

# Welsh Government Draft Budget 2018-19

December 2017

## Introduction

1. This report sets out the Equality, Local Government and Communities Committee's ('the Committee') views on the Welsh Government's draft budget 2018-19 in relation to the policy areas within the Committee's remit. It also touches upon some broader policy and financial issues that were raised during our budget scrutiny sessions.
2. This is the first time the Committee has reported separately on the draft budget. It comes following the changes to the Assembly's financial procedures and the adoption of a new budget scrutiny protocol.
3. Together with the Finance Committee report and those of other scrutiny committees, this report is intended to inform the Assembly's debate on the draft budget, which is scheduled for 5 December 2017.

## The Welsh Government's draft budget 2018-19

4. On 3 October 2017, the Welsh Government laid its outline proposals for the draft budget 2018-19, which set out the allocations for the main expenditure groups (MEGs). The detailed draft budget, which included the individual areas of expenditure within each MEG, was laid on 24 October 2017. This included the government's spending plans for 2018-19, together with indicative revenue budgets for 2019-20 and indicative capital plans until 2020-21.
5. The MEGs that fell within the Committee's remit at the time the draft budget was published were the Local Government MEG and the Communities and Children



MEG.<sup>1</sup> Within the overall Communities and Children MEG, the specific elements relevant to the Committee are Communities, Equality, Housing, Regeneration and Community Safety.<sup>2</sup>

6. Following a Cabinet reshuffle on 3 November 2017 and a change in Ministerial portfolios, the responsibilities formerly within the Communities and Children portfolio now sit with the Cabinet Secretary for Local Government and Public Services, the Minister for Housing and Regeneration, and the Leader of the House. Responsibilities relating to local government, which were formerly held by the Cabinet Secretary for Finance and Local Government now sit with the Cabinet Secretary for Local Government and Public Services.

## The Committee's approach to budget scrutiny

7. On 25 October 2017, the Committee took evidence from representatives of the Welsh Local Government Association ('the WLGA') and the Society of Welsh Treasurers on the priorities and pressures facing local government in Wales. This evidence was used to inform the Committee's budget scrutiny.
8. On 15 November 2017, the Committee took evidence from the Cabinet Secretary for Local Government and Public Services, the Minister for Housing and Regeneration and the Leader of the House and Chief Whip on their budget proposals. The Committee subsequently wrote to Cabinet Members asking them to address a number of outstanding issues that were not reached during the session due to time constraints. A copy of the letter and responses received can be found at the end of this report.
9. We would welcome a response to our report and recommendations to inform our ongoing budget and wider financial scrutiny.

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<sup>1</sup> The Cabinet Secretary for Finance wrote to the Chair of the Finance Committee on 21 November outlining his intention to restate the MEGs and BEL tables to reflect the new Ministerial portfolios ahead of the draft budget debate.

<sup>2</sup> The remaining elements fall within the remit of the Children, Young People and Education Committee.

## Local Government Main Expenditure Group

### Overview

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- 11.** The Local Government Main Expenditure Group (MEG) comprises the total Departmental Expenditure Limit (DEL) (resource and capital) and Annually Managed Expenditure (AME) in the form of Non-domestic Rates also known as Business Rates. The allocated funding for the Local Government MEG for 2018-19 is £4.5 billion.
- 12.** The Local Government MEG includes funding for local authorities through the Local Government Settlement, funding for Police and Crime Commissioners, funding for Health Inspectorate Wales, Care and Social Services Inspectorate and Estyn, along with other spending programmes.
- 13.** Local Government revenue resource is proposed to increase by £37.5 million, compared to the 2017-18 revised baseline, which includes transfer of funding into and out of the Local Government MEG of £45.6 million. Capital remains at the same level as 2017-18 at £143.1 million. Total AME for 2018-19 is £1.05 billion, a decrease of £7 million from the 2017-18. This equates to a total net increase of £30.5 million in the Local Government MEG.

### Provisional Local Government Settlement 2018-19

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- 14.** The largest allocation within the Local Government MEG is local government general revenue funding. This is provided to local authorities through the local government settlement ('the settlement'), which outlines the revenue and capital funding allocated to each of the 22 authorities in Wales. The settlement is distributed to authorities on the basis of a needs based formula, which consists of indicators that account for the characteristics of an authority, such as population, sparsity and deprivation.
- 15.** The provisional Local Government Settlement 2018-19 was published separately from the draft budget on 10 October 2017. It shows Cardiff Council as the only authority to receive an increase in funding (0.2%). All other authorities will receive a reduction in funding of up to 1%. Six local authorities will receive the maximum reduction in funding of 1% in 2018-19.
- 16.** In 2016-17, the Welsh Government implemented a funding floor that meant no authority would experience a decrease of more than 0.5%. This year, the funding floor ensured no authority would experience a decrease of more than 1%. All six local authorities subject to the 1% decrease will receive top-up funding in order to

ensure the reduction does not exceed that amount. A total of £1.8 million top-up funding has been provided through Central Government Reserves.

## Overall conclusion

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- 17.** We acknowledge that the Welsh Government's draft budget 2018-19 has been set within the context of the UK Government's austerity agenda, which has given rise to sustained cuts to funding for Wales. It is clear that the UK Government's approach to fiscal policy continues to be a significant challenge and a source of great frustration for both the Welsh Government and local government. In view of this, and of the reductions in allocations across other MEGs, we consider the allocation for the Local Government MEG, which has seen a small increase since 2017-18, to be understandable.
- 18.** We note that the health budget has increased in recent years compared to the local government budget. In commenting on this, the WLGA stated that "with austerity combined with the prioritisation that's been given to the health service, [...] local services are going to be in a very difficult situation to try and continue".<sup>3</sup> We note the WLGA's view that given the 'scale of the pressures' facing local authorities, this prioritisation of resources "must be at the forefront of budget considerations over the next five years".<sup>4</sup>
- 19.** Notwithstanding our view on the overall allocation for the Local Government MEG, we note that there has been a reduction in funding for local authorities through the local government settlement of 0.5%, which equates to around £20 million. According to the WLGA, this figure "fails to recognise the full story" and that, taking account of service pressures for the next financial year, "the sector will have to look for savings of 4.5% of net budgets".<sup>5</sup> When questioned, the Cabinet Secretary did not dispute this.<sup>6</sup>
- 20.** The WLGA reported that the financial position of local government is becoming "unsustainable" and "that the current levels of financial stress faced by councils cannot continue".<sup>7</sup> Although the Cabinet Secretary acknowledged the ongoing financial pressures facing the sector, he asserted that the Welsh Government had sought to protect local authorities in Wales from the levels of cuts experienced by their counterparts in England.<sup>8</sup> While we accept this assertion, it remains the case

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<sup>3</sup> RoP, para 9, 25 October 2017

<sup>4</sup> [Written evidence, ELGC\(5\)-30-17 Paper 1](#)

<sup>5</sup> [Written evidence, ELGC\(5\)-30-17 Paper 1](#)

<sup>6</sup> RoP, para 18, 15 November 2017

<sup>7</sup> [Written evidence, ELGC\(5\)-30-17 Paper 1](#)

<sup>8</sup> RoP, para 18, 15 November 2017

that local government in Wales has experienced cuts in funding since the beginning of austerity and, according to the WLGA, “is now back at its 2004-05 levels”.<sup>9</sup>

- 21.** We are acutely aware of the impact of prolonged austerity on local government. We do not underestimate the challenges faced by authorities in continuing to deliver and improve services for communities in Wales within reduced budgets. We believe it is incumbent on both the Welsh Government and local government to work collectively to identify solutions that will ensure sustainable funding not only for vital local services, such as education and social care, but for unprotected services such as planning and regulatory services, as well as libraries and leisure services, which have borne the brunt of austerity.
- 22.** We heard some positive examples of how local authorities were continuing “[to transform] services to mitigate the effect of reducing budgets”<sup>10</sup> with transformation programmes including alternative service delivery models and income generation. While this may have some impact in ensuring that authorities can continue to deliver services, we recognise that more fundamental changes will be required to the way in which local government operates to combat austerity and improve financial resilience.
- 23.** We acknowledge the Welsh Government’s ongoing, wider work on local government reform, including plans for mandatory regional working and reform of the finance system. We note that the Government’s aim in this regard is to ensure greater resilience for local authorities and sustainable funding for local services, which we welcome.
- 24.** Local government reform has been the focus of successive Welsh Governments, with the latest proposals put forward by the previous Cabinet Secretary for Finance and Local Government in *Reforming Local Government: Resilient and Renewed*. We are keen for these proposals to be finalised. We hope that they will provide greater certainty for local government to allow them to plan services for the future and to help address on-going pressures. We also expect the newly appointed Cabinet Secretary to take forward these proposals in a timely manner, and in consultation with local government.
- 25.** While the 2018-19 allocation has been the focus of our considerations, we note that the indicative local government settlement for 2019-20 shows a further reduction

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<sup>9</sup> Written evidence, ELGC(5)-30-17 Paper 1

<sup>10</sup> Written evidence, ELGC(5)-30-17 Paper 1

of 1.5%. This is of concern to us. We acknowledge that the previous Cabinet Secretary for Finance and Local Government has taken a “fairly prudent” approach to setting indicative budgets for 2019-20 given the UK Government’s plans to make an additional £3.5 billion savings as part of the Efficiency Review during that financial year.<sup>11</sup>

**26.** We note that the UK Autumn budget stated in relation to this Review that, due to a combination of reforecasting, reprioritisation and need to invest in new pressures, 2019-20 departmental spending will be £2.1 billion higher than envisaged in the 2016 Budget.

**Recommendation 1.** We recommend that the Welsh Government considers revisiting the proposed further reduction of 1.5% in the indicative local government settlement for 2019-20 with a view to maximising the revenue available to authorities. That being the case, we further recommend that the Welsh Government communicates any likely changes to local government funding in 2019-20 at the earliest opportunity to assist the sector in its medium term financial planning.

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<sup>11</sup> RoP, para 42, 15 November 2017

## Specific issues

### Social care and education

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- 27.** Within the local government settlement, the Welsh Government has prioritised funding for schools and social care. In his evidence paper, the previous Cabinet Secretary for Finance and Local Government explained that £62 million was being provided through the school element of the settlement, which would “ensure that we maintain the assumed Welsh Government share of core spending on schools at the level of 2017-18”. In the same way, £42 million was being provided for social care.<sup>12</sup>
- 28.** In commenting on the above, the WLGA stated it was “slightly frustrating” that this was described as “additional” funding and suggested that further clarification was needed on how the figures had been reached.<sup>13</sup>

**Recommendation 2.** We recommend that there is greater transparency and clarification in future budgets about how additional funding is presented.

- 29.** The Cabinet Secretary wrote to the Committee ahead of his appearance with further detail on the arrangements for prioritising funding for schools and social care in 2018-19 and 2019-20 and how the above figures had been calculated. A copy of this letter can be found at the end of this report.
- 30.** We acknowledge that the ‘additional’ allocation is part of the core funding for local authorities through the RSG and is therefore un-hypothecated. The WLGA asserted that it would make every effort “to try and maximise the proportion of that cash that goes into education and social services”.<sup>14</sup> It pointed out that these were also priorities for local authorities and that, given demand pressures in social services and the desire to improve outcomes in education it would be difficult to reduce funding in those areas.<sup>15</sup> However, it reiterated that, despite the ‘additional’ funding, there had been a reduction in the overall allocation for local government.<sup>16</sup> It also pointed out that prioritising funding for education and social care would impact on funding available for other, unprotected services.<sup>17</sup>

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<sup>12</sup> Written evidence, ELGC(5)-32-17, Paper 1

<sup>13</sup> RoP, para 47, 25 October 2017

<sup>14</sup> RoP, para 44, 25 October 2017

<sup>15</sup> RoP, para 47, 25 October 2017

<sup>16</sup> RoP, para 44, 25 October 2017

<sup>17</sup> RoP, para 44, 25 October 2017

- 31.** We recognise the crucial importance of education and social care. In the context of the overall reduction in allocation for local government we also understand the concerns about the impact of prioritising funding for these services on the provision of unprotected services which we heard are already in decline. Ultimately the austerity programme of UK Government and its funding to Welsh Government which in turn funds local authorities in Wales results in such dilemmas.
- 32.** On a wider point, we acknowledge that the future financing of social care is undoubtedly one of the greatest, longer-term challenges facing both central and local government in Wales. Given the escalating costs of social care, with demand pressures forecast to rise over the next decade and beyond, the future financing of social care is a challenge that cannot be ignored or shied away from.
- 33.** To this end, we welcome the Welsh Government's intention to explore potential levers including taxation to support the provision of social care, as set out in its *Welsh Tax Policy Report*. We are aware of the proposals put forward by Professor Holtham on the introduction of a social care levy and that discussions have been held between Professor Holtham and relevant Cabinet Members on this issue.<sup>18</sup> We believe that any proposals for a social care levy or tax must strike an appropriate balance between the need to be fair and reasonable with the need to protect the most vulnerable in our communities whose well-being relies on adequate, affordable social care provision.

## Reserves

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- 34.** In the context of the reduction in funding allocation for local government and the impact of this on the delivery of local services, we questioned witnesses on the level of local authority reserves and whether the current level was appropriate.
- 35.** In seeking to explain the variation in levels of reserves held across local authorities, the WLGA stated that there is “no one-size-fits-all approach” and that “over time, the Welsh Government have recognised that”.<sup>19</sup>
- 36.** The WLGA reported that some authorities were considering ways to invest reserves to improve social outcomes or where there was an invest-to-save aspect to one-off expenditure. It emphasised that reserves were not “a silver bullet to fend off austerity”.<sup>20</sup>

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<sup>18</sup> RoP, para 85, 15 November 2017

<sup>19</sup> RoP, para 90, 25 October 2017

<sup>20</sup> RoP, para 59, 25 October 2017



- 37.** The Cabinet Secretary stated that the Welsh Government’s approach to reserves “is based on the fact that we have 22 local authorities with their own democratic accountability and their own scrutiny”. He also made clear that the government “have never said that the reserves ought to be used for revenue purposes of filling in funding gaps”.<sup>21</sup>
- 38.** We note that the annual data on local authority reserves is available on the Welsh Government’s website. At the time of the Cabinet Secretary’s appearance before the Committee, the latest data had not been published, but it is now available. However, the Cabinet Secretary’s official explained that the level of earmarked reserves held ranged from 4% to 22% of authorities’ annual expenditure, and unallocated reserves from 1.8% to 5.7%. He also explained that there had been a “slight drop” in reserves held over the last year or so, following a number of years where overall reserves had increased.<sup>22</sup>
- 39.** We recognise that appropriate levels of reserves are an important part of prudent financial management. We also recognise that decisions in respect of reserves are a matter for local authorities, taking account of their circumstances. Notwithstanding this, we believe it is important to ensure that robust arrangements are in place to enable those decisions to be subject to an appropriate level of scrutiny and challenge, both internal and external.
- 40.** We are aware of the Welsh Government’s guidance on reserves, *Guidance for Local Elected Members: Scrutiny of Local Authority Holding and Utilising of Reserves*. This guidance was issued at the beginning of 2016 following concern about the lack of opportunity provided for councillors to scrutinise the level of authority reserves.

**Recommendation 3.** We recommend that the Welsh Government clarifies whether a review of the implementation of the guidance on local government reserves has been undertaken, and to report back to the Committee on the outcome of any such review. If a review has not been undertaken, we recommend that the Welsh Government considers doing so.

## Specific grants

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- 41.** A total of £91.7 million of in specific grants have been incorporated into the RSG for 2018-19. This includes £35 million associated with the waste element of the Single

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<sup>21</sup> RoP, para 22, 15 November 2017

<sup>22</sup> RoP, para 26-27, 15 November 2017

Revenue Grant, which, according to the Welsh Government, will be used to deliver recycling targets.

42. In outlining the rationale for the transfer of specific grants into the RSG, the previous Cabinet Secretary explained:

“[it] provides local authorities with greater control over spending plans for a larger share of their spending and, in turn, offers the opportunity for savings in administration costs and scope for local authorities to engage their communities in the decisions about spending that affect them.”<sup>23</sup>

43. Representatives of local government welcomed the transfer for 2018-19. However, they reported that, given the figures involved and the need to meet statutory recycling targets, authorities would have limited flexibility to allocate the transferred funding to other spending areas.<sup>24</sup>

44. The WLGA stated that “the massive advantage” of transferring specific grants was the potential savings in administration costs.<sup>25</sup> It went on to point out that £600 million grant funding remained outside the RSG, with this figure likely to rise to around £800 to £850 million as further grants were announced.<sup>26</sup>

45. We welcome the transfer of £91.7 million of specific grants into the RSG for 2018-19 but note that, in this instance, the benefits for local authorities are likely to be minimal. While the amount of specific grants transferred has increased since 2017-18, we note that a considerable level of funding for local government is still provided in the form of specific grants. According to the Wales Audit Office’s report, *Grants Management in Wales*, the cost of administering grants amounts to at least 10% of funding. On this basis, incorporating the remaining specific grants into the RSG could deliver significant cost savings. We have written to the Cabinet Secretary asking what consideration was given to transferring other grants into the RSG for 2018-19. A copy of our letter and the Cabinet Secretary’s response can be found at the end of this report.

46. In his appearance before the Committee, the Cabinet Secretary made clear his intention to continue to work towards a reduction in the number of specific grants delivered through the local government settlement.<sup>27</sup> We welcome this.

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<sup>23</sup> Written evidence, ELGC(5)-32-17 Paper 1

<sup>24</sup> RoP, para 130-131, 25 October 2017

<sup>25</sup> RoP, para 156, 25 October 2017

<sup>26</sup> RoP, para 135, 25 October 2017

<sup>27</sup> RoP, par 16, 15 November 2017

**47.** We believe it is vital to ensure that the agreed outcomes previously delivered through grant funding are maintained following the incorporation of those grants into the RSG.

**Recommendation 4.** We recommend that the Welsh Government clarifies how it intends to monitor spending and outcomes in areas that previously received grant funding following the incorporation of those grants into the RSG.

## Communities and Children Main Expenditure Group

48. Given the changes to Ministerial portfolios as noted in paragraph 7, we anticipate that this MEG will be restated ahead of the draft budget debate.

### **New Early Intervention, Prevention and Support Grant**

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49. From 2019-20, the Welsh Government proposes to create a single grant that brings together all grants paid to local authorities in support of early intervention, prevention and support. This could include:

- Supporting People;
- Flying Start Revenue Grant;
- Families First;
- Communities First Legacy funding;
- Employability Grant;
- Promoting Positive Engagement for Young People (youth justice);
- Out of School Childcare;
- Violence Against Women, Domestic Abuse and Sexual Violence Services Grant;
- Homelessness Prevention;
- Rent Smart Wales Enforcement;
- Community Cohesion Grant;
- St David's Day Fund, and
- National Advocacy Service.

50. The budget narrative suggests that under a 'larger, single grant' grant, 'constraints could be lifted' and 'funds used to meet locally determined needs in a way that makes sense at a local level'. It goes on to state that this 'simplification of administration' would help deliver 'needed efficiency savings' of £13.4 million.<sup>28</sup>

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<sup>28</sup> Welsh Government, Draft budget 2018-19 detailed proposals, p22, para 4.28

- 51.** Cymorth Cymru stated that they were “deeply concerned that the disappearance of a distinct budget line means that the Welsh Government can no longer be held to account on how much they spend on Supporting People”. As there is a £13 million cut to this line in 2019-20, Cymorth highlighted that “it is therefore unclear which services within this merged budget line will be cut.”<sup>29</sup>
- 52.** We asked the Leader of the House about the proposals to merge grants, and to cut £13 million from the merged budget line in 2019-20. She told us that following the [Wales Audit Office report, Grants Management in Wales](#), the Welsh Government’s ‘working assumption’ was that it expected to be able to make 10% in efficiency savings by reducing administrative costs, without making cuts to services.<sup>30</sup>
- 53.** The Cabinet Secretary for Local Government and Public Services echoed this by saying “reducing hypothecation, through reducing ring fencing, we can provide more flexibility, and therefore ensure that that grant reaches the people on the front line, where it’s required, rather than actually becoming bound up in administration.”<sup>31</sup>
- 54.** The Minister for Housing and Regeneration told us that seven local authorities were acting as ‘pathfinders’ in 2018-19 to trial the merged budget, and the remaining 15 local authorities had been given 15% flexibility “in terms of moving money in and out of Supporting People, but also Flying Start, Families First, the Communities First legacy fund and the employability grant”.<sup>32</sup> Following the trials this year, the Welsh Government would make a final decision about whether to move to a single, larger grant on a permanent basis.<sup>33</sup>
- 55.** In evidence to the Public Accounts Committee on 20 November 2017,<sup>34</sup> Cymorth Cymru restated their concerns that:
- the Welsh Government would not have enough time to evaluate the success of the single grant following the 2018-19 pathfinder trials and the potential full rollout to all local authorities in 2019-20;
  - the single grant would merge housing and non-housing related grants together, meaning that competing political priorities in local authorities would dictate allocations, rather than actual need;

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<sup>29</sup> Cymorth Cymru, [Press release: Cymorth Cymru responds to detailed Welsh budget and disappearance of Supporting People budget line in 2019/20](#), 24 October 2017

<sup>30</sup> RoP, para 200, 15 November 2017

<sup>31</sup> RoP, para 202, 15 November 2017,

<sup>32</sup> RoP, para 208, 15 November 2017

<sup>33</sup> RoP, para 215, 15 November 2017

<sup>34</sup> RoP, Public Accounts Committee, 20 November 2017

- it would be impossible to protect Supporting People funding (as agreed in the budget deal with Plaid Cymru) if it was part of a merged grant, and
- the evidence base and rationale for the change has not been outlined.

**Recommendation 5.** We recommend that the Welsh Government:

- commits to reinvesting the proposed £13 million in efficiency savings back into the Early Intervention, Prevention and Support Grant;
- Takes steps to ensure that any efficiency savings made from 2019-20 onwards will not lead to a reduction in services;
- outlines the evidence base and rationale for the decision;
- details what outcome monitoring is in place to ensure that de-hypothecation does not lead to vulnerable people falling between the gaps in services;
- ensure that housing and non-housing related services funded from the Grant have some level of ringfencing, and
- ensures the new Fund is transparent by committing to collating and publishing details of the exact services, in particular services that will address homelessness, that will be funded in each Pathfinder local authority in 2018-19.

## Equality

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**56.** We are disappointed that the Welsh Government has only undertaken a Strategic Integrated Impact Assessment (SIIA) on the outline budget proposals, rather than the detailed proposals, and that the analysis of the entire budget is only ten pages long.<sup>35</sup> We do not believe that this is detailed enough to fully understand the impact of budget allocations on different groups of people, and to ensure that people are not disproportionately or unfairly affected by budget decisions.

**57.** For example, it is impossible to understand from the SIIA what the impact of the cuts to work-based learning will have on different groups of people, or whether the additional funding for homelessness is targeted to decrease inequalities.

**58.** We believe that this is a retrograde step since 2014-15 when the equality impact assessment was much more comprehensive (120 pages long), following recommendations from the Fourth Assembly's Communities, Equality and Local

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<sup>35</sup> Welsh Government, Draft budget 2018-19 outline budget narrative, page 63 to 73

Government Committee, and an inquiry by the Equality and Human Rights Commission (EHRC). The Scottish Government produces a 70-page (on average) 'equality statement' alongside its draft budget proposals each year to demonstrate how equality priorities helped to shape the budget.

- 59.** The budget is the most important economic tool of government. An effective equality impact assessment should ensure that no one is disproportionately negatively affected by budget decisions because of protected characteristics (such as gender, race, disability etc.) or socio-economic status.
- 60.** The Welsh Government's SIIA states that "a project is currently underway to deliver a new framework for impact assessments within the Welsh Government in 2018".<sup>36</sup>

**Recommendation 6.** We recommend the Welsh Government returns to undertaking detailed impact assessments of its draft budget in the future, in line with recommendations from our predecessor committee, the EHRC and international good practice.

## Poverty and employability

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- 61.** Overall responsibility for increasing economic prosperity and poverty reduction lies with the Cabinet Secretary for the Economy, Ken Skates. Responsibilities for other important budgets that contribute to poverty reduction have changed significantly since the last budget:
- Responsibility for employability now lies with the Minister for Welsh Language and Lifelong Learning, Eluned Morgan;
  - The Cabinet Secretary for Local Government and Public Services Alun Davies told the Committee that he is responsible for Communities First legacy funding, as well as a range of employability programmes such as Communities for Work, Communities for Work Plus, Lift and PaCE;<sup>37</sup>
  - Child poverty reduction programmes such as Flying Start and Families First now sit with the Minister for Children and Care, Huw Irranca-Davies;
  - Issues relating to homelessness, housing-related support and regeneration are the responsibility of the Minister for Housing and Regeneration, Rebecca Evans.

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<sup>36</sup> Welsh Government, Draft budget 2018-19 outline budget narrative, page 73, para 80

<sup>37</sup> RoP, para 150 and 152, 15 November 2017

**Recommendation 7.** Given that funding for poverty reduction programmes spans different departments, coupled with the recent change in Ministerial responsibilities across government, we urge the Welsh Government to reconsider the need for a cross-government poverty reduction strategy, which we recommended in our recent report, *Communities First: Lessons Learnt*.

**62.** This would help clarify responsibilities and ensure that all Cabinet Secretaries and Ministers are working towards the same goals, even if portfolios and budget structures change.

**63.** The Leader of the House also indicated that the Welsh Government would be exploring how it can support women who experience ‘period poverty’.<sup>38</sup>

**Recommendation 8.** We would like further information about what the Welsh Government is doing to tackle period poverty, and how much funding is allocated.

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<sup>38</sup> RoP, para 158, 15 November 2017



## Communities First

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64. The Leader of the House Julie James AM told the Committee that young people and people with disabilities were most likely to be affected by the decision to end Communities First:

“the information suggests that the protected characteristics of age—so, young people—and those with disabilities, in respect of mental health in particular, are projected to be impacted the greatest, because a number of projects inside Communities First obviously focused on those areas”.<sup>39</sup>

65. She noted that the Welsh Government’s forthcoming Employability Plan aims to ensure that there are no gaps in employability services for young and disabled people as a result of the end of Communities First.

66. This is a good example of how equality impact assessments can be used to make sure people are not unfairly disadvantaged by decisions made by the government, even inadvertently. We remain concerned that local authorities may find it difficult to plan and distribute Communities First Legacy Funding before the Employability Plan is published, as they will not know what the Welsh Government’s priorities are.

**Recommendation 9.** We recommend that the Welsh Government outlines how it will ensure that Communities First Legacy Funding and the forthcoming Employability Plan will meet the needs of young and disabled people who are likely to be disproportionately affected by the closure of Communities First.

## Discretionary Assistance Fund (DAF)

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67. The Minister for Housing and Regeneration told us that the increased budget for the Discretionary Assistance Fund (DAF) is £8.7 million for 2018-19.<sup>40</sup> We welcome the £1 million of additional funding to help mitigate the negative effects of the Universal Credit rollout.

68. The DAF has historically been under-utilised since its establishment in 2013. The Minister for Housing and Regeneration told us that “for this year, the fund hasn’t been fully utilised, but we would expect it to be utilised during the course of the year.”<sup>41</sup>

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<sup>39</sup> RoP, para 140, 15 November 2017

<sup>40</sup> RoP, para 165, 15 November 2017

<sup>41</sup> RoP, para 166, 15 November 2017

69. Our predecessor committee and a [Welsh Government evaluation](#) in 2015 found that the DAF was not under-utilised because of a lack of need, but because of lack of awareness and problems with the application process.

**Recommendation 10.** We recommend that the Welsh Government clarifies what steps it has taken to promote awareness of and improve access to the DAF to ensure that the increased fund reaches those people who most need it.

70. The Committee's [report into refugees and asylum seekers in Wales](#) recommended that the DAF should provide small grants to asylum seekers at risk of destitution. The Welsh Government responded by saying "we will consider, in the light of experience in other parts of the UK, whether a small grants fund for asylum seekers and those with no recourse to public funds is achievable or desirable".<sup>42</sup>

**Recommendation 11.** We would like the Welsh Government to provide an update on its consideration of this recommendation.

## Violence against women, domestic abuse and sexual violence

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71. The *Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act* was passed in 2015. In our post-legislative scrutiny of the Act last year, we raised concerns that the implementation of the Act had been slow in some areas.<sup>43</sup>

72. We were told by the Leader of the House that an additional £500,000 in 2018-19 has been allocated to 'strengthen the emerging regionalisation work'.<sup>44</sup>

**Recommendation 12.** We recommend that the Welsh Government provides further information on what the additional funding will be spent on and how it will strengthen regionalisation work.

## Homelessness

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73. Part 2 of the *Housing (Wales) Act 2014* commenced in April 2015 and saw a major reform of homelessness legislation. The changes included a new duty to help prevent homelessness. The Committee scrutinised budget allocations that impact upon homelessness prevention in both the RSG and within the Communities and Children MEG.

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<sup>42</sup> Welsh Government, [Response to Equality, Local Government and Communities Committee inquiry, 'I used to be someone'](#), 25 May 2017

<sup>43</sup> Equality, Local Government and Communities Committee, [Is the Violence against Women, Domestic Abuse and Sexual Violence \(Wales\) Act 2015 working?](#) December 2016

<sup>44</sup> RoP, para 193, 15 November 2017

- 74.** A Welsh Government official clarified that while local authorities can choose how they spend the allocation within the RSG, as it is un-hypothecated, there is close co-operation between the Welsh Government's Housing Directorate and local authorities in determining how it will be used.<sup>45</sup>
- 75.** The Welsh Government's Director of Housing and Regeneration referenced the additional resources that had been made available to help local authorities implement their new duties under the 2014 Act, and that this funding had been increased on the initial estimates of need that were made when the legislation was brought before the Assembly.<sup>46</sup>
- 76.** We welcome the additional £10 million allocation for homelessness, of which we note that £6 million will be made available through the RSG. We are reassured that it is likely that this additional un-hypothecated resource will be used to tackle and prevent homelessness.

**Recommendation 13.** We recommend that the Welsh Government works closely with local authorities to ensure that this funding is used for homelessness prevention. Further, we recommend that the Welsh Government clarifies whether, and if so how it intends to monitor spending and outcomes in this regard especially given the proposal to merge Homelessness Prevention funding into the new Early Intervention, Prevention and Support Grant.

## Housing supply

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- 77.** The Welsh Government's target of delivering 20,000 additional affordable homes by the end of the Fifth Assembly is supported by a number of budget allocations, and by housing supply pacts with the social and private sectors.
- 78.** The overall target includes 6,000 homes under the Help to Buy scheme. As well as assisting home ownership, Help to Buy also supports the construction industry. We heard that many SMEs were involved in that scheme: 137 out of 152 developers. However, we note that the Minister for Housing and Regeneration stated that the "vast majority of those homes are actually built by larger enterprises".<sup>47</sup> SMEs also receive support from the Welsh Government's Property Development Fund and the Leader of the House told us that SMEs have also been involved in the Innovative Housing Programme.<sup>48</sup>

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<sup>45</sup> RoP, para 94, 15 November 2017

<sup>46</sup> RoP, para 223, 15 November 2017

<sup>47</sup> RoP, para 230, 15 November 2017

<sup>48</sup> RoP, para 231, 15 November 2017

- 79.** In addition to Help to Buy, we note the additional capital funding allocated to the Social Housing Grant programme, and also the development of other home ownership schemes, including a rent-to-own model.
- 80.** We are keen to see limited resources targeted most effectively. This includes providing maximum support for SMEs and ensuring areas with the most acute need for new affordable homes, including rural areas, see the impact of this funding.

## **Housing standards**

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**81.** The target for achieving Welsh Housing Quality Standard (WHQS) is 2020. Achieving, and maintaining WHQS is supported by a budget allocation of £108 million. We welcome the assurance given by the Minister for Housing and Regeneration that the deadline would be met.

**82.** Part 1 of the Housing (Wales) Act 2014 led to the establishment of Rent Smart Wales, which manages the national registration and licensing scheme for the private rented sector. We heard from the Director of Housing and Regeneration that the budget line that is published relates to communication activity.<sup>49</sup>

**83.** We welcome the forthcoming data on the condition of housing stock across tenures that will provide up-to-date information on the sector. This is particularly helpful in relation to the private sector (both rented and owner-occupier) where there is a lack of recent data.

**Recommendation 14.** We recommend that Welsh Government clarify how the new data on the condition of housing stock is used to inform future funding decisions to ensure resources are targeted effectively.

## **Independent living and tenant participation**

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**84.** There have been a number of inquiries and reviews into the effectiveness of the home adaptations system in recent years. This includes inquiries by committees in the Third and Fourth Assemblies, as well as reviews commissioned by the Welsh Government. Concerns highlighted across the reviews and inquiries included delays in having adaptations completed, limited performance monitoring and geographic variations in the quality of adaptation services. Following the publication of the most recent review in January 2015, the Welsh Government announced a new framework for the delivery of home adaptations which was rolled-out during 2016-17.

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<sup>49</sup> RoP, para 278, 15 November 2017

**85.** The Minister for Housing and Regeneration told us that under the new framework, known as Enable, data on adaptations was now being collected from all providers. This means that future data will not be confined to Disabled Facilities Grants.<sup>50</sup> We note the Welsh Government’s Director of Housing and Regeneration’s assertion that it is still too early to determine whether the new framework was delivering value for money, but that it was beginning to “give us some positive indications”.<sup>51</sup>

**Recommendation 15.** We recommend that the Welsh Government clarifies when the Enable monitoring data will be made available, and reports back to us on the data at the earliest opportunity.

**86.** On tenant participation, we continue to monitor the Welsh Government’s decision to fund a single tenant organisation. We support efforts by Welsh Government and landlords to engage with as many tenants as possible in a variety of ways, including those tenants in the private rented sector.

**87.** The Minister for Housing and Regeneration told us that the funding decision had been taken because of some concerns over “competitiveness” between the two organisations that had previously both received funding.

**88.** Moreover, the Minister told us that there had been some duplication of work. We note that the criteria outlined in the grant offer to TPAS Cymru will be used to assess the effectiveness of the new approach.<sup>52</sup>

**Recommendation 16.** We recommend that the Welsh Government provides an update on the performance of TPAS Cymru when performance monitoring data is available.

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<sup>50</sup> RoP, para 270, 15 November 2017

<sup>51</sup> RoP, para 272, 15 November 2017

<sup>52</sup> RoP, para 274, 15 November 2017

Alun Davies AC/AM  
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau  
Cyhoeddus  
Cabinet Secretary for Local Government and Public Services  
Annex 1

Correspondence between the Welsh Government  
and the Committee  
Ein cyf/Our ref: MA-P/MD/3688/17



Llywodraeth Cymru  
Welsh Government

John Griffiths AM  
Chair – Equality, Local Government and Communities Committee  
National Assembly for Wales  
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13 November 2017

Dear John,

Ahead of my attendance at your Committee on 15 November, I thought the Committee might find it helpful if I provided some further detail on the arrangements for prioritising, within the local government settlement, funding for schools and social care in 2018-19 and 2019-20.

In order to do this, I need to set out a couple of key principles which underpin the production of the local government settlement.

The first key principle is that the settlement provides core funding for local authorities as an unencumbered grant. This means that, while it is necessary to make assumptions about “need to spend” to deliver services covered by the settlement, it remains the case that each individual council is able to make its own spending decisions according to its local needs and priorities as determined through their own consultative and democratic processes.

The second key principle is that to distribute the settlement in a way which takes account of both relative need and relative ability to raise council tax income, the distribution is based on an overall Standard Spending Assessment (SSA) which takes account of the Welsh Government funding provided through Revenue Support Grant (RSG) and redistributed non-domestic rates and an assumption on the overall amount of council tax raised locally.

The overall SSA is built up from a number of SSA blocks relating to broad service categories, such as schools and social services.

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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.

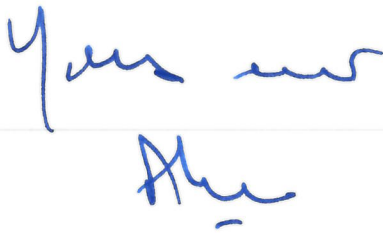
In the first instance, the funding available is apportioned between these SSA blocks using the latest available budgeted expenditure data, supplied by local authorities themselves. This means the distribution of the settlement reflects the relative shares of local authority service expenditure on these different blocks.

However, it is possible to prioritise funding for a particular SSA block by including additional resources in that block.

In the case of the provisional local government settlement, the decrease in available funding for the initial draft budget allocation resulted in a decrease for all SSA blocks. Welsh Ministers agreed to add an additional £104 million in 2018-19 and a further £181 million in 2019-20 to the settlement by adding funds to the SSA blocks for schools and social care priorities. These extra allocations are sufficient to maintain the Welsh Government element of SSA blocks for schools and social services at the same level assumed for the current year's settlement.

I attach tables to demonstrate the amounts involved. Table 1 illustrates how the additional funding was built into establishing the overall amount for the settlement. Table 2 evidences the additional funding being apportioned for schools and social services for 2018-19. Table 3 shows what this means in terms of the individual SSAs. This table reconciles with the settlement tables published on 10 October.

I trust the Committee will find this additional information helpful.



**Alun Davies AC/AM**

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau Cyhoeddus  
Cabinet Secretary for Local Government and Public Services

**Table 1: Welsh Government Draft Budget allocation**

Measure	2017-18	2018-19	2018-19 additional amount	2018-19	2019-20	2019-20 additional amount	£000
	Final Budget allocation	Initial budget allocation		Draft Budget allocation	Initial budget allocation		2019-20 Draft Budget allocation
Revenue Support Grant (RSG)	3,105,943	2,983,445	103,825	3,087,270	2,919,382	180,673	3,100,055
Re-distributed Non-Domestic Rates (NDR)	1,006,050	999,400		999,400	1,024,100		1,024,100
<b>Aggregate External Finance</b>	<b>4,111,993</b>	<b>3,982,845</b>	<b>103,825</b>	<b>4,086,670</b>	<b>3,943,482</b>	<b>180,673</b>	<b>4,124,155</b>

Note: Figures for 2017-18 & 2018-19 are excluding (and unadjusted for) transfers and top-up funding

**Table 2: Provisional local government settlement 2018-19 - service block uplift calculation**

Service	2017-18 AEF	2018-19 AEF	Additional funding	£000
	apportioned on 2017-18 LA budget	before 'additional' funding		2018-19 AEF after additional funding
Schools Education	1,554,065	1,493,792	61,789	1,555,581
Non-Schools Education	26,093	25,081		25,081
Social Care	1,057,243	1,016,239	42,036	1,058,275
Transport	133,824	128,633		128,633
Fire	95,207	91,514		91,514
Other services	1,245,562	1,227,585		1,227,585
<b>Total</b>	<b>4,111,993</b>	<b>3,982,845</b>	<b>103,825</b>	<b>4,086,670</b>

Notes: AEF (Aggregate External Finance) is the sum of Revenue Support Grant (RSG) and re-distributed Non-Domestic Rates (NDR) and is the core unhypothecated funding provided by the Welsh Government to local authorities.

All figures are excluding (and unadjusted for) transfers and top-up funding

**Table 3: Provisional local government settlement 2018-19 - difference in SSA, pre-transfers**

Service	2017-18 final	2018-19 provisional	Difference
	SSA, unadjusted for transfers	SSA, excluding transfers	
Schools Education	2,156,457	2,191,906	35,448
Non-Schools Education	40,798	35,765	-5,034
Social Care	1,470,235	1,491,171	20,936
Transport	192,068	183,429	-8,640
Fire	130,868	130,497	-370
Other services	1,512,757	1,487,439	-25,317
<b>Total</b>	<b>5,503,184</b>	<b>5,520,207</b>	<b>17,023</b>

Notes: All figures excluding (and unadjusted for) transfers and top-up funding

SSA (Standard Spending Assessment) is the sum of AEF and an assumed level of council tax income

Authorities receive funding from a number of other sources, including income from fees and charges and specific grants. Local authority Gross Revenue Service Expenditure for 2016-17 was £7.9 billion.



Alun Davies AM, Cabinet Secretary for Local Government and Public Services;  
Julie James AM, Leader of the House and Chief Whip;  
Rebecca Evans AM, Minister for Housing and Regeneration

16 November 2017

Dear Alun, Julie, Rebecca

## Scrutiny of the Welsh Government draft budget 2018–19

Thank you for attending the Committee's meeting on 15 November to give evidence on the draft budget. Following the meeting I am writing to you on the issues that were not reached during the session, to inform our scrutiny of the draft budget.

In the interest of saving time, I am writing one letter to include all of the questions not reached. I would be grateful to receive one co-ordinated response.

### Local Government MEG

#### Inspectorates:

- Could you explain your decision to reduce the allocation for the three inspectorates (CSSIW, HIW and Estyn) within the MEG by 2.3% in cash terms in 2018–19 and 5.4% in 2019–20?

#### Specific grants:

- What consideration did you give to transferring other grants that currently sit outside the RSG?



- Are you considering allocating grants in the RSG in the future at the level seen this year? [£91.7 million worth of grants have been included in the RSG for 2018–19]

## Council Tax and Council Tax Reduction Scheme

- Can you confirm that funding for the CTRS will be maintained at the existing level for 2019–20?

## Local Government reserves

- What is your view on the WLGA's concerns that the costs attributable to the workforce are likely to result in further cuts to frontline services? [In its paper the WLGA highlights workforce costs as a key cost pressure. It refers to the "inescapable costs attributable to the workforce" and states that, if realised, these will result in "inevitable cuts to frontline services".]

## Communities MEG

### Financial inclusion and advice services

- How the Financial Inclusion Delivery Plan and Information and Advice Action Plan has influenced the draft budget allocations?
- How much additional funding has been allocated to the Asylum Rights Programme to address the issues raised in the Committee's inquiry around improvements to legal advice, health screenings and mental health support?
- When the provisions in the UK Government's Financial Guidance and Claims Bill regarding devolving funding for debt advice are expected to take effect?

### Third sector:

- 'Prosperity for all' includes a commitment to 'build a sustainable relationship with the voluntary sector [based on] the right funding model' – what does this mean and how is it reflected in your allocations?



## Community Facilities Programme

- How will you ensure that the additional investment in the Community Facilities Programme provides value for money?

## Community safety

- How much was the Violence Against Women, Domestic Abuse And Sexual Violence (Wales) Act estimated to cost the Welsh Government when it was passed in 2015, and how much has it actually cost per year, and why there are any differences?
- What are your views on Charlie Taylor's Review of the Youth Justice System in England and Wales, particularly the recommendation to roll funding for youth justice services into local government funding?

## Supporting People

- What progress has been made in ensuring that funding for Supporting People is distributed on the basis of need, and what impact merging grants will have on this?

## Housing supply and standards

- What evaluation has been undertaken of the Housing Finance Grant in terms of value for money?

## Legislation

- Given over one million people will be affected by the implementation of the Renting Homes (Wales) Act 2016, what assessment has been made of the costs required to communicate the changes to affected parties?

We would appreciate if you could provide a response by the close of business on Thursday 23 November.

Yours sincerely



John

John Griffiths AM  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Alun Davies AC/AM  
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau  
Cyhoeddus  
Cabinet Secretary for Local Government and Public Services



Llywodraeth Cymru  
Welsh Government

Julie James AC/AM  
Arweinydd y Tŷ a'r Prif Chwip  
Leader of the House and Chief Whip

Rebecca Evans AC/AM  
Y Gweinidog Tai ac Adfywio  
Minister for Housing and Regeneration

John Griffiths AM  
Chair  
Equality, Local Government and Communities Committee

SeneddCommunities@assembly.wales

27 November 2017

In response to your letter of 16 November 2017, we are pleased to provide you with the additional information you requested following our attendance at the Equality, Local Government and Communities Committee on 15 November 2017.

## LOCAL GOVERNMENT MEG

### Inspectorates

***Could you explain your decision to reduce the allocation for the three inspectorates (CSSIW, HIW and Estyn) within the MEG by 2.3% in cash terms in 2018-19 and 5.4% in 2019-20?***

The reductions to the allocations of the three inspectorates are consistent with the reduction to Welsh Government running costs. It is important that these bodies are required to make the same level of efficiency savings as other parts of Welsh Government. This is not to underplay the important roles these bodies play.

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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.

The inspectorates are already taking action to secure efficiencies and target their resources more effectively. This will mitigate the impact of these budget reductions and ensure these inspection services continue to provide the necessary assurance that absolute priority is given to the safety of people using our services.

## **Specific grants**

***What consideration did you give to transferring other grants that currently sit outside the RSG?***

I will be encouraging my Cabinet colleagues to continue to review the grants within their portfolios. As a Cabinet, we agree that the available funding should be managed as efficiently as possible to minimise the costs of administration and maximise the funding reaching frontline services. This includes looking at opportunities to amalgamate or streamline the relevant grants as well as considering the option of transferring them into RSG.

For the 2018-19 Draft Budget, the then Cabinet Secretary for Finance and Local Government looked at all specific grants across all Ministerial portfolios, with a view to seeking the transfer of as many of these as appropriate into the settlement, in order to free up funding that is currently used in administering the grants and to increase flexibility for local authorities across the funding streams.

The WLGA referred in its evidence to the Wales Audit Office's estimate of the potential for up to 10% administrative savings that could be realised through dehypothecation.

In addition to the funding transferring into the settlement, policy areas are also aggregating existing grants with a view to reducing administration and providing greater flexibility.

***Are you considering allocating grants in the RSG in the future at the level seen this year? [£91.7 million worth of grants have been included in the RSG for 2018-19]***

Local Government has continually asked for the dehypothecation of specific grants and, in line with the direction of travel of previous Ministers, I will be looking to work with my Cabinet colleagues to transfer further funding into the settlement in the future. This will involve looking in detail at the funding currently delivered through specific grants and assessing the most appropriate delivery mechanism to provide the desired outcomes.

## **Council tax and council tax reduction scheme**

***Can you confirm that funding for the CTRS will be maintained at the existing level for 2019-20?***

The Cabinet Secretary for Finance announced the plans for the council tax reduction scheme on 9 October. We intend to maintain full entitlements to support for eligible households for 2018-19. There are no plans to reduce the support for low-income households. We will be looking at the longer term options for the scheme as part of the work to meet our commitment to make council tax fairer.

## **Local government reserves**

***What is your view on the WLGA's concerns that the costs attributable to the workforce are likely to result in further cuts to frontline services? [In its paper the WLGA highlights workforce costs as a key cost pressure. It refers to the "inescapable costs attributable to the workforce" and states that, if realised, these will result in "inevitable cuts to frontline services".]***

The UK Government policy on public sector pay has created real and significant issues for local government staff and their families. Governments across the UK have a responsibility to treat public servants with fairness and equity. This must be funded by the UK Government.

The Welsh Government's priority continues to be to protect public services from the worst effects of austerity. This includes working with local government to protect vital frontline services such as schools and social care. However, reform is essential if local authorities are to be financially resilient and able to maintain and improve the quality of services to meet the needs of the citizens of Wales into the future. This is not just about money, it is also about a new way of working. We want to build resilience and support renewal in local government so that it is representative, efficient, effective, prudent, resilient and integrated.

## **COMMUNITIES**

### **Financial inclusion and advice services**

***How the Financial Inclusion Delivery Plan and Information and Advice Action Plan has influenced the draft budget allocations?***

The actions set out in the Financial Inclusion Delivery Plan and Information and Advice Action Plan (both published in December 2016) focus on tackling financial exclusion and ensuring strong and well integrated advice services. Both have strongly influenced the draft budget allocations.

Financial Inclusion has a vital part to play in improving the well-being of people living in Wales by, for example, giving them access to affordable finance and access to trusted and independent information and advice services. These are central to giving everyone in Wales a fair chance in life, by helping them to understand and exercise their rights and make informed choices.

We know from Citizens Advice and others that the full service roll-out of Universal Credit will place further challenges on our most vulnerable people. Many may find themselves at crisis point, so an additional £1m has been included in next year's budget to ensure we can continue to provide support to those who need it most.

At Annex 2 you will find a copy of the letter sent by the Minister for Housing and Regeneration to the Secretary of State for Work and Pensions on 7 November 2017 on the subject of Universal Credit.

***How much additional funding has been allocated to the Asylum Rights Programme to address the issues raised in the Committee's inquiry around improvements to legal advice, health screenings and mental health support?***

The Asylum Rights Programme (ARP) is funded through the Welsh Government's Equality and Inclusion Programme 2017-20. The ARP is delivered by a Welsh Refugee Council led consortium which includes Tros Gynnal Plant, EYST, Bawso, Asylum Justice, City of Sanctuary and Displaced People in Action. The new service commenced on 1 April 2017 for a period of 3 years, and has an indicative value of £1.065m.

This figure is an increase of £225k over three years on the amount originally allocated for this programme. The increase was agreed by the former Cabinet Secretary for Communities and Children in 2016, following engagement with stakeholders. The budget for the ARP has not been increased further following the publication of the Committee's report. However, the programme is now being shaped in the light of that report to ensure that resources are targeted as far as possible to address issues highlighted by the Committee, where the ARP is the best means to do so, alongside other provision.

The pan-Wales programme is inclusive of all asylum seekers and refugees in Wales as well as those in the four dispersal areas (Cardiff, Wrexham, Newport and Swansea). The ARP focuses on practical support issues, including advice with asylum claims, helping people to avoid destitution, access to health care and counselling, and encouraging integration. This joined-up approach helps to maximise the considerable contribution of community organisations in supporting refugees and asylum seekers.

The Welsh Government is working with stakeholders including local government, health services and the Welsh Refugee Coalition to develop a new refugee and asylum seeker delivery plan, with reference to the Equality, Local Government and Communities Committee report, "I used to be someone." As part of that work, officials are reviewing what more can be done to support refugees and asylum seekers.



We recognise the need for support in relation to physical and mental health but the Asylum Rights Programme is not the most appropriate means of providing this. We will work with the Cardiff Health Access Practice (CHAP), the UK Government and the asylum accommodation provider to ensure asylum seekers receive appropriate health appointment reminders.

The Welsh Government has recently published a mental health care pathway through Welsh Health Circular (2007) 009. We have recently made £40,000 available to support local health boards to train child and adolescent and adult mental health clinicians in treating PTSD in child and adult refugees and asylum seekers and have published a mental health care pathway to support more efficient and effective diagnosis and treatment.

The UK Government has recently indicated that it wishes to invest in training around these issues for front line staff in local authorities, aiming to develop a consistent UK-wide approach. We are in discussion with the Home Office, Wales Strategic Migration Partnership and Welsh Local Government Association, regarding what would be appropriate for Wales.

***When the provisions in the UK Government's Financial Guidance and Claims Bill regarding devolving funding for debt advice are expected to take effect?***

It is expected that the devolved debt advice funding will take effect from April 2019, but it is possible it could take effect sooner, possibly in late 2018 early 2019. My officials continue to work closely with Her Majesty's Treasury and DWP officials on this. We have emphasised the need to be involved in Transition Groups in advance of the Single Financial Guidance Body being established.

## **Third sector**

***Prosperity for all includes a commitment to 'build a sustainable relationship with the voluntary sector [based on] the right funding model'. What does this mean and how is it reflected in your allocations?***

Prosperity for All refers to the need to consider carefully which funding model best suits effective outcomes, while being sensitive to the challenges many voluntary sector organisations face. Short term funding, insufficient notice of continuation or cessation of funding are all issues which can have a negative impact on the sustainability of third sector organisations. Procurement by public services rather than grant funding can also have an impact on smaller third sector organisations.

The right funding model will vary depending on the desired outcome and it is important funders think carefully about this. The Code of Practice for Funding the third Sector includes a sections advocating careful consideration of the right model.

Funding for the Third Sector Partnership Council is included in the support for volunteering and the voluntary sector support budget and we will work with the Third Sector Partnership Council and WCVA to identify the issues around sustainability of funding for the third sector.

Welsh Government are not the only funders of third sector organisations and alongside the work of the Partnership Council, my officials are working with stakeholders to prepare guidelines on local Compacts between local authorities and third sector organisations which will support sustainable funding.

## **Community Facilities Programme**

### ***How will you ensure that the additional investment in the Community Facilities Programme provide value for money?***

As part of the assessment process, applicants are asked to evidence the anticipated costs, providing three business quotes, with an explanation of the reasons for their preferred choice. We also ask they demonstrate need, community support, long-term sustainability, as well as, where possible, match funding towards the total costs of the proposed project. In this way we look to achieve the balance between supporting projects that have great potential to improve opportunities within communities, against the need to protect the public purse.

## **Community safety**

### ***How much was the Violence Against Women, Domestic Abuse And Sexual Violence (Wales) Act estimated to cost the Welsh Government when it was passed in 2015, and how much has it actually cost per year, and why there are any differences?***

The estimated total cost of the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act was £1,406,800 over four years (2014-2015 to 2017-2018). The actual cost of the Act, without staff costs, is approximately £927,292 (including allocated funding for this financial year). These costs include development and delivery of the National Training Framework, Ask and Act, and the recruitment and role of the National Adviser.

Spend on the National Training Framework was higher than forecast in 2014-2015. Opportunity to utilise funding from elsewhere in the VAWDASV budget was taken to speed up delivery of the Framework and begin detailed development of particular parts of it.

Early adoption of “Ask and Act” began in 2015-2016 and a phased national rollout of “Ask and Act” has been undertaken, rather than full national rollout as forecast in the RIA. This has led to less spend on this policy per year than forecast. The reason for the phased roll out is:

- to ensure the learning of early adoption informed future work;
- to support relevant authorities to adopt “Ask and Act” at the same time as they regionalise service delivery; and

- to support relevant authorities to adjust to the requirements of legislation being adopted alongside other legislation (Social Services and Wellbeing Act and the Wellbeing of Future Generations Act).

***What are your views on Charlie Taylor's Review of the Youth Justice System in England and Wales, particularly the recommendation to roll out funding for youth justice services into local government funding?***

We continue to engage with the Ministry of Justice as they take forward the Youth Justice Reform Programme across England and Wales. Any change in the funding formula to the Youth Offending Teams in England will invariably have an impact in Wales.

In principle, we would support any recommendation to provide local authorities with greater flexibility proposed with the Charlie Taylor review. We would however need to consider carefully any change in policy as any change in funding cannot be looked at in isolation from the policy particularly within the non-devolved context.

Separate negotiations would be required regarding any change in funding arrangements and/or transfer of funds as an identical approach which may be developed for England cannot be assumed to be suitable within Wales. Officials will therefore continue to liaise closely with MOJ officials on all aspects of the reform particularly where there are impacts on devolved services.

## **Supporting People**

***What progress has been made in ensuring that funding for Supporting People is distributed on the basis of need, and what impact merging grants will have on this?***

The Aylward Review proposed redistribution for Supporting People funding and this was progressing until budget reductions required the work to be paused. This pause was proposed by the Supporting People National Advisory Board, at which key stakeholders are represented, and accepted by Welsh Ministers. The Supporting People budget has been flat lined since 2015-16 no further work on redistribution has taken place since. If budgets are merged the amount going to each local authority will equate to this year's allocation.

In 2018-19 the terms and conditions for SP for the pathfinder authorities will remain broadly as per this year; Local Authorities will be held to account in the same way and expected to deliver the same outcomes.

We have committed to working with pathfinder and other stakeholders to ensure that if the decision is made to move to a single combined grant it is supported with suitable terms, conditions and accountability that ensures the combined grant continues to deliver the desired outcomes. This work with stakeholders has already commenced.

## Housing Supply and Standards

### ***What evaluation has been undertaken of the Housing Finance Grant in terms of value for money?***

Each scheme approved under the Housing Finance Grant is required to meet the Welsh Government criteria on value for money which is published in our Acceptable Cost Guidance Figures. The Housing Finance Grant has an additional value for money measure in relation to how it is calculated. The borrowing rate for individual Registered Social Landlords is used. However, the rate is capped by Welsh Government in order to ensure value for money. The cap was determined as the best price that could be achieved in the market at the time the funding was sourced.

## Legislation

### ***Given over one million people will be affected by the implementation of the Renting Homes (Wales) Act 2016, what assessment has been made of the costs required to communicate the changes to affected parties?***

In line with the Explanatory Memorandum that accompanied the Bill, the Welsh Government has allocated a total of £160,000 to the cost of communicating the changes to tenants, landlords and other stakeholders. £100,000 has been allocated in 2018-19 in preparation for implementation, with £20,000 in each of the following three years to continue to promote awareness and understanding.

A broad range of social and private landlords sit on our Renting Homes Stakeholder Group, together with tenant representatives and organisations such as Shelter Cymru and Citizens Advice. We will continue to engage closely with our stakeholders regarding implementation, including ensuring joined-up arrangements for communication.

## Action points from the Scrutiny Committee

On 17 November, the Clerk of the Committee wrote to you with six action points. These were:

- The overall reserve figures for all local authorities for 2017 (please see response at **Annex 1**);
- An analysis of the reserves drawn upon by local authorities over the last few years (please see response at **Annex 1**);
- Detail of the terms of the specific grants to focus on homelessness, within the communities and children MEG;
- Any further information about the new publicly funded Gypsy and Traveller sites to be delivered in 2018-19, when available;
- The findings from the future analysis of data collected on all home adaptations, when available; and,

- The money allocated to the enforcement of Rent Smart Wales and, specifically, what it will be used for.

### **Detail of the terms of the specific grants to focus on homelessness, within the communities and children MEG**

We are not yet able to provide the detailed terms of each of the grant programmes for 2018-19 as these are now under development, however, the primary focus will be on prevention of homelessness.

Other objectives to be pursued via the additional funding are expected to include sharpening the focus on ending youth homelessness, reducing rough sleeping, strengthening mental health responses and improving access to the private rented sector.

### **Any further information about the new publicly funded Gypsy and Traveller sites to be delivered in 2018-19, when available**

Each year the Welsh Government undertakes at least one open bidding round for local authorities to apply for the Gypsy and Traveller Sites Capital Grant. The next bidding round will open in the coming weeks and conclude at the end of February 2018. Grant awards will be made in April 2018 for projects beginning in the 2018-19 year. We will write to you in April to notify you of the successful projects.

A site extension project in Gwynedd and a major site refurbishment in Pembrokeshire have already been approved for the 2018-19 financial year, as these projects have already begun.

Between 2017-21, we expect to have funded between 150-200 new pitches, with the remaining identified demand of 70-120 pitches being met by private site development. We know that the majority of Gypsies and Travellers would rather develop their own private sites but this is not always affordable. In 2017-18 alone, we know that 36 private pitches have received planning permission. Therefore, we are confident that our projected budget and the Housing (Wales) Act 2014 duties to support site development will fully meet demand.

### **The findings from the future analysis of data collected on all home adaptations, when available**

We have received a considerable number of individual feedback reports relating to adaptations undertaken through our programmes. We are currently working to codify and analyse the rich data they provide.

Once this exercise has been completed we can, over time, use the information to inform our policy development, assess what constitutes a small, medium or large adaptation, how quickly the adaptation should be delivered, how the process should work, and, identify and address any bottlenecks in the delivery system.

### **The money allocated to the enforcement of Rent Smart Wales and, specifically, what it will be used for**

Enforcement against non compliance with Rent Smart Wales is, in the main, funded by the fees payable for registration and licensing. The £275,000 being made available in 2018-19 helps with the continued promotion of the legislation. This money will be spent in a variety of ways. Some local authorities use the resource to pay for local advertising and mailshots, reminding agents and landlords of their obligations, and also notifying tenants how to check their landlord and/or agent is properly registered and/or licensed. Others will use the money to make direct contact with landlords and agents either by personal visits by staff or holding landlords and agents' forums.

We trust these address the additional points raised.



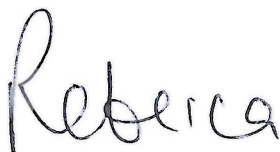
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