

Agenda – Equality, Local Government and Communities Committee

Meeting Venue:	For further information contact:
Committee Room 5 – Tŷ Hywel	Naomi Stocks
Meeting date: 14 January 2021	Committee Clerk
Meeting time: 13.00	0300 200 6565
	SeneddCommunities@senedd.wales

Informal pre-meeting (13.00 – 13.30)

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

- 1 Introductions, apologies, substitutions and declarations of interest**
- 2 Scrutiny of the Welsh Government draft budget 2021–22 – evidence session 1: Welsh Local Government Association**
(13.30 – 15.00) (Pages 1 – 44)
Councillor Anthony Hunt, Leader, Torfaen County Borough Council
Councillor Llinos Medi, Leader, Isle of Anglesey County Council
Councillor Sam Rowlands, Leader, Conwy County Borough Council
Chris Llewelyn, Chief Executive, Welsh Local Government Association
Carys Lord, Head of Finance, Vale of Glamorgan Council
- 3 Paper(s) to note**
(Pages 45 – 46)



- 3.1 Letter from the Minister for Health and Social Services to the Public Services Ombudsman for Wales, in relation to NHS complaints data**
(Pages 47 – 48)
- 3.2 Letter from the Minister for Housing and Local Government in relation to fire safety in high rise buildings**
(Pages 49 – 51)
- 3.3 Letter from the Deputy Minister and Chief Whip in relation to the impact of COVID-19 on the voluntary sector**
(Pages 52 – 53)
- 3.4 Letter from the Bevan Foundation to the First Minister in relation to poverty and COVID-19**
(Pages 54 – 56)
- 3.5 Submission from the Bevan Foundation in relation to poverty in winter and COVID-19**
(Pages 57 – 64)
- 3.6 Letter from the Deputy Minister and Chief Whip in relation to the Domestic Abuse Bill**
(Pages 65 – 66)
- 3.7 Joint letter from the Minister for Housing and Local Government and the Minister for Education to the Chair of the Children, Young People and Education Committee in relation to the Welsh Government draft budget 2021-22**
(Pages 67 – 68)
- 4 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting**

Break (15.00 – 15.10)

- 5 Scrutiny of the Welsh Government Draft Budget 2021–22 –
consideration of evidence**
(15.10 – 15.25)
- 6 Inquiry into COVID–19 and its impact on the voluntary sector –
consideration of draft report**
(15.25 – 16.25) (Pages 69 – 123)
- 7 Appointment of an Acting Public Services Ombudsman for Wales**
(16.25 – 16.45) (Pages 124 – 131)
- 8 Consideration of draft letter to the Minister for Housing and Local
Government in relation to rough sleeping in Wales**
(16.45 – 16.55) (Pages 132 – 134)

Document is Restricted

WLGA EVIDENCE TO FINANCE COMMITTEE

WELSH GOVERNMENT BUDGET 2021-22

02/12/20



CLILC • WLGA

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and three fire and rescue authorities are associate members.
2. The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.
3. The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.
4. This evidence is drawn from our submission to the Finance Sub Group (FSG) on 2 November. The FSG is chaired by the Minister for Housing and Local Government and attended by 8 Local Authority Leaders. Other ministers attend regularly.
5. In order to inform the 2021-22 Welsh Government budget round the WLGA carried out a survey of the 22 local authorities. The resulting paper builds on last year's survey but is also informed by work carried in this financial year to quantify and analyse the impact COVID-19 on local government. This has meant that the responses from local authorities have been heavily impacted by the need to deal with the implications of the pandemic.
6. There is now a considerable body of survey data on the pressures faced by the sector. This financial year FSG has received two quarterly reports providing the results of the two surveys setting out the estimated financial impact of the ongoing response to the COVID-19 emergency. These have set out the impact on local authority income and the

pressures on revenue expenditure. In the same context the second report looked at emerging issues and COVID-19 announcements made by UK Government that will have consequential funding allocations for devolved administrations including Welsh Government. This report also covers the impact of COVID-19 and the inevitable legacy impact of the pandemic on local government finances.

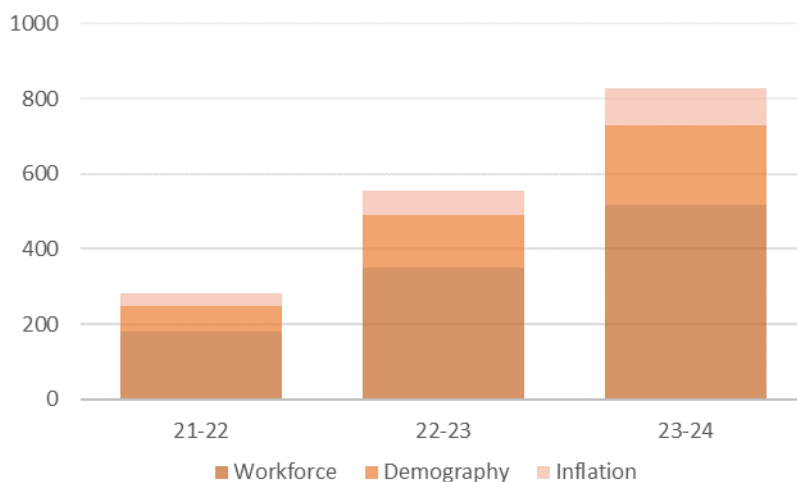
7. This paper summarises the results of the survey of all 22 local authorities commissioned by the WLGA to collect more detailed information on the estimated impact of various financial scenarios over the next three years. It is worth noting that each of the 22 authorities has a robust annual financial planning process enabling them to set a balanced budget.
8. The unprecedented crisis saw an immediate response by local authorities. This has meant the Medium Term Financial Plans agreed as part of the 2020-21 budget process are no longer valid because of the unprecedented pressure. Even though the pandemic remains councils are now seeing the recovery phase as a key issue for financial planning. Financial certainty and support will be key to the success of this phase.
9. The survey sought to look at the future impact on services under differing assumptions up to 2023-24 where settlements included workforce inflation, demand and other inflationary pressures. It also sought to gain views about the level of confidence that services could be protected and where the greatest level of concern existed for services.
10. This year's survey also sought information on the impact of Covid-19 on social care finances. The close link between health outcomes and social care is well known and in 2020-21 this has caused further Covid-related financial pressure in the care sector beyond associated demographic factors. The inclusion of this aspect is an attempt to gain a whole system perspective by collecting information so that local government's role and the resulting financial pressure is noted a part of the whole system approach when funding decisions are made that affect the health and social care sector.

Summary

11. Local Government is working at the forefront of the current emergency to meet the unprecedented challenge of COVID-19. This has also been a notable and significant demonstration of the partnership with Welsh Government and the wider public sector. The commitment of staff to support the most vulnerable has been a key factor in

- responding to the crisis. Councils' response has been greatly assisted by in year additional funding from Welsh Government. This welcome and necessary financial support to the COVID-19 has brought temporary stability to allow councils to respond to the pandemic.
12. The unprecedented response has understandably redirected local authority efforts to dealing with the impact of the pandemic and to deliver their community leadership role. Despite the challenge and financial circumstances, local authorities continue to provide a wide range of services and this has often gone unnoticed at this unprecedented time.
 13. Survey responses indicate the impact of the pandemic on local priorities and council finances. Demand led services in the social care sector have been particularly badly affected and real concern about service continuity and the on-going impact on finances is evident in councils' responses. The responses also highlight the key role played by council commissioned private care providers many of whom are small and lack the financial resilience of larger providers.
 14. Reports in previous years to FSG have often commented that local services were reaching a tipping point because of austerity. The potential impact of COVID-19 is of another order of magnitude.
 15. Councils raised significant concern about the future funding position. Unexpected financial pressures when coupled with the struggle to deliver 2021-22 budget savings agreed pre COVID is putting pressure on councils. Some savings agreed for this year are complex and transformation-based meaning that there is doubt about when, and indeed if, these will now occur because of the need to respond to the crisis. This adds another layer of uncertainty to local authority finances and future financial planning that may require deeper cuts to services.
 16. The following table shows the financial gap calculated from our own modelling. The underlying pressures for 2021-22 total £279m and similar patterns are evident in the next two years. This aligns with local authorities' own estimates from our survey. The cumulative pressure rises to £822m by 2023-24.

Figure 1: Local Government Spending Pressures



Source: Base estimates: RO and RA returns (2019-20 to 2020-21)

17. As in previous years, the greatest proportion, 63% or £174m, is attributable to workforce costs (including social care commissioning costs). Demand pressures amount to £72m which is mostly down to social care, and other inflationary pressure of £33m.
18. In the large service areas there are two sources of additional evidence confirming the scale of pressures in those specific areas. Firstly, the recent report commissioned by WG from Luke Sibieta identifies the school workforce pressures. These form the basis of the underlying education pressures. Secondly the work of LE Wales reported to the Finance Sub Group last year and form the basis of demographic and workforce pressures for social care.

Survey Responses

19. The survey asked Councils how confident they were about protecting services from further cuts under differing conditions. There was a recognition that last year’s uplift of £184m or 4.3% was a step-change from the previous decade and protected services and jobs.
20. In assessing the impact of various future scenarios, a settlement that covered workforce inflation would give little respite from the years of austerity and no entire service area could be guaranteed full protection from cuts.

21. The covering of workforce inflation and demand pressures would provide considerable additional assistance, but concern was evident about the ability to meet all cost pressures particularly in schools, adult services and children's services given the COVID-related impact on demand.
22. All council service areas featured in the responses as causes of concern but those consistently seen as the most concerning were:
 - Adults Services
 - Schools;
 - Children's Services; and
 - Homelessness.

Settlements that include Workforce Inflation

23. A funding scenario that included workforce inflation gave councils some respite but still left a considerable gap in financial plans. It opened up the possibility of some scope to limit cuts to Education and Social care but the overriding response was that this scenario would still require painful decisions about services levels, whether some areas could be protected and also ceasing some services entirely.
24. The survey responses noted that the protection of Education and Social care budgets would be extremely challenging. Even protecting one of these areas would be unrealistic.
25. The issue of underinvestment is also of concern. Surveys were aware of the need to move to a recovery phase and individual local authorities stressed the importance of trying to support the local economy. Key to delivering recovery and growth is the ability to fund capital investment. A settlement that only includes workforce inflation undermines the scope for investment unless other areas are cut to fund borrowing costs. For some local authorities, the 21st Century Schools Programme will see capital investment requirements continue to rise with the borrowing costs absorbing a greater percentage of the revenue budget. Under this scenario the issue of affordability of these programmes is a concern.
26. Councils have been remarkably successful to date when looking for operational efficiencies. There was an acknowledgement that the pandemic may provide some additional opportunities around asset savings and travel costs, but these would fall far short of closing any funding gap.

