, the NHS and the police.

As well as supporting the efficiency gains to be made by improving public service business processes, work is also underway with external stakeholders to help public services become more effective in delivering outcomes for people, focussing initially on 4 key areas:

- promoting independence and well-being for an ageing population;
- finding better ways to improve the life chances of vulnerable families;
- reducing the number of young people not in education, employment and training; and
- tackling domestic abuse.

In collaboration with partners, this work is not only seeking to identify what works best, help organisations understand and analyse the financial benefits of early intervention in these key areas, and encourage adoption of best practice. Research on the first two areas has already been published on the Welsh Assembly Government website. Further studies in the other key areas are planned for future publication.

In such challenging times, public services leaders themselves need support to manage change across the public services workforce. To date, more than 100 leaders have already taken part in a series of learning and development activities including expert seminars and change management courses.

We value the public service workforce in which we have invested over a long period of time and who provide the skills and commitment to support the people of Wales, especially in these tough times. During my 'Community Counts' tour last summer, I met and listened to a wide range of public sector staff, all of whom demonstrated high levels of commitment and enthusiasm. Actions we have taken with our partners, such as the signing of the Memorandum of Understanding between local authorities and the Wales TUC, will help to protect local government jobs and services.

Public service organisations are working hard to manage within tight resources and avoid compulsory job losses – through better recruitment strategies, training and development and voluntary redundancy programmes.

Whilst the number of actual public sector job losses is not yet known, it is important that we support those who might be displaced. This was recognised early on by the Efficiency and Innovation Board, under whose leadership a innovative response, 'Adapt', has been developed. 'Adapt' is a new scheme to help public sector employees who have lost their jobs to return to work and gain new skills to find employment, building on the success of the Pro-Act and Re-Act schemes which are open to the private and third sectors and have

helped thousands of people during the recession. It also provides a subsidy to companies who take on people who have been made redundant.

We have recognised that for many of our partner organisations, moving to smaller budgets may mean some significant changes to how they operate – which could require some short term, targeted investment in managing this transition. That is why we have established a £14 million transitional support package in 2011/12 to develop and deliver more efficient and effective public services. Some £5 million has already been allocated to the ‘Adapt’ programme.

I have also more recently announced the fourth round of the ‘Invest to Save’ Fund. Introduced in 2009, the Fund has already invested some £37m in 42 projects. This latest round will re-invest the £3.6 million available from savings generated by previous projects.

In this Statement, I have summarised the progress we have made in shaping a Welsh response to the challenges ahead: a response driven by efficiency and innovation, and focussed on sustaining and improving services. My previous Statement last month on the Final Budget set out how we are protecting universal benefits and services for the most vulnerable in society. Our approach is to seek to protect public services wherever possible without the knee jerk reactions (and subsequent U-turns) we have seen elsewhere. By protecting services in this way, I am confident that we have gone some way towards mitigating the worst effects of the budgetary cuts imposed on Wales. Wales is not immune and no guarantees can be offered, but our distinctive ‘Welsh way’ has focused on making a difference to people’s lives through supporting public services to work collaboratively, efficiently and effectively.