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Education and Public Services Group



Llywodraeth Cymru
Welsh Government

Nick Ramsay, AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
SA99 1NA

20 December 2019

Dear Mr Ramsay

Update on the Welsh Government's Evaluation of Flexible Funding

I am writing with reference to the Permanent Secretary's letter of 7 November 2019, following her appearance at your Committee on the General Scrutiny of Accounts. One of the Permanent Secretary's actions was to send further information once the Evaluation Report of the Flexible Funding Programme was available.

Wavehill Ltd were commissioned to carry out evaluation research between November 2018 and October 2019, with the aim of providing robust and timely information on implementation, and to understand how the flexible funding approach may affect outcomes in the longer term. The final report was published on the Welsh Government website on 22 November 2019 <https://gov.wales/evaluation-flexible-funding-programme-final-report>.

I attach, for ease of the Committee Members' reference, the Executive Summary of the Final Report. This outlines the key findings in relation to local authorities, stakeholders and the Welsh Government. The report draws conclusions and recommendations for the Welsh Government, local authorities and stakeholders. Specifically for Welsh Government, the report recommends:

- Simplifying processes to facilitate greater consistency;
- Reviewing the vision and objectives of the flexible funding approach;
- Identifying mechanisms with which to provide ongoing support for the continued implementation of flexible funding approaches at a local authority level;



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

- Extending engagement with external stakeholder bodies and national and regional Voluntary and Community Sector organisation; and
- Undertaking self-assessment reviews of progress against the *7 Lenses of Transformation*.

Next Steps

All recommendations made in the Final Evaluation Report will be taken forward through a series of stakeholder workshops with local authorities and relevant third sector organisations in the New Year. The main output from these workshops will be to co-produce an action plan for consideration by the Welsh Government Funding Alignment Implementation Board, which will monitor action being taken against the recommendations.

We have also been making progress on developing the single Housing Support Grant (HSG) in collaboration with stakeholders. The thread of homelessness that runs through the legacy grants has allowed us to develop a coherent purpose and scope for the grant, which has been translated into draft grant guidance. Formal consultation on the new guidance closed at the end of November and final guidance will be published in the New Year.

The draft Outcomes Framework, noted in the report, will be issued to local authorities in January 2020. Further engagement with stakeholders will be held between January and March, to jointly plan for the implementation of the Outcomes Framework from April 2020.

I hope this is sufficient by way of update. I would like to take this opportunity to thank the Committee for its time and interest in this area.

Yours sincerely

A handwritten signature in black ink, reading 'Tracey Burke'.

Tracey Burke

SOCIAL RESEARCH NUMBER:

54/2109

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22ND NOVEMBER 2019

Evaluation of the Flexible Funding Programme: final report

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Evaluation of the Flexible Funding Programme: Final Report
Simon Tanner, Oliver Allies, Louise Starks

Wavehill Ltd



Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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Executive Summary

Flexible Funding

This report provides findings of the final phase of an evaluation of the Flexible Funding approach, which was conducted between November 2018 and November 2019. It builds upon an interim report published in October 2018 (Welsh Government, 2018d) that identified early insights from the initial delivery of the Flexible Funding approach, which was led mainly by pathfinder local authorities (see below for details).

Flexible Funding is the current approach¹ developed by the Welsh Government that enables local authorities to adopt a more strategic way of delivering early intervention, prevention, and support. It seeks to provide local authorities with the opportunity to use different grants for early intervention, prevention, and support to collaborate with the aim of providing greater local authority autonomy in service delivery, particularly in respect of joint planning and commissioning, to better support outcomes for local residents.

Seven self-nominated pathfinder local authorities in Wales tested a new approach in the 2018/19 financial year: Conwy, Cardiff, Newport, Torfaen, Bridgend, Rhondda Cynon Taf, and Merthyr Tydfil, as well as the Cwm Taf Public Services Board².

These pathfinders possessed full (100% of the budget) flexibility across 10 programmes which were combined under one grant in a pilot approach.

Furthermore, Flexible Funding provided the remaining 15 local authorities in Wales ('non-pathfinders') with an extended flexibility of 15% movement across five grants (Welsh Government, 2017) — see Table 1 for details of the split between pathfinders and non-pathfinders. In addition, the Welsh Government announced in October 2017 (Welsh Government, 2017) that funding levels for Supporting People would be maintained in line with the 2017/18 budget commitments.

¹ In the interim report, Flexible Funding was referred to as a programme. Flexible Funding is rather an approach utilising a range of funding mechanisms to facilitate change in the way in which local authorities across Wales fund EIPS. Therefore, throughout the report the text will refer to the Flexible Funding approach to encompass the multiple funding mechanisms that local authorities are reviewing and revising in order to fund this key support provision for their residents.

² Working jointly with Merthyr Tydfil and Rhondda Cynon Taf.

Table 1: Grants included as part of the 2018/19 Flexible Funding approach

| Pathfinders (100% funding flexibility) | Non-pathfinders (15% funding flexibility) |
|---|--|
| <ul style="list-style-type: none"> • Supporting People • Flying Start • Families First • Legacy Fund • Promoting Positive Engagement for Young People • Childcare and Play (formerly Out of School Childcare) • Homelessness Prevention • Rent Smart Wales Enforcement (formerly Independent Living) • St David's Day Fund • Communities for Work Plus (formerly the Employability Grant) | <ul style="list-style-type: none"> • Supporting People • Flying Start • Families First • Legacy Fund • Communities for Work Plus (formerly the Employability Grant) |

A Ministerial announcement on 3rd October 2018 confirmed that the Welsh Government would drive delivery forward through a two-grant Flexible Funding approach involving a Children and Communities Grant (CCG) and a Housing Support Grant (HSG), operating across all 22 local authorities in Wales from April 2019 — see Table 2 for how funding programmes are split between the CCG and the HSG.

Table 2: Grants included in CCG and HSG

| CCG | HSG |
|---|--|
| <ul style="list-style-type: none"> • Flying Start • Families First • Legacy Fund • Promoting Positive Engagement for Young People • Childcare and Play (formerly Out of School Childcare) • St David's Day Fund • Communities for Work Plus (formerly the Employability Grant) | <ul style="list-style-type: none"> • Supporting People • Homelessness Prevention • Rent Smart Wales Enforcement (formerly Independent Living) |

Evaluation aims and method

In April 2018, following a competitive tendering exercise, the Welsh Government commissioned Wavehill to undertake an independent evaluation of the Flexible Funding approach. The aim of the evaluation work is to provide robust and timely information on the implementation and understand how the Flexible Funding approach will affect the achievement of outcomes in the longer term.

A wealth of information has been collated from 58 interviews that were conducted with Funding Alignment team (formerly the Funding Transition team) representatives and grant leads in local authorities (pathfinders and non-pathfinders), as well as with the Welsh Government, partners, and stakeholders. This has been supplemented by literature and policy review work and workshops reviewing the options for an Outcomes Framework for the programme.

Key findings

Local authorities and stakeholders

- Progress in the delivery of the Flexible Funding approach continues to be variable, although progress has been made from the position noted by the interim report in October 2018, and there are examples across authorities of officers from the 10 original programmes meeting together in order to plan and co-commission/co-fund provision.
- These examples are much more likely to be observed in the development and implementation of infrastructure and frameworks with which to support the delivery of Early Intervention and Prevention Support (EIPS) than in developments in the services, wherein there are fewer examples. At present, there are limited examples of service users having yet experienced better services as a result of the changes being made under the auspices of the Flexible Funding approach, meaning that it is very early in developments with respect to seeing changes resulting.

- Flexing of funding in pathfinder authorities and the flexible use of these programme funds in 2018/19 have witnessed around 1–4% of total programme funds being moved between different programmes. This has been most noted in funding arrangements for the Supporting People, Families First, Flying Start, Homelessness Prevention, and Communities for Work Plus programmes.
- In local authorities the most notable examples of where progress has been made include:
 - greater knowledge and awareness of the aims, objectives and nature of delivery of each of the 10 grants covered by the CCG (7) and the HSG (3)
 - increasing examples of, and discussion surrounding the opportunities for, joint working or engagement across grants
 - development of back office functions, commissioning, procurement, IT and data systems
 - mapping of existing approaches to service delivery to identify potential duplication across grants and any gaps in availability
 - some recommissioning and new service development being undertaken, despite contractual and financial barriers to some recommissioning
 - benefits reported in supporting service users more quickly both in entry and in exit with a more joined-up service offer, although the expected impacts are most likely in the 2019-20 financial year, or even from April 2020.
- The single-grant approach for the HSG has also shown positive outcomes through the scheme's development and co-production of new single HSG guidance, agreed approaches for needs assessment, strategic planning and reviews of service delivery, joint working and collaborative working, and the identification of additional funding streams, which has resulted from a range of partnership and joint working between the Welsh Government, local authorities, the third sector, and Registered Social Landlords.

- For the majority of local authorities (18) it remains too soon to state whether or not the Flexible Funding approach is having an impact on working practice, or the services that local residents receive. For the majority of local authorities (pathfinders and non-pathfinders) there is a recognition that there remains much more to do, including exploring the (further) development of joint commissioning arrangements and workforce development.
- The strongest examples of progress are characterised by Flexible Funding approaches that are underpinned by a clear vision and detailed design and planning activities in order to establish a local delivery model that is centred on transformational leadership and accountability.
- Five local authorities have made, or are at least beginning to make, good progress. In this sense, good progress identifies local authorities that have established a clear vision and strategic plan to underpin their Flexible Funding approach, supplemented by emerging collaborative working, clear accountability structures, and some early signs that service users may be more readily able to access services that are relevant to their particular needs.
- A further group (of 12 authorities) are beginning to establish reviews and identify ways in which they can drive Flexible Funding delivery forward through the two grants (CCG and HSG). It is likely that they may begin to see some efficiency gains arise from this, perhaps through removal of the duplication of service delivery, or more integrated support provision through single delivery routes.
- However, three authorities³ have made very little progress due to staff shortages and wider resource pressures and it may be that these authorities need additional support from the Funding Alignment team in the Welsh Government to help them to move forward in 2019-20.

³ Interviews were not possible with two local authorities; because of the lack of interview data, we have been unable to allocate them to a particular group, though it is unlikely that progress is likely to have been good.

Welsh Government

- Welsh Government officials (including members of the Funding Alignment team) admit that they are 'on a journey' with respect to Flexible Funding and that a firm vision for the approach has yet to crystallise fully.
- Welsh Government programme leads are, in the majority, supportive of the concept of the Flexible Funding approach, but greater clarity is sought as to its meaning within the Welsh Government, the roles performed by individual programme teams and how this is communicated externally.
- Members of the Funding Alignment team are keen for the ultimate vision for the Flexible Funding approach to be revisited and, where appropriate, recast so as to better align with the recently restructured policy teams.
- Welsh Government officials (including those in the Funding Alignment team) identify challenges with the coordination and communication of consistent messages regarding how each programme should operate within the CCG and the HSG, which has rendered their tasks in respect of work more complicated, although the HSG has made some positive progress in the development of its guidance documentation co-produced with a range of external stakeholders including local authorities, the third sector, and Registered Social Landlords.
- Several Welsh Government programme leads identify that many local authorities still seek significant amounts of guidance from them with regard to what programmes should be doing within the Flexible Funding approach, as well as alignment with the CCG and the HSG. There have been occasions on which conflicting advice on a Flexible Funding approach and its alignment with programme guidance has needed to be resolved.
- For the Welsh Government there have remained challenges. The Funding Alignment team have faced delivery pressures due to staff turnover, which has rendered the management of relationships with 22 local authorities difficult; despite this, however, relationships have remained positive.

- There is still work to be undertaken within the Welsh Government to enable programme leads to collaborate more closely and adopt more consistent approaches to working with local authority leads (Flexible Funding and programmes) in order to deliver the Flexible Funding approach.

Conclusions

- Progress since late 2018 has mainly involved non-pathfinders establishing reviews of services, assessing their governance and management options and establishing forums, if not already in place, in which the 10 grants covered by the programme can be reviewed. This mirrors approaches that the pathfinders adopted in their delivery from the inception of the programme.
- Progress is not only demonstrated by the more widespread examples across authorities of officers from the 10 original programmes convening in order to plan and co-commission/co-fund provision, as noted in HSG delivery in particular, but also observed in some CCG examples in authorities demonstrating the most advanced development of their Flexible Funding approaches.
- The work undertaken by the non-pathfinders has facilitated the review of local delivery practice for EIPS and the development of understanding other approaches, and helps to begin the process of identifying the options for joint working and the potential for service integration.
- Five local authorities (three pathfinders and two non-pathfinders) have made particularly good progress, as evidenced by formalised structures with respect to vision, design and plan development, structured processes for leadership and accountability, and operational approaches for collaborative working.
- Furthermore, there are already examples in 2018/19 of funding being utilised flexibly by six of the seven original pathfinders and in three non-pathfinders (see Table 4.1). It is in these authorities that the strongest evidence is found of the pooling of budgets to support the ongoing delivery of some services in specialist need areas including domestic violence, mental health, and vulnerable family support.

- Limited examples of joint commissioning have been identified, although the majority (13) of local authorities are actively investigating the options for this across existing Early Intervention, Prevention, and Support (EIPS), with examples being found for domestic violence support, parenting, and training delivery.
- Collaborative working (involving joint meetings) and service reviews by combined programme teams across the 10 programmes encompassed by the Flexible Funding approach are in evidence, though there remains some continued separation of the CCG and HSG structures in some local authorities (4) which has yet to be overcome. Two local authorities identify that collaborative working has been the most notable area of impact instigated by their local Flexible Funding approach, as observed through our analysis of the interview findings.
- More work remains to be undertaken across a range of local authorities and the Welsh Government in order to reduce the variability in progress being made in the delivery of local Flexible Funding approaches, as evident in the evaluation findings. This is best tackled through ensuring that authorities have undertaken clear vision development, design and planning linkage to cover strategic and business plans, as well as using these to influence the ultimate design of EIPS at a local level. In addition, it should involve effectively communicating any changes more widely to staff across authorities so that the levels of understanding of the change ethos and objectives are known more widely.
- Further development is also required to formalise the leadership and accountability structures in local authorities to underpin the transformation needed to support local Flexible Funding approaches in all authorities.
- These areas are critical because literary evidence (DCLG, 2013a) strongly suggests that a clear vision and ethos, as well as strong senior leadership support, are key ingredients for success in the delivery of a transformation like that underpinning the most successful local approaches to Flexible Funding. These are areas that could be emphasised specifically in future monitoring reports requested by the Welsh Government.

- In addition, in all authorities, irrespective of the progress made in the delivery of the local Flexible Funding approach, they will also need to possess a concentrated focus on workforce development and on support for staff to respond to new working practices and roles arising from the approach.
- In the Welsh Government there is a specific need to undertake further work with regard to reviewing and, where appropriate, resetting the strategic aim of Flexible Funding, articulating this to all local authorities. Indeed, there is scope to collaborate with local authorities to co-produce this in order to support the engagement of local authorities in the future work surrounding the Flexible Funding approach.
- There continues to be an underlying sense of suspicion that the ultimate narrative being pursued by the changes is one of reducing the total amount of funding overall for vulnerable groups, or the unintended consequence that grant alignment might mean that the focus of funding moves away from less 'politically popular' groups. Alongside this remain 'pockets' of 'silo working' in which programme teams (in local authorities in the main) isolate themselves from changes being instigated through local Flexible Funding approaches.
- Delivery of the Flexible Funding approach during the remainder of 2019-20 needs to be given time by the Welsh Government across all local authorities to be further developed through support from more advanced authorities. This will enable approaches to become more embedded, helping to support the continued rollout from April 2020. It is important for local authorities that their efforts thus far not be seen to go to waste through any further changes, or revisions, to the policy, and that the commitments made in the October 2018 Ministerial announcement to maintain work on the approach until the end of this Assembly term be met.
- Those authorities that have made less/least progress would warrant being offered further support and insight from the Welsh Government and other local authorities with a more advanced delivery. Indeed, all authorities are keen to learn even more from the pathfinders and mechanisms with which to provide such insight and information would be especially welcomed.

Recommendations

The recommendations identify key areas in which insights provide some useful perspectives on influencing the ongoing implementation and delivery of the Flexible Funding approach, as well as the next steps for any future evaluation work.

Welsh Government

- 1) To investigate the streamlining and simplification of processes in order to facilitate greater consistency across the 10 programmes included in the Flexible Funding approach, all the while recognising the diverse nature and programme fidelity needed across the 10 programmes.
- 2) To review the vision and ultimate objectives of the Flexible Funding approach in order to enable the recasting of its vision for the short, medium and long term, facilitated by a co-production approach of working with local authorities and external stakeholders.
- 3) To identify mechanisms with which to provide ongoing support for the continued implementation of Flexible Funding approaches at the local authority level, drawing upon lessons learnt from practice and evaluation work. This should be undertaken through a consistent programme of updates and of information that highlights how success might best be achieved, while emphasising the importance of a strong vision, design and planning, a formalised leadership and accountability approach, and a specific focus upon identifying structures that facilitate collaborative working, supported by a targeted programme of workforce development.
- 4) To extend engagement with external stakeholders (including representative bodies and national and regional Voluntary and Community Sector (VCS) organisations), particularly those directly involved in CCG and HSG delivery, to facilitate further collaborative working opportunities.
- 5) Self-assessment reviews of progress against the 7 Lenses of Transformation should be taken forward by Welsh Government teams linked to the Flexible Funding approach in order to identify key further actions to take, and as a mechanism with which to monitor their ongoing progress.

Local authorities and stakeholders

- 1) Local authorities should review and revise, where appropriate, the vision, plan and design of their local Flexible Funding approach in order to ensure that its local relevance is maintained, as well as consulting with local stakeholders as part of this work.
- 2) Models of collaborative working should be formalised and reviewed regularly in order to identify opportunities for enhancement and extension of the range of partners and stakeholders (internal and external) that they involve.
- 3) Local authorities should actively review ways of adopting a formal and consistent approach to pooling budgets, as well as engaging local stakeholders in such work.
- 4) Local authorities should actively seek opportunities to collaborate with pathfinders and neighbouring authorities so as to share insight and good practice.
- 5) Local self-assessment reviews of progress against the 7 Lenses of Transformation should be taken forward by local authorities and local stakeholders in order to identify key further actions to take, and as a mechanism with which to monitor their ongoing progress.

Conduct of future evaluation work that:

- 1) Assesses the impact that alternative approaches to the delivery of EIPS may be having on the medium- and long-term outcomes in local authorities
- 2) Reviews the further impacts and outcomes of the delivery of the Flexible Funding approach, as well as the mechanisms, processes, and roles played by regional stakeholder structures including Public Services Boards (PSBs), Regional Collaborative Committees, and Regional Programme Boards within them
- 3) Identifies whether or not service users have experienced impacts in service delivery and what delivery components are most likely to generate positive outcomes
- 4) Tests the efficacy of the Outcomes Framework for the Flexible Funding approach and identifies further revisions where appropriate.