27. An ageing population and other demographic factors would not be covered by funding increases in this scenario. For some councils this is an on-going issue. In other local authorities Living Wage increases create financial pressure.
28. To avoid cuts under this scenario and to meet the funding gaps outlined by councils would still require a large and unacceptable council tax increase. Respondents noted this would have the same issues as outlined under a cash flat scenario. In other words, there would not be an option to pursue this route.

Settlements that include Workforce Inflation and Demand Pressures

29. This scenario provides the greatest protection to services. The responses varied depending on the level of demand pressures and expectations faced by councils. It would give some support to all councils when seeking to avoid the deepest cuts in service. The ability to protect Education and Social care is enhanced.
30. Whilst some authorities felt budget cuts would not be required to meet demand pressures the underlying concern is this would 'only' maintain existing services and meet demographic pressures. Service improvements and any future additional impact of COVID-19 would not be funded.
31. Even under this scenario some councils felt they would have a budget gap because of commitments to fund service improvements. Local policy priorities around Economic Development and Regeneration would still need compensating budget savings from other services to meet these requirements.
32. One response noted confidence that the main services provided would be protected from cuts based on this funding scenario but added the caveat that this would only happen if coupled with Welsh Government continuing to support the additional costs associated with COVID-19.
33. Services will need to continue to become more efficient and take savings that result from changes working arrangements made because of Covid-19. Targeted savings in specific areas (e.g. back-office functions) would need to be delivered to produce further investment in frontline services, local priorities and on-going transformational change.

34. Some authorities felt this scenario would give scope to reflect on planned council tax levels. This was not a universal feature but is evidence of a willingness to support local communities where it would be a possible to look at reducing the planned level of increases.
35. The issue of collection rates for council tax is a concern. The picture across Wales is one of reduced collection rates because of the pandemic's impact on household income. When coupled with the potential for increase in council tax reduction scheme costs this increases as risk factor for council budgets.

Service Areas Causing the Greatest Concern

36. The survey sought views on services where there was the greatest concern under all three scenarios.
37. All council service areas featured as causing concern. However, there was a consistent theme that indicated all councils are concerned about major service blocks that have been affected by COVID-19.
38. To date Schools may have been relatively protected from the worst of the funding reductions but the picture presented by survey responses indicates a relatively poor settlement will impact on improving standards and support for vulnerable and disadvantaged learners. Responses indicated that whilst this area is a priority it would not be possible to provide protection against funding reductions in some scenarios. When coupled with some authorities having schools in licensed deficit positions there is growing concern about the impact of a flat cash or pay inflation only settlement at a time when one authority has seen a 37% increase in the numbers of learners eligible for free school meals.
39. Unsurprisingly Adult Social Care featured as a key concern. Responses noted the need to continue to deliver the Social Services and Wellbeing (Wales) Act but also highlighted the on-going COVID-19 pressures currently being funded through Welsh Government's Hardship Fund. This has been a significant financial support mechanism but currently only covers the 2020-21 financial year. Demographic pressure means that costs are rising at a time when there is increasing concern about market fragility. Claim data coming from the hardship fund shows the monthly claims of between £8m and £12m are needed for the sector. This will amount to £96m and £144m annually.

40. Children's Services was already under pressure before the impact of COVID-19. Responses noted the concerns around the impact on children's wellbeing during lockdowns and this issue is likely to see financial pressures arising from COVID-19 in the longer term. Demand for placements, high placement costs and a high percentage of social work posts being filled with agency staff continue to add to the financial pressures in this area. Whilst numbers of 'looked after children' have increased trends suggest these have not yet reached the maximum and are likely to increase further. The number of looked after children has increased over the period of the pandemic and placements are increasingly difficult to source. This is creating an additional pressure on the financial position.
41. Housing and homelessness financial pressure is a significant concern. To date the revenue funding made available for COVID-19 has helped address rough sleeping. Funding from Rough Sleeping Grant and Housing Support Grant has also assisted but additional issues and challenges will arise due to the new legal duties under section 75(3) of the Housing (Wales) Act 2014. This area that is likely to see demand rise in the medium to longer term because of the increase in unemployment levels.
42. The fragility of Public and School transport, particularly bus services, has been mitigated by using Welsh Government Hardship funding in 2020-21 to give short-term support to transport providers. There is now concerns about the viability of providers affected by the continuing reduction in passenger numbers. There is the potential for contract costs to increase due to fewer providers existing and the impact of providing safety measures to manage COVID-19.
43. The most significant concern in Culture and Sport is the decline in income levels. This area has lost income from theatres, concert halls and large events, all of which also attract visitors who also provide income for local businesses.
44. There is demand pressure particularly in Environmental/Public Health and other Regulatory Services. There is evidence of increased responsibilities and workload from managing enforcement of COVID-19 regulations.
45. Councils have also been affected by a loss of fees and charges income. This is a source of significant funding for services and in 2020-21 shortfalls have been met by the Hardship Fund. The reduced income levels are likely to continue in 2021-22 and this key component of local authority funding is unlikely to return to historic levels for some time. Without on-going support for loss of income compensating service cuts will be

required because there is uncertainty about when (and if) demand will return to pre COVID-19 levels.

Impact of Covid-19 on Social Care Services

46. This year's survey sought information on the impact of COVID-19 on social care. The national response to the crisis has highlighted the close link between health outcomes and the delivery of social care services. The overall response has caused Covid-related financial pressure in the care sector over and above the annual pressure faced by demographic changes.
47. A consistent response from councils has been that the WG Hardship Fund has been utilised to support social care at this challenging time with some noting its role propping up the provider market and maintaining a sustainable service moving forwards.
48. The close working between the Health Service and local authorities in response to the pandemic has demonstrated how important the care sector is in terms of providing health services across Wales and improving the performance of the health service as a response to the pandemic. Some authorities stressed the need for any additional NHS Wales funding to recognise the role played by councils so that local government receives a fair share of any health consequential funding from UK government that may come to Wales.
49. Responses indicated the importance of ensuring private sector care providers were able to continue their important role in not just meeting council commissioned care for the most vulnerable in society but also freeing up resources in hospitals. The current pandemic has placed significant financial strain on care providers due to increasing costs (staffing, sickness, PPE etc.) but has also impacted on their income generating ability from full fee-paying clients. Market failure would leave Councils looking for care capacity further afield. This would come at a significant increased cost.
50. The survey found that the additional WG funding that is currently being directed to providers has kept some providers trading and it will be difficult for them to continue to the future without this additional funding.
51. The concern about market failure of local providers was also matched by pressures that will be felt beyond the end of the pandemic:

- Specific areas on Adults Services such as occupational therapy and general social work will need to catch up with non-priority work which continues to meet statutory thresholds. In practice this will result in additional costs for some time.
 - Mental Health services will have to deal with additional pressure to support an additional tranche of individuals affected by the pandemic's impact on levels of isolation.
 - During the pandemic sourcing placements for Looked After Children has been challenging. As a result, there will be an increase in costs particularly with high cost out of county placements to manage post the pandemic.
 - Day care services may not resume using the same model as the pandemic eases. Emerging new service models may require additional finances to support them
52. In response to the pandemic there has been a refocussing of operations and day to day management. This has affected transformation agendas meaning that some councils have delayed significant changes that are also tied to budget saving programmes. Authorities recognise that there is a need to develop and remodel services to meet current and increased need but lack the capacity needed to do so.

Locking in transformational change due to COVID 19

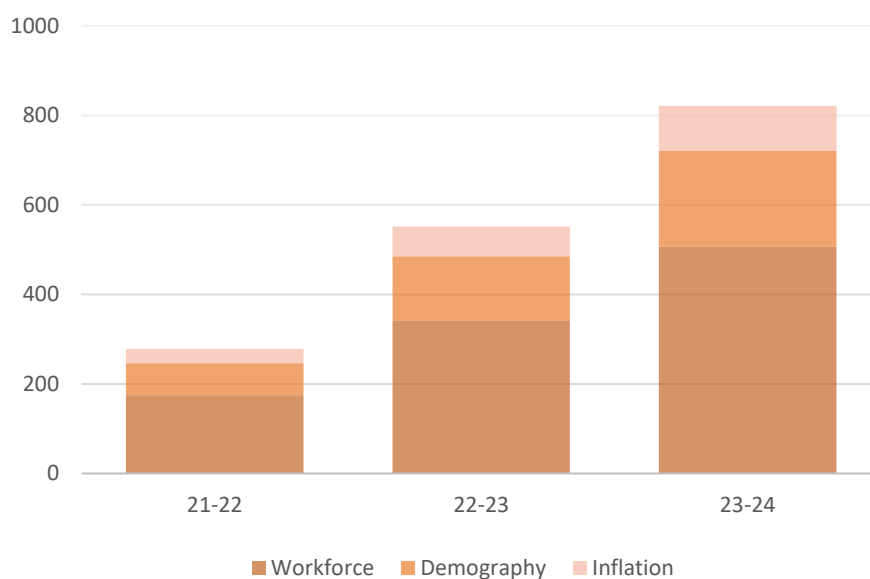
53. On 8th August the Minister for Housing and Local Government wrote to Leaders to acknowledge the loss of income across all local authorities and to recognise the efforts Councils had made to innovate to keep services going and to deliver new or additional services in response to COVID 19. The letter also noted the strong desire and need to build in and build on the positive service changes Councils have introduced in response to the pandemic. The Minister was keen to hear about what changes have been made and what positive outcomes have been achieved and the responses from the 22 authorities covered areas such as administration, governance, flexible working property and the use of digital scrutiny.
- Since the beginning of the pandemic all local authorities have a significant proportion of the workforce working remotely. This change has seen travel and energy cost savings. The longer-term impact is likely to see a reduction in overall office accommodation needs. Councils report an increased digital literacy across their organisations including elected members.

- Local authorities have seen traditional methods of paying and contacting the Council (such as face-to-face at Customer Service Offices) shift to either telephone or web-based engagement. Some councils have used Post Office cards to collect housing rents from tenants. This has reduced the level of cash handling.
- The use of mechanisms to accelerate culture shift has accelerated. Technology has enabled staff and elected members to conduct meetings and discussions without the need to travel to a specific location. The reduction in travel time has produced savings, reduced carbon impact and improved productivity.
- Following lockdown services such as libraries and Household Waste Recycling Centres were brought back into public use by on-line booking systems that efficiently and safely managed access. Some councils are moving to electronic library catalogues so that residents can safely access a service. Digital library services have been implemented very successfully and councils intend to provide a 'click and collect' service permanently.
- The use of AI technology has accelerated to maintain services by freeing up resources in front line care as well as administrative areas by automating processes.
- There has been considerable flexibility demonstrated by the workforce from supporting free school meals to operating Track, Trace and Protect (TTP). Redeployment to support vital services has been underpinned by agreements made with Trade Unions. From the outset of the pandemic one council took the decision to deliver Free School Meals to the homes of all eligible FSM Pupils. Not only did this support vulnerable households but also benefited local businesses. The operation showed how the whole workforce supported the local community.
- One council reports that the establishment of an intensive and highly valued community support and engagement scheme for those that were shielding (and those also in need of support) has also produced valuable community feedback and intelligence. This will help shape their priorities during the recovery stage and beyond.
- The use of virtual meetings for Child Protection Conferences has been a positive development. One council states it has consistently been able to achieve 100% quoracy meaning significantly more effective meetings to safeguard children.

- Councils quickly established childcare hubs to support those working on the front-line as well as the most vulnerable children, this provision was seven days a week and throughout the school holidays. One council introduced a ‘team around the hub’ to provide informal access to named professions, this multi-agency model was so successful it has been continued.
 - In one council Sheltered Housing Wardens have been issued with laptops. This will reduce the amount of paperwork that has to be completed and collected. It will also free up time for Senior wardens who must collate and check it monthly.
54. There is no doubt dealing with the pandemic has been incredibly challenging for local authorities but councils report that some of the changes that have taken place during the pandemic will be incorporated into a permanent way of working. This will see a focus on improving service delivery, enhancing staff well-being, and locking in productivity improvements.

Core Pressures in the Medium Term

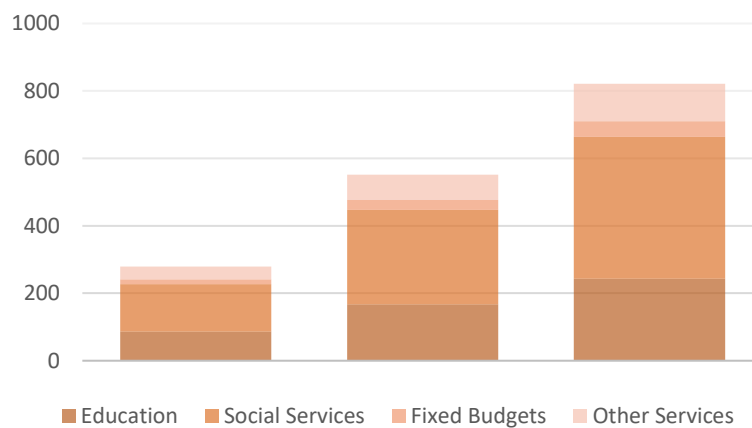
55. Figure 2 below summarises the expenditure pressures for local government based on our model that uses centrally collected returns as the baseline and then factors in what we know about pressures over the next 3 years. Total expenditure pressure for 2021-22 is £279m which is higher than previous years reflecting the higher pay settlements. Unavoidable workforce pressure accounts for 64% of this. By 2023-24 this is estimated to rise to £822m with workforce pressures (£507m) higher than demographic and other inflationary pressures combined (£315m).
56. The pressure next year aligns closely with the data from all 22 authorities have provided through the Spending Review Survey. This aggregates to £274m so around £5m less than the modelling suggests.

Figure 2: Cumulative pressures up to 2023-24, by theme, £m

Source: Base estimates: RO and RA returns (2019-20 to 2020-21)

57. Figure 3 below shows that a greater proportion of future pressure is still building up in the large services. In summary the key features are:

- An additional pressure of £140m for social care in 2021-22 becomes £420m by 2023-24 which is consistent with the unpublished study by LE Wales commissioned by Welsh Government (this should provide more precise estimates).
- The pressures on schools are less rising from £87m to £244m over the same period. Again, these estimates are well aligned to the those recognised by Welsh Government commissioned work. The recent Report from Luke Sibieta estimates workforce inflation (teaching and non-teaching) between 6.4% and 8.4% over a three year period.
- Fixed elements of the budget – capital financing, fire levies and the Council Tax Reduction Scheme – rise from £15m to £46m by the end of the period.
- The remaining non-statutory services, which are some of the most visible to and valued by communities and those that make a positive contribution to people’s wellbeing are the ones most at risk and areas that have borne the brunt of austerity to date.

Figure 3: Cumulative pressures up to 2023-24, by service, £m

Source: Base estimates: RO and RA returns (2019-20 to 2020-21)

58. Finally, while most of this paper has been about revenue spending, the importance of capital investment should not be overlooked. Local Government has welcomed the additional capital funding that has been made available in recent years to fund transport, schools, housing and other local infrastructure. As in previous years we hold the line that eventually we would like to see local government's capital expenditure reinstated to 2009-10 levels.
59. Last year the Future Generations Commissioner has published a ten-point plan to fund Wales' response to the climate emergency. As the Commissioner points out, in previous and current budgets the Welsh Government spend on decarbonisation has been around 1% which is nowhere near enough to fund the challenges that a climate emergency presents. WG has set an ambition for the public sector to be carbon neutral by 2030. Local government can play a vital role in helping to pursue these goals but will need to be resourced adequately if it is to be able to rise to the challenge.
60. In the aftermath of COVID, as part of the recovery, we will continue to make the case for a series of co-ordinated, Wales-wide programmes of investment in local authority services. Details of the economic stimulus package were set out in a letter to Ministers back in July. With Welsh Government funding, local authorities could borrow and invest in several significant capital programmes. These could contribute, rapidly and significantly, to a wider economic stimulus package whilst also helping to improve performance and outcomes in relation to a range of other important shared policy objectives. They would also help to 'lock in' and build upon positive, transformational changes already introduced to these services in response to COVID 19.

61. Local Government is best placed to deliver improved transport, housing, renewable energy projects and nature-based solutions. Local government is also best placed to ensure that decarbonisation is a key principle and driver for decision making within the planning system, public sector procurement and the responsible investment of over £17bn of pension fund assets.

Conclusion

62. Last year's report to the FSG, concluded Local Authorities had been relatively resilient despite the prolonged period of real terms budget reductions. The challenges this year are of another order of magnitude because of the unprecedented impact of COVID-19.
63. The substantial in year support from Welsh Government coupled with an approach based on working in partnership has provided significant service continuity at a time of crisis. However, a fair 2021-22 settlement will be needed to avoid deep cuts in key areas of local government so that councils not only continue to play a key role providing on-going support but also lead the recovery phase for our communities as we return to a more 'normal' position.

FOR FURTHER INFORMATION PLEASE CONTACTS

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WLGA Briefing

Welsh Government Draft Budget And Provisional LGF Settlement 2021-22



Leaders, Finance Cabinet Members, Chief Executives and
Directors of Finance (inc FRS and NPAs)

22 December 2020

Jon Rae & David Powell

1. Summary

Yesterday the Welsh Government published its [draft budget](#). The budget¹ will increase by **£1.4bn (8.2%)**. Day-to-day spending will increase by **£862m (5.5%)** and spending on capital will increase by **£566m (30.8%)**.

There are **no indicative revenue figures for future years**, but we expect a new UK Government to launch a Spending Review potentially at the time of the March Budget announcement.

Today, the Minister for Housing and Local Government published the provisional local government finance settlement. There is an **increase in the revenue settlement (Aggregate External Finance) which is 3.8% higher than 2020-21 on a like-for-like basis**. The Welsh Government has **increased AEF by £172m**.

At the last Finance Sub-Group we estimated local government's **spending pressures at around £279m for 2021-22**.

A substantial proportion of pressures have been funded but there is a question mark over the actual pressures that will arise for pay in the context of the Chancellors Spending Review Statement on the 25 November. Moreover, whatever the picture nationally, there will inevitably be local variations.

Like last year, the announcement is unusual in that it has been made in recess. The Minister for Finance & Trefnydd will make a statement to the Senedd on the 12 January 2020.

The Senedd will then scrutinise portfolio plans in the respective policy committees over January and February.

¹ This is the broadest definition of spend called Total Managed Expenditure and includes the Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME)

2. The Welsh Government's Draft Budget

Overall, the Welsh Government's Total Managed Expenditure will be just over £21bn in 2021-22. Within that definition is the Departmental Expenditure Limit (DEL) which is the element of the budget under direct Ministerial control.

The capital and revenue DEL has increased by £1.4bn (8.2%) to £18.9bn. Day-to-day spending will increase by £862m (5.5%) to £16.5bn and spending on capital will increase by £566m (30.8%) to £2.4bn. The capital increase is large as the Welsh has borrowed and drawn from its reserve, there is undoubted reprofiling in the baseline as well.

Figure 1: Changes to Welsh Government Departmental Expenditure Limit (DEL) 20-21 to 21-22

Resources and Capital DEL	Resource		Capital		Total	
	£000s	%	£000s	%	£000s	%
Health & Social Care	427,713	5.2%	16,000	4.4%	443,713	5.1%
Housing & Local Government	279,756	7.2%	147,586	26.4%	427,342	9.6%
Economy & Transport	39,932	5.4%	306,943	63.4%	346,875	28.5%
Education	60,196	3.8%	41,968	20.0%	102,164	5.8%
Mental Health, Wellbeing & Welsh Language	11,221	4.3%	10,284	29.0%	21,505	7.2%
Environment, Energy & Rural Affairs	32,831	6.6%	35,000	22.6%	67,831	10.4%
Central Services & Admin	10,865	3.0%	8,399	30.3%	19,264	4.9%
Total Change in Resource and Capital DEL	862,514	5.5%	566,180	30.8%	1,428,694	8.2%

The increases in the revenue and capital DEL across ministerial portfolios are set out in Figure 1. Revenue DEL for Housing and Local Government increases by 7.2%. Business rates lies outside the DEL definition as part of Annually Managed Expenditure (AME). It decreases by £30m (3%) to £1.14bn.

Further details of other measures in the Draft Budget are addressed in Section 4.

3. Local Government Settlement

The announcement today is confirmed in the traditional [letter](#) to Leaders. There is an increase in Aggregate External Finance (AEF) of £176m or 3.8% on like-for-like basis.

Figure 2 below shows an inevitable range around of the average driven by the funding formula.

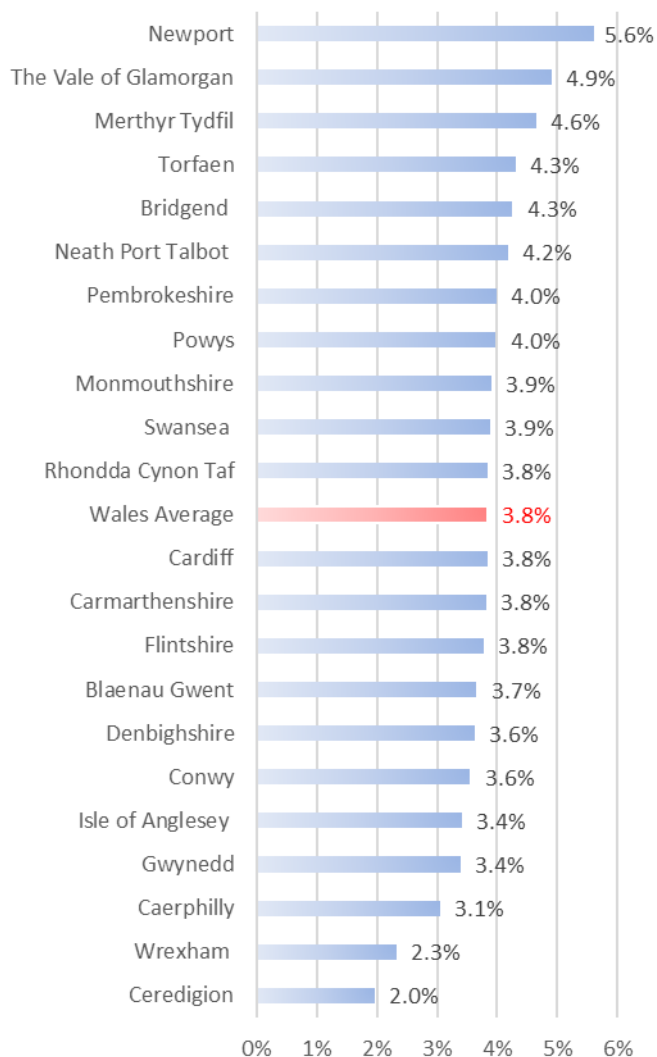
The range is largely a reflection of movements in several datasets derived from the schools' census and financial data. The reversion to the use of the mid-year population estimates has also impacted.

The lowest increase is Ceredigion with 2% and the highest is Newport with an increase of 5.6%.

There is no floor protection, and the Minister has set out her rationale in her letter. During discussions with Ministers in advance of the settlement, the WLGA leadership has made the case for a funded floor and reiterated the calls in a letter on 11th December.

Last year the increase in the settlement was £184m or 4.3% of AEF.

Figure 2: Changes to AEF, 2020-21 to 2021-22 by local authority



Source: WG Provisional LGF Settlement 2021-22

The increase is on top of **2 transfers into the settlement:**

- £3.98m for the teachers’ pay grant
- £1.1m for the Coastal Risk Management Programme

In terms of public sector pay, the Minister for Finance and Trefnydd stated in the draft budget that one of the hard choices she faced in setting the spending plans for next year is the approach to public sector pay. In Julie James’ letter she states:

The reality is that we did not receive any additional funding through the Barnett formula to provide for public sector wide pay awards next year given the UK Government’s decision to

pause public sector pay rises, with the exception of the NHS and those on the lowest wages. The implications of pay awards in 2021-22 will therefore need to be accommodated within your budget planning in the light of this Settlement.

Specific Revenue Grants

On a like-for-like basis specific revenue grants **will increase from £958m to £968m** which is a slight increase of about 1.1%. However, if you exclude the Concessionary Fares Grant there is a **2% or £19m reduction in the specific grants**.

The reason the Concessionary Fares Grant shows such a large increase is that the baseline figure of £31m in 2020-21 is held low as nearly half the funding went on provider support during the current year.

While many of the grants remain unchanged from the 2020-21 figure, most of the underlying decrease is due to the reductions in the Childcare Offer (£13.4m), the Sustainable Waste Management grant (£1.1m) and the Children and Communities Grant (£2.3m).

There are increases in several grant schemes, some of the more significant include:

- Social Care Workforce and Sustainability Grant increased from £40m to £50m
- Support for Minority Ethnic and Gypsy, Roma, Traveller learners rises from £10m to £11m
- Bus Revenue Support (Traws Cymru) rises from £3.2m to £4.4m
- Road Safety Grant rises from £0.95m to £2m

Details of around 90 revenue grants are set out in [table 7 in the suite of settlement tables](#).

There is an omission in this table that will make a difference to the overall position. **It does not reflect an increase of £40m to the Housing Support Grant** and this will be rectified for the final published table, consistent with the budget announcement (see section 4 below).

General Capital Funding (GCF) and Capital Grants

Overall Capital Funding (both GCF and Capital Grants) will increase from £605m to £724m on a like-for-like basis. The £119m represents a 20% increase.

General Capital Funding (GCF) remains unchanged at £178m. All except one portfolio show increases in Capital Grants especially Economy & Transport, Education and Health and Social Care. Included within this amount is £20 million for the continuation of the public highways refurbishment grant.

Details of capital funding and nearly 40 capital grants are set in [table 2b in the suite of settlement tables](#).

4. Other measures in the Welsh Government budget

(Some specific measures will be repeated from the table of specific grant and revenue funding for local government)

Funding Arrangements

- Taken together, Welsh rates of income tax, land transaction tax, landfill disposals tax and Non-Domestic rates will contribute around £3.4bn to the Welsh Government's 2021-22 budget.
- Changes to land transaction tax will see second home-owners paying a 4% levy when they buy properties up to £180,000, rising to 16% for homes worth at least £1.5m. The additional funding will support social housing.
- There will again be consistency with UK landfill tax rates and in 2021-22 the standard rate rises from £94.15 to £96.70 per tonne.
- Extensive work will be carried out in preparation for the next NDR revaluation to take effect from 1 April 2023. Welsh Government will monitor impact of COVID-19 on the non-domestic property tax-base.
- The Wales Reserve (introduced in 2018) will reduce from £336m to £221m following a planned use of £125m in 2021-22. The sum of £125m is the maximum permissible revenue spending drawdown from the reserve.

COVID-19

- £766m in COVID-related consequential received in spending review. Some of the amount will go to a small number of areas to sustain services:
 - Homeless Prevention Grant increased by £4m to £21.9m in 2021-22
 - £10m to sustain contact tracing workforce
 - £23.3m to extend Free School Meals in school holidays for the entirety of 2021-22.
 - Additional £18.6m for the bus industry to provide stability to bus operators. This will also fund a review into how bus services operate in the light of COVID-19
 - An additional £3m to third sector and volunteers. This is alongside the £0.7m for 2021-22 to enable the sector to support the most vulnerable
 - £12m of the £29m announced in 2020-21 will be allocated in the next financial year to support catch up learning in education.

- An additional £6m to add to the £3m for 'Communities for Work Plus'. This will support local authority and third sector delivery partners

EU Transition

- The budget confirms the UK Government's shared prosperity fund proposal is worth £220m in 2021-22 for the whole of the UK. This is less than the £375m per year benefit Wales currently has through the European Structural and Investment Funds.

Investing in health, well-being and social care

- £385m extra for core NHS Services, taking total NHS funding to more than £8.4bn. In addition, there is £25m to transform NHS services
- An extra £10m for Public Health Wales to support transformation of health care protection services

Social Care

- Social Care Workforce Grant to increase by £10m to £50m. This is to support sustainable services and sustainability of the workforce
- An additional £1.5m for Social Services third sector Grants to support COVID-19 response and recovery of social care.
- £2m for Social care Wales to continue expansion of the professional registration of the social care workforce and the delivery of the Workforce Strategy
- Integrated Care Fund investment stays at £89m. Within this £2m will support high-need looked after children currently sent outside of Wales. This is in addition to the £40m capital contribution to the Integrated Care Fund from the Housing and Local Government Portfolio
- An additional £0.6m in the National Fostering Framework to provide infrastructure for the Foster Wales campaign in 2021-22

Investing in mental health and well-being

- An additional £20m within Health and Social Services to increase support across a range of areas covering mental health and well-being
- A further £4m to support the rollout of Child and Adolescent Mental Health Services (CAMHS) on-reach across Wales. This means an overall budget of £9m for the whole system approach to mental health
- For vulnerable children and young people who need more support an additional £5.4m for NHS CAMHS for Tier 4 and Community Intensive Teams

Homelessness

- An allocation of an additional £40m in 2021-22 to deliver transformational change towards meeting Welsh Government's ambition of ending homelessness

Creating a Sustainable economy

- A further £5m financial transactions capital for the Repayable Fund for SMEs within the Economy Futures Fund
- An additional £3m revenue to support high streets and town and city centre
- Allocation of £1.4m capital in 2021-22 to fund a pilot that aligns with Welsh Government's 'Town Centre First' approach.
- £3m additional funding to support 'rapid spreading and scaling of good practice across the foundation economy'
- Additional funding of £1.6m to support the new Export Plan

Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV)

- An additional £1.6m in 2021-22 to support preventative work, including healthy relationship education in schools and VAWDASV awareness raising

Welsh Language

- Protection for the budget of £20.9m to promote the Welsh language and £12.7m for Welsh in education

Advice Services

- An increase of £1.1m in funding for advice services in recognition of social welfare advice
- In 2021-22 an additional £1.5m of financial transactions capital to ensure credit unions can provide assistance to their members

Third Sector

- Third sector support for the most vulnerable individuals will see an additional £700,000 allocated to the sector

Coastal Risk Management Programme

- A total of £58.6m (£30.6m revenue and £28m capital) for flood and coastal defence. Also £3.4m extra for the Coastal Risk Management Programme.

Housing

- An additional £37m on top of existing funding. Overall social housing grants in 2021-22 will be £200m
- Phase 3 of Help to Buy Wales will receive a £74m allocation in financial transaction capital
- In 2021-22 £32m (£20m general capital and £12m financial transactions capital) to address building safety concerns
- £20m extra to maximise benefits of fuel poverty and renewable energy programmes

Investing in sustainable and public transport

- The budget provides £275m of capital funding to support the continued delivery of the South Wales Metro alongside continued development of other rail infrastructure schemes. This includes continued development and delivery of the North Wales Metro and South West Wales Metro.
- Active travel projects and interventions receive £20m of capital. This brings the total for this objective to £55m

Electric vehicle transformation

- An additional £10m of financial transaction capital to support continued decarbonisation of public transport fleet. Total investment is £38m in 2021-22

Strategic road network

- An additional £15m as part of statutory responsibility to maintain the strategic road network. Total funding is now £168m alongside £11.5m to promote road safety

Investing in Town Centres

- £1.4m for a pilot approach that aligns with the 'Town Centre First' approach. £1m in financial transactions capital in 2021-22 to the Wales Council for Voluntary Action's Community Asset Loan Fund to support purchase and/or improvement of community assets including those in town centres
- Additional £5m of financial transactions capital to support wider regeneration activities through the Town Centre Loans programme.

Net-zero carbon schools

- An additional £40m of general capital and £2.6m of financial transactions capital to support the 21st Century Schools Mutual Investment Model element of Band B. The

£40m includes £5m for a Carbon Zero Pilot Project to decarbonise schools and colleges

Investing in the NHS

- Funding for capital investment in Health and Social Care reaches £380m including £45m to take forward development of a pipeline of Health and Wellbeing Centres

Supporting national institutions and tourism and creative sectors

- Additional £8m capital to support key tourism and creative sectors and to provide funding to sponsored bodies to maintain the estate and undertake decarbonisation and digital transformation

Investing in physical and mental health

- Additional £2m of capital investment in local sporting facilities increases available funding to £5m

Circular Economy

- An extra £26.6m to support businesses and public bodies to use more recycled materials. This takes total investment in 2021-22 to more than £80m

Investing in children and young people

- £2.2m extra for the School Holiday Enrichment Programme. This takes investment to £4.9m in 2021-22
- An extra £8.3m to support schools in transitioning to curriculum reform.
- Pupil Development Grant will be over £100m in 2021-22. The PDG Access fund receives another £2m giving a total of over £10m.
- The Minority Ethnic and Gypsy Roma Traveller Grant increases by £1m to £11m
- The Childcare Offer for Wales sees its baseline budget increase from £60m to £75m and Welsh Government states it will be working with local authorities to ensure more parents access the support available to them.

Investing in equality and inclusion

- A total of £1.8m will be allocated in 2021-22 to support Equality and Human Rights. This includes £0.1m to improve diversity and inclusion in public appointments

Maximising digital innovation

- An additional £4.9m will support driving up digital capability with the allocation going to the Centre for Digital Public Services Wales.
- An extra £2.8m will be made available for the Public Sector Broadband Aggregation bringing total investment to £11.5m in 2021-22. This will help provide connectivity and digital services to the public sector in Wales with the goal of enabling more efficient collaboration and mobility of public sector workers

Maximising the Impact of procurement

- An additional £1.2m will be allocated to the National Procurement Service to help support local businesses by generating time and cost efficiencies which can be re-invested in supporting frontline service provision. The intention is to help build on purchasing power to help the Welsh economy.

Also appended:

[Link to Welsh Government Draft Budget 21-22](#)

[Link to Provisional LG Settlement 21-22](#)

[Link to Institute of Fiscal Studies' summary of the English LG Settlement](#)

Annex I: WLGA's response to Provisional LGF Settlement

DATGANIAD I'R WASG WLGA PRESS RELEASE

Dydd Mawrth 22 Rhagfyr 2020 / Tuesday 22
December 2020

*Sgroliwch i lawr am y Saesneg / Please
scroll down for English*



CLILC • WLGA

**I'W RYDDHAU AR UNWAITH / FOR
IMMEDIATE RELEASE**

Cynghorau yn croesawu 3.8% o hwb cyllidebol ar gyfer 2021-22

Heddiw, mae llywodraeth leol yn croesawu setliad ariannol cadarnhaol gan Lywodraeth Cymru ar ddiwedd blwyddyn eithriadol.

Bydd cynghorau yn gweld cynnydd cyfartalog o 3.8% i'w reffeniwr craidd yn 2021-22, yn cynrychioli hwb £172m o'i gymharu a'r llynedd.

Caiff y setliad dros dro nawr ei agor i ymgynghoriad am gyfnod o saith wythnos a fydd yn dod i ben ar 9 Chwefror 2021, cyn i Lywodraeth Cymru osod ei chyllideb terfynol.

Dywedodd Arweinydd CLILC, y Cynghorydd Andrew Morgan (Rhondda Cynon Taf):

“Dyma setliad i'w groesawu gan ei fod yn darparu buddsoddiad mewn gwasanaethau lleol ac yn rhoi peth sicrwydd i gynghorau mewn cyfnod ansicr. Mae hi wedi bod yn flwyddyn galed dros ben i ni i gyd. Mae cynghorau a Llywodraeth Cymru wedi gweithio'n eithriadol o agos i gefnogi ac amddiffyn ein cymunedau. Mae'r gefnogaeth ariannol a roddwyd i gynghorau gan Lywodraeth Cymru i ymateb i'r argyfwng wedi bod yn amhrisiadwy yn ystod y flwyddyn ariannol hon ond bydd effeithiau'r argyfwng a phwyseddau sector parhaus yn cael eu teimlo am beth amser.”

Dywedodd y Cynghorydd Anthony Hunt (Torfaen), Llefarydd CLILC dros Gyllid ac Adnoddau:

“Adeilada'r cyhoeddiad heddiw ar setliad cadarnhaol y llynedd a bydd yn helpu i wella deilliannau addysg ac i gefnogi'r rhai mwyaf bregus yn ein cymunedau a

sicrhau eu bod yn derbyn y gofal mae nhw'n ei haeddu. Mae'n adlewyrchu cyfnod o ymgysylltu cyson, cadarnhaol gyda Gweinidogion dros y flwyddyn a fu ac yn cydnabod y rhan y mae cynghorau wedi bod yn ei chwarae dros y pandemig a pha mor bwysig y bydd ein gwasanaethau cyngor i adfer. Mae'r setliad i'w groesawu ond byddwn yn parhau i wneud yr achos dros gyllid gwaelodol yn ein trafodaethau gyda Gweinidogion."

"Mae ein staff wedi bod ar flaen yr ymateb i'r argyfwng p'un a'i bod nhw'n gweithio ar y rheng flaen fel gofalmwyr neu mewn swyddogaethau corfforaethol fel cyllid, yn darparu cefnogaeth cyllidol ar fyrder i filoedd o fusnesau. Mae eu gwaith wedi bod yn rhagorol ac mae arnom ni i gyd ddyled o ddiolch iddyn nhw."

Dywedodd y Cyngorydd Hugh Evans OBE (Sir Ddinbych), Arweinydd Grŵp Annibynnol CLILC:

"Mae awdurdodau lleol wedi chwarae rhan hollbwysig yn yr ymateb i'r argyfwng eleni. Er y bydd y setliad yn cael ei groesawu gan lawer o awdurdodau, mae heriau gwasanaeth cyhoeddus a chyllidebol yn parhau, yn enwedig i'r awdurdodau hynny a fydd yn derbyn cynnydd is na'r cyfartaledd. Am y rheswm hynny, mae angen cyllid gwaelodol arnom ni i amddiffyn yr awdurdodau hynny. Gyda'r cyhoeddiad gan Lywodraeth y DU o Gyllideb ym mis Mawrth, byddwn yn parhau i wneud yr achos dros gyllidebau aml-flwyddyn i'n galluogi ni i gynllunio gyda mwy o sicrwydd."

Dywedodd y Cyngorydd Emlyn Dole (Sir Gaerfyrddin), Arweinydd Grŵp Plaid Cymru CLILC:

"Tra'r ydw i yn croesawu setliad cadarnhaol gan Lywodraeth Cymru ac ymgysylltu cyson gyda Gweinidogion, yn enwedig yn ystod y flwyddyn heriol hon, ni fydd y cyllid a gyhoeddwyd yn cwrdd â'r pwyseddau a wynebir gan holl gynghorau Cymru. Er ein bod ni'n parhau i fod yng ngafael yr argyfwng, fe fydd un diwrnod yn cilio a rydyn ni eisiau sicrhau y bydd ein gwasanaethau ni yn parhau i fod yno i'n cymunedau ni mewn byd wedi Covid."

Dywedodd y Cyngorydd Peter Fox OBE (Sir Fynwy), Arweinydd Grŵp Ceidwadol CLILC:

"Rwy'n falch bod rôl llywodraeth leol dros y flwyddyn neilltuol hon wedi cael ei chydabod gan Lywodraeth Cymru. Mae wedi bod ac mi fydd arian canlyniadol sylweddol yn llifo o gyhoeddiadau cyllid Llywodraeth y DU, gyda chyfran ohono eto i'w ddyrannu o fewn cyllideb Llywodraeth Cymru. Mae'n allweddol bod y pwyseddau gwirioneddol mewn llywodraeth leol yn cael eu datrys a byddwn ni'n parhau i wneud yr achos hwn i Weinidogion yn yr wythnosau i ddod."

-DIWEDD-**Nodiadau i Olygyddion**

- **Wele yma Ddatganiad Ysgrifenedig gan y Gweinidog dros Dai a Llywodraeth Leol:** <https://llyw.cymru/datganiad-ysgrifenedig-setliad-dros-dro-llywodraeth-leol-2021-22>

Councils welcome 3.8% cash boost for 2021-22

Local government has today welcomed a positive financial settlement from Welsh Government at the end of an extraordinary year.

Councils will see an average of 3.8% increase to their core revenue in 2021-22, representing a £172m year-on-year boost.

The provisional local government settlement will now be subject to a seven-week consultation period, which will end on 9 February 2021 in advance of Welsh Government setting its final budget.

Councillor Andrew Morgan (Rhondda Cynon Taf), WLGA Leader said:

“This is a welcome settlement as it provides investment for local services and gives councils some certainty they need to plan in unpredictable times. This year has been exceptionally hard for all of us and councils have worked with the Welsh Government to support and protect our communities. The financial support given to councils by Welsh Government to respond to the pandemic during this financial year has been invaluable but the impact of the crisis and ongoing public service pressures will be felt for some time.”

Councillor Anthony Hunt (Torfaen), WLGA Finance Spokesperson said:

“Today’s announcement builds on last year’s positive settlement and will help to improve education outcomes and support the most vulnerable in our communities and ensure they receive the care they need. It reflects a period of regular, constructive engagement with Ministers during the past year and is recognition of the role councils have played during the pandemic and the critical importance of council services to Wales’ recovery. It is a welcome settlement but we will continue to make the case for a funded floor in our ongoing discussions with Ministers.”

“Our staff have been at the forefront of the pandemic response whether they work on the frontline like carers or in corporate functions like finance who delivered

urgent financial support to thousands of businesses. They have done an incredible job and we owe them all a debt of thanks.”

Councillor Hugh Evans OBE (Denbighshire), WLGA Independent Group Leader said:

“The part played by local authorities in the response to the crisis this year has been crucial. Although this settlement will be welcomed by many authorities, there remain significant public service and financial challenges, particularly for those authorities who will receive a lower-than-average increase. For this reason, we need a funding floor to protect those authorities. With the announcement by the UK Government of a March Budget, we shall continue to make the case for a multiyear approach to funding so that we can plan with more certainty.”

Councillor Emlyn Dole (Carmarthenshire), WLGA Plaid Cymru Group Leader said:

“Whilst I welcome this positive settlement and our constructive and regular dialogue with Ministers, especially during this challenging year, the funding announced will not cover the pressures faced by all councils across Wales. Although we are still very much in the throes of the crisis, it will one day pass and we want to make sure that our services are still there for our communities in a post-Covid world.”

Councillor Peter Fox OBE (Monmouthshire), WLGA Conservative Group Leader said:

“I am pleased that the role of local government in this extraordinary year has been recognised by Welsh Government. There has been and will be significant consequential from UK Government funding announcements, some of which remains to be allocated within the Welsh Government’s budget. It’s important that the real pressures in local government are addressed and we will continue to make this case with Ministers during the coming weeks.”

-ENDS-

Notes to Editors

- Please see **Written Statement by the Minister for Housing and Local Government:** <https://gov.wales/written-statement-provisional-local-government-settlement-2021-22>

Agenda Item 3

Equality, Local Government and Communities Committee

14 January 2021 – papers to note cover sheet

Paper no.	Issue	From	Action point
ELGC(5)-01-21 Paper 2	Inquiry into the NHS complaints process	Letter from the Minister for Health and Social Services to the Public Services Ombudsman for Wales, in relation to NHS complaints data	To note
ELGC(5)-01-21 Paper 3	Inquiry into fire safety in high-rise buildings	Letter from the Minister for Housing and Local Government in relation to fire safety in high rise buildings	To note
ELGC(5)-01-21 Paper 4	Inquiry into the impact of COVID-19	Letter from the Deputy Minister and Chief Whip in relation to the impact of COVID-19 on the voluntary sector	To note
ELGC(5)-01-21 Paper 5	Inquiry into the impact of COVID-19	Letter from the Bevan Foundation to the First Minister in relation to poverty and COVID-19	To note
ELGC(5)-01-21 Paper 6	Inquiry into the impact of COVID-19	Submission from the Bevan Foundation in relation to poverty	To note

		in winter and COVID-19	
ELGC(5)-01-21 Paper 7	Domestic Abuse Bill LCM	Letter from the Deputy Minister and Chief Whip in relation to the Domestic Abuse Bill	To note
ELGC(5)-01-21 Paper 8	Welsh Government Draft Budget 2021-22	Joint letter from the Minister for Housing and Local Government and the Minister for Education to the Chair of the Children, Young People and Education Committee in relation to the Welsh Government draft budget 2021-22	To note

Ein cyf/Our ref VG/08940/20

Mr Nick Bennett
Public Services Ombudsman for Wales
1 Ffordd yr Hen Gae
Pencoed
CF35 5LJ



26 November 2020

Dear Nick,

Thank you for your letter of 27 October. I am pleased that work to implement the recommendation for consistent and robust complaints data in NHS Wales, as set out in the Evans Review 'Using the Gift of Complaints', is nearing completion.

I understand you raised the need for consistent, robust complaints data in NHS Wales when you attended the 21 September meeting of the Senedd Equality, Local Government and Communities Committee and the 5 October meeting of the Senedd Finance Committee.

The Once for Wales Concerns Management System (OfWCMS) programme is being led by NHS Wales Shared Services Partnership (NWSSP) Legal and Risk Services. The aim of the programme is to achieve consistency in data management and work flow design in respect of how health bodies in Wales work across the concerns sector.

The OfWCMS programme team have been working with NHS Wales to develop a national NHS Wales complaints dataset. Workshops were held with representatives from concerns teams across NHS Wales. The workshops and data analysis highlighted wide variation in the interpretation of the Concerns, Complaints and Redress Arrangements (Wales) Regulations 2011. The workshops agreed a revised pro forma for recording and reporting complaints with supporting definitions and guidance in order to reduce variation in practice. The revised pro forma and definitions was used for health bodies to submit 2019-20 complaints data quarterly and is currently being used for 2020-21 quarterly complaints data. The data is validated by the OfWCMS programme team who continue to provide support to health bodies ensure the data is robust.

We acknowledge it has taken longer than we would have hoped to fully implement the Evans Review recommendation relating to consistent complaints data, but, as a Government, we remain fully committed to ensuring that NHS Wales produces a consistent, comparable and robust dataset for complaints.

Welsh Government and NHS officials are best placed to explain in more detail the work that is being undertaken and the timescales for delivery of the programme. I have asked that they meet with you in the first instance. If you would find this useful please contact Teresa Bridge: Teresa.Bridge@gov.wales.

Yours sincerely,

A handwritten signature in black ink, reading "Vaughan Gething". The signature is written in a cursive style with a large initial 'V'.

Vaughan Gething AS/MS

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

cc: Llyr Gruffydd MS, Chair - Finance Committee
John Griffiths MS, Chair - Equality, Local Government & Communities

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Our ref: MA/P/JJ/3904/20

John Griffiths AS/MS
Chair
Equality, Local Government and Communities Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
Cardiff
CF99 1NA

SeneddCommunities@assembly.wales

27 November 2020

Dear John,

Equality, Local Government and Communities Committee Response Letter

Thank you for your letter dated 30 October regarding building safety in high rise residential buildings.

I intend to launch my building safety White Paper consultation immediately after the Christmas recess to allow for a 12 week consultation period before we go into the planned pre-election period. I look forward to speaking to you more about those proposals in due course.

With regards to the letter you have received from a leaseholder in Prospect Place, I have received many letters and emails from residents of this and other high rise developments across Wales. Their situation is untenable, but one where unfortunately we have few levers.

I am of course sympathetic to the situation they and others find themselves in. People should feel safe in their homes and that is why we have been working with partners, including local authorities and the Fire and Rescue Services, to ensure immediate fire protections are in place. We know that this does not solve this hugely complex issue and Welsh Government is committed to finding a way forward that is right for Wales.

I have repeatedly made clear that building owners and developers should face up to their responsibilities and put right these faults at their own cost, or risk their professional reputation. You will have seen my recent [open letter](#) to developers inviting them to meet with me to discuss how they are engaging with residents of affected buildings and the approach they are taking to remediate defects and ensure such mistakes are not repeated.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Julie.James@llyw.cymru
Correspondence.Julie.James@gov.Wales

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.

Those meetings have already started and I hope collectively we can make progress towards resolution.

With regards to the EWS1 process and form, this was designed by a cross-industry working group (including lenders and industry representatives) led by the Royal Institution of Chartered Surveyors (RICS). This followed UK Government advice regarding external wall systems to ensure buildings over 18m tall could be assessed for safety to allow lenders to offer mortgages. Both the process and form, which are the responsibility of the UK Government are intended to raise awareness of safety-critical elements to a high-rise building and not to create a system where it is difficult to sell, buy, or move.

Whilst the EWS1 form is not currently part of any legislative requirement, it is being used by lenders to obtain assurance when lending against high rise residential buildings. We are aware that there are a number of problems with this process.

Their use is primarily about providing information and assurance to financial bodies to inform lending decisions and as such requires UK Government to lead on addressing these issues. We are however engaged in discussions with the UK Government and the other devolved administrations to ensure the issues affecting Wales are understood and addressed.

Measures currently being considered include producing guidance for lenders and valuers to help them take a pragmatic approach to risk and ensure any additional investigations are focused on the most at-risk buildings. We will communicate any further information when there are developments in relation to this issue.

More information on the EWS1 process is available via the following links on the RICS website, if you wanted to pass that information on:

<https://www.rics.org/uk/news-insight/latest-news/fire-safety/new-industry-wide-process-agreed-for-valuation-of-high-rise-buildings/>

Cladding Q&A - <https://www.rics.org/uk/news-insight/latest-news/fire-safety/cladding-qa/>

Returning to the concerns of the resident who has written to you, I note that they refer to the Building Safety Bill. To clarify, this is UK Government draft legislation which predominantly applies to England only, however, we are working with our UK counterparts with regards to changes in the design and construction phase. As you know, in Wales we are also engaged in a major programme of work to significantly reform our approach to building safety in order to prevent problems such as these occurring in the future. As you will be aware we published a [Position Statement](#) in the summer setting out proposals for a new building safety regime that puts the safety and wellbeing of residents at its heart to ensure people feel safe in their homes. The White Paper in January will go into further detail and provide opportunity for further comment, engagement and discussion.

You have already seen my [written statement](#) detailing the current position on funding and setting out next steps. My officials are currently working up options; however, this is an extremely complicated area and one in which finding the right solution will take time.

We know that residents at a number of existing high rise residential buildings are currently experiencing issues relating to a range of safety issues. Where buildings are within their warranty periods, leaseholders are often able to pursue the costs of remediation through other mechanisms. However, these processes can be long and drawn out, and in the

interim may be costly to leaseholders who may be required to fund enhanced safety measures until there is a longer term plan for remediation.

For buildings outside of warranty periods however, it is often the case that the responsibility for remediating these issues will fall to the leaseholder. Often the main blocker in terms of remediation of these defects is costs and who will (or can) pay. The companies which typically own freeholds do so for their value as long-term, low-yield investments. We have no means to compel them to undertake remedial work at their own financial risk. They have typically asked for up-front contributions from leaseholders before work can proceed. We know that these costs are often prohibitive to leaseholders, meaning there is a stalemate.

Whilst the UK Government has established two grant schemes in relation to Building Safety, providing a total of £1.6bn grant funding, both of these funds relate to the costs of removal and replacement of cladding only. Cladding can often be hiding other issues and without addressing these other issues, such as compartmentation, then we are no further forward. If funding were made available to support the remediation of high rise buildings we would look to develop a fund that allowed more than just cladding to be remediated. We would also consider funding more proactive measures such as the installation of sprinklers where high rise buildings do not have them.

I have taken a consistent and clear stance that I do not believe leaseholders should have to pay to rectify issues that constitute a failure to build to appropriate quality standards or where matters are in breach of building regulations. Neither, however, do I think it is right that the Welsh taxpayer should do so. We remain committed to financial support to help fund remediation in a way that is fair to leaseholders and tax payers.

I have asked my officials to consider the potential for a longer term fund with a full package of measures to support building safety (including cladding, fire breaks, compartmentation, and funding to install sprinklers and detection devices). We are currently exploring ways forward that serve the best interests of both leaseholders and taxpayers, recognising the role building owners also need to play in funding this remediation.

As you will appreciate, these issues are wrapped up in ongoing discussion with regards to future budgets.

This is a complex matter and it is this complexity that is dictating the pace of driving this work forward. It is not a reflection of any lack of commitment to supporting those affected.

Yours sincerely



Julie James AS/MS

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

John Griffiths MS
Chair
Equality, Local Government and Communities Committee

John.Griffiths@senedd.wales

8 December 2020

Dear John,

Following my attendance at Committee on 16 November to give evidence on **Covid-19 and its impact on the voluntary sector** I offered to provide additional information in two areas.

Further information from the Environmental Network of Third Sector organisations about encouraging the use of outdoor services in communities

I spoke about volunteering and the constraints of the pandemic for environmental third sector organisations. My officials are gathering information on organisations, supported under the Covid-19 Third Sector Response Fund, which are using the environment to offer services.

I am pleased to say that under our Voluntary Services Recovery Fund to date we have received four bids for support (one approved, three under assessment) totalling £185k. These projects will enable 78 volunteers to reach out and potentially support over 2,700 people through a range of activities, from growing food to adventure sports.

The data we have available from our Voluntary Services Emergency and Third Sector Resilience Funds does not allow us to provide the same level of information readily. Once this information is available I will provide a further update.

Further information about the Digital Confidence and Health and Wellbeing initiative

Digital Communities Wales: Digital Confidence, Health and Well-being (DCW) is designed to provide training and support to front line staff, volunteers and organisations (face to face) to engage with and develop digital skills of end users (citizens) to access services. In

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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.

response to the pandemic DCW moved from the traditional face to face (F2F) to telephone, email and, where appropriate, virtual support for organisations.

Kind regards,

A handwritten signature in black ink, appearing to read 'Jane', with a horizontal line above the first few letters.

Jane Hutt AS/MS

Y Dirprwy Weinidog a'r Prif Chwip
Deputy Minister and Chief Whip

The First Minister,
Welsh Government
Cardiff Bay
CF99 1NA

Cc Julie James MS and John Griffiths MS

04/12/2020

Dear First Minister,

Immediate action to alleviate poverty

We welcome many of the actions taken by your Government since the outset of this pandemic to support people on low incomes through difficult times. The publication of a new report by the Wales Fiscal Analysis team at Cardiff University earlier this week, however, has drawn our attention to some significant additional sums that could be spend on assisting families trapped in poverty this winter.¹ With the team at Cardiff University suggesting that the Welsh Government has around £829m unallocated in its budget which must be spent before the end of this financial year we have identified some areas where the funds could be spent immediately.

Our suggestions, if adopted in full would account for around 10% of the unallocated funds currently at the Welsh Government's disposal. We make these suggestions based on three principles:

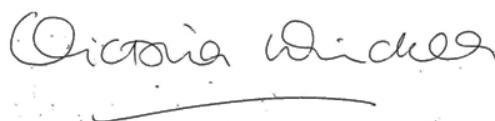
- They are actions that can be taken quickly
- They are actions that can be funded this financial year
- They are actions that will have a lasting effect on poverty.

The actions we urge the Welsh Government to take are as follows:

1. **Extend the self-isolation payment** for low income workers to cover parents of children have been sent home from school and told to isolate but who have not been contacted by track and trace themselves. Estimated cost - £39m
2. **Expand support for digitally excluded learners** so that all children in receipt of Free School Meals are provided with free laptops and data. Estimated cost – £29m.
3. **Write off any loans already made under the Tenants Save Loan Scheme** and provide all future support on a grant basis. Estimated cost - £8m
4. **Establish a EMA hardship fund** to support young people to stay in further education. Estimated cost - £5m
5. **Roll out income maximisation advice** across Wales rather than through small scale local pilots.

Further details about our proposals can be found in the attached annex. If you have any further queries please don't hesitate to contact me at [REDACTED]

Victoria Winckler, Director



¹ Wales Fiscal Analysis, Cardiff University, *Welsh Budget Outlook 2020* (3 December 2020) available at - https://www.cardiff.ac.uk/_data/assets/pdf_file/0010/2481634/welsh_budget_2020_report_formatted.pdf

Annex 1

1. Extend the self-isolation payment to cover parents

The Welsh Government's £500 self-isolation payment provides support to low income workers who have come into contact with the virus. A person is only eligible for support if they have tested positive for the virus themselves or have been contacted by track and trace. This means that parents of children who have been sent home from school and told to isolate but who have not been contacted by track and trace themselves are not eligible for support.

The current approach risks parents falling into significant financial hardship as a result of having to miss work due to childcare commitments and risks virus spread as a result of parents deciding to go to work or as a result of other family members and friends entering the household to look after the child. Extending the scheme to parents would cost the Welsh Government approximately £37m between now and the end of March 2021.² With Scottish Government having committed to extend the payment to parents affected by these circumstances we believe the same action should be taken in Wales.

2. Free laptops and data for all children in receipt of Free School Meals

The Welsh Government's decision to invest £3m in providing data-enabled laptops for digitally-excluded children early on in the pandemic was a welcomed step, enabling recipients to continue their education. The scheme does not only provide assistance in the short term however, but also provides children with an ability to better engage with education in the long term, allowing them to develop their digital skills and to do their homework. The scheme has an additional benefit of providing parents with a way to better engage with digital first services such as Universal Credit.

Purchasing data enabled laptops for all children eligible for Free School Meals would therefore offer extensive benefits. With 90,000 children taking up their Free School Meals entitlement in May this year, purchasing low to mid price laptops at around £300 a laptop would cost the Welsh Government approximately £27m, not a significant sum in the context of the funds it has to spend.

3. Write off tenant saver loans debts

Under the Tenant Save Loan Scheme the Welsh Government provides loans to tenants who have fallen behind on their rent as a result of Covid-19. The loan is paid directly to the landlord with the tenant required to pay it back over time to the Welsh Government along with interest. Whilst

² This estimate is reached by looking at the [most recent data](#) published on school absenteeism by the Welsh Government. On the week beginning the 23rd of November 17% of Welsh school children were absent from school. Based on [the estimate that 5% to 8%](#) of these children are absent from school for non Covid reasons, this would mean that approximately 32,974 children were absent for Covid 19 related reasons either as a result of being told to isolate by their school or as a result of a parent/ guardian choosing to keep the child home. With [28% of Welsh school children](#) living in households that are eligible for Universal Credit or Working Tax Credit, if all of these children were isolating and assuming that the pandemic is impacting on children in the same way then approximately 9,232 children living in low income households were isolating on the week of the 23rd of November. Assuming each of these children lived in separate households and none of their parents could work from home then extending the payment to the household of children who are having to isolate would have cost the Welsh Government approximately £2.3m for the week. Assuming this demand remains consistent between now and the end of March 2021, extending the payment would cost the Welsh Government approximately £37m over the next 16 weeks.

action to try and prevent a wave of evictions is welcomed, the issue with the policy is that it saddles tenants with debt, making it harder for tenants to move out of poverty even after the worst of the pandemic has passed. Using some of the unallocated funds to write off the tenant's debts will provide tenants with a fresh start and could also reduce pressures down the line on public services as tenants struggle to repay their loan to the Welsh Government alongside their rent.

The Welsh Government provided £8m for loans under the scheme so moving £8m from the current unallocated funds to cover this would remove the requirement for tenants to repay their loan.

4. EMA hardship fund

With a difficult economic environment it is vital that young people are supported to stay in education for as long as possible. Previous research undertaken by the Bevan Foundation has highlighted that young people in Further Education are often at a disadvantage with no guarantee of free home to school transport and the Education Maintenance Allowance being cut by a third in real terms.³

These challenges have been exacerbated by the pandemic. With classes disrupted, public transport capacity reduced and many jobs usually relied upon by young people in the hospitality sector to supplement their incomes shut down, young people have been hit especially hard by the pandemic. The Welsh Government should therefore immediately establish an EMA hardship fund that would allow young people to get support to purchase a laptop to continue their education from home, provide them with support to find alternative ways of getting to their educational establishment and to provide financial support to those struggling with living costs. A hardship pot of £5m would be enough to provide all EMA recipients with nearly £250 in support.

5. Provide income maximisation advice nationally

In November the Welsh Government published its *Child poverty: income maximisation action plan 2020 to 2021*. There is much to be welcomed in the plan, but with such significant funds needing to be spent we believe that the Welsh Government can be more ambitious.

For example, under the plan the Welsh Government is proposing to run six pilot projects to raise awareness of benefit entitlements and give people support to maximise their income amongst specific priority groups. With so many people struggling now, and with the Welsh Government having sums to spend now, there is an overwhelming case to run such activities as a nationwide with the targeted support being available everywhere not just in the six pilot areas.

The estimated costs of all these policies combined come to just under £80m. That is less than 10% of the unallocated resource the Welsh Government has at its disposal. Investing in these policies could therefore provide a vital lifeline to people trapped in poverty in Wales this winter whilst also providing the Welsh Government with plenty of funds to invest in the health service and to provide additional support for the economy.

³ Bevan Foundation, *Learning a living, better support for post 16 learners*, (7 February 2020) available at - <https://www.bevanfoundation.org/publications/learning-a-living-better-support-for-post-16-learners/>

A snapshot of poverty in Winter 2020

December 2020



About the Bevan Foundation

The Bevan Foundation is Wales' most innovative and influential think tank. We develop lasting solutions to Wales' most challenging problems.

Our vision is for Wales to be a nation where everyone has a decent standard of living, a healthy and fulfilled life, and a voice in the decisions that affect them.

As an independent, registered charity, the Bevan Foundation relies on the generosity of individuals and organisations for its work.

Acknowledgements

This document forms part of a broader project of work developed in collaboration between the Bevan Foundation and the Joseph Rowntree Foundation. The Bevan Foundation would like to thank the Joseph Rowntree Foundation for their ongoing support.

How you can help

Hundreds of people and organisations across Wales enable the Bevan Foundation to speak out against poverty, inequality and injustice. We would not exist without their support.

To make Wales a nation of prosperity for all, where everyone can fulfil their potential no matter who they are or where they live, please join our community of supporters.

Your support and that of others makes a difference to us and a difference to Wales.

Find out more at <https://www.bevanfoundation.org/support-us/individuals/> or email info@bevanfoundation.org to find out what you can do

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Registered charity no. 1104191 Company registered in Wales no. 4175018

A snapshot of poverty in winter 2020

2020 has been a difficult year for everyone. New data gathered by YouGov through a national online survey in early December, demonstrates clearly how the economic impact of the pandemic has affected people across Welsh society.

Nearly a quarter of Welsh households, 328,000 households,¹ have seen their incomes fall since the start of the pandemic. At the same time households have seen a number of key living costs increase including 41% seeing an increase in the cost of heating, electric and/or water and 38% seeing an increase in the cost of food.

Whilst the economic impact of the pandemic has hit people across Welsh society, it is the poorest households who have been most greatly impacted, with many forced to cut back on essentials or forced to borrow money. Many are fearful that they will have to continue to do so over the next three months.

All figures, quoted in this briefing, unless otherwise stated, are from YouGov Plc. Total sample size was 1,031 adults. Fieldwork was undertaken between 7th and 11th December 2020. The survey was carried out online. The figures have been weighted (unless specified otherwise) and are representative of all Welsh adults (aged 18+).

The pandemic and incomes

The pandemic has had a devastating impact on household incomes. 24% of Welsh households have seen their incomes decrease since March 2020. 13% of households have seen their incomes fall by “a little”, with 11% seeing their incomes fall by “a lot”. By contrast, only 12% of Welsh households have seen any increase in their income with only 1% reporting that their incomes increased by “a lot”.

The pandemic has had an impact on household incomes across the board with there being three primary reasons for falling incomes. 21% of households who have seen their incomes fall have either seen their own or their partner’s working hours and/ or pay reduce. 19% of those who have seen a reduction in household income have either themselves been placed on furlough or their partner has been, whilst 13% live in households where either they or their partner have lost their job.

The pandemic and living costs

Many households seen their costs increase

At the same time that a quarter of households have seen their incomes decrease many have seen their living costs increase.

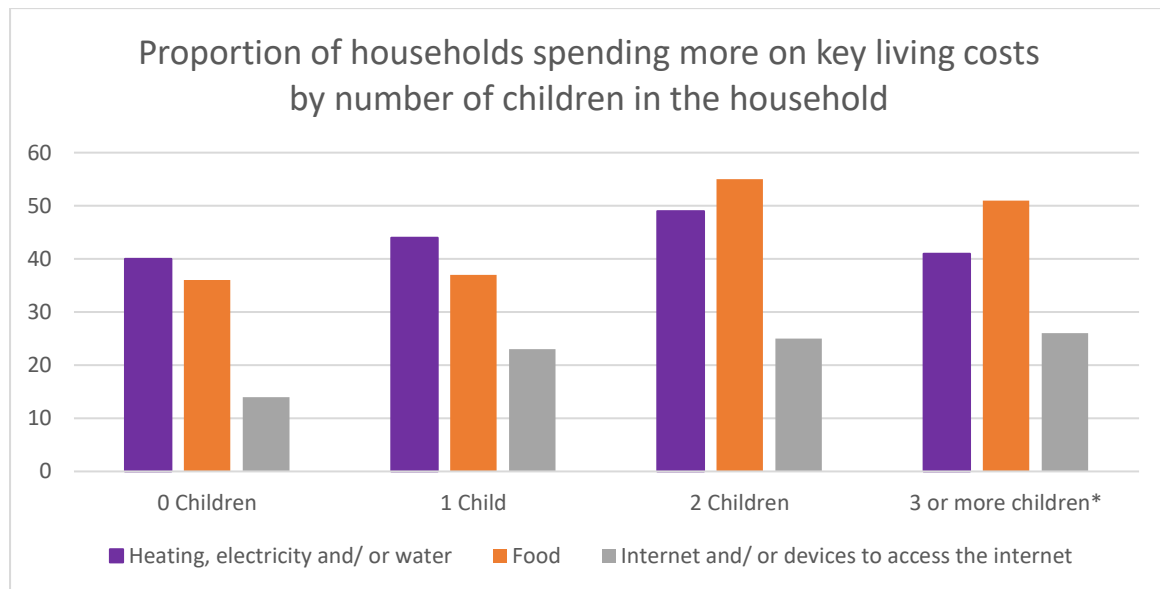
The cost increase that has affected the largest number of households is “heating, electricity and/or water”. 41% of Welsh households have seen their energy bills increase, compared with just 1% of households that have reported a reduction.

¹ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

Another living cost that a large number of households have seen increase is the cost of food. 38% of Welsh households have seen their food costs increase since March, compared with 10% who have seen the cost of food reduce.

Many households are also spending more on gaining access to the internet and on digital devices. 16% of household have seen the cost of remaining connected digitally increase, compared with 6% of households that have seen such costs reduce.

Whilst increasing costs has affected households across the board, households with children appear to have been worst affected.



* Based on a small sample size

Some living costs have reduced

Not all living costs have increased, however. 44% of households are spending less on travel costs than in March with only 7% spending more. 30% of households are also spending less on clothing for adults with 7% spending more.

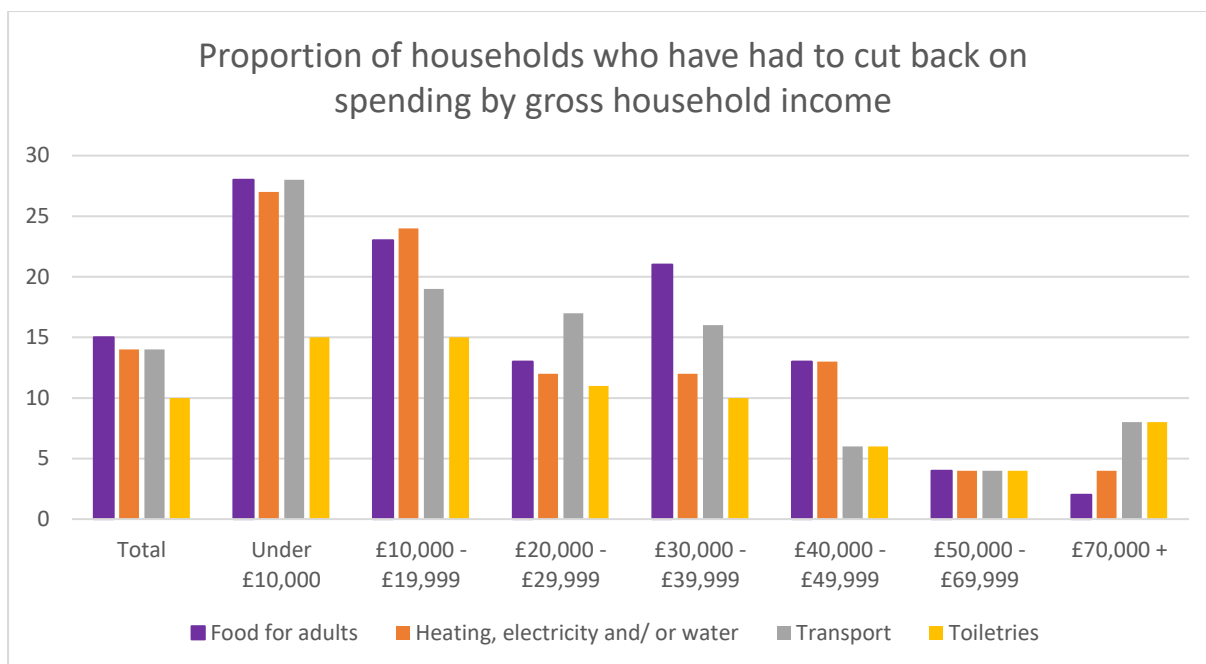
Other living costs have remained largely unchanged. 79% of households for example, report no change in their rent or mortgage payments with 6% reporting an increase in their costs and 5% reporting a decrease. For the 24% of households reporting a fall in their household income however, even flat lining living costs are likely to present a challenge.

The impact of the pandemic on the poorest households

The pandemic has had an impact on households across the income spectrum. It is the poorest households, however, that have been most greatly affected if their incomes have fallen or if their living costs has increased.

Cutting back

The living cost that the largest proportion of people have had to cut back on since March 2020 has been clothes for adults. Since March, 22% of people in Wales have had to cut back on how much they spend on clothing. Whilst the proportion of households who have had to cut back on the amount they spend on clothing has been broadly similar across the board, the same is not true for other essential living costs.



In total more than 200,000 households have had to cut back on food for adults, with more than 190,000 having to cut back on transport and on heating, electricity and/ or water.² More than a one in five households whose gross household income is less than £20,000 have had to cut back on food for adults and heating, electricity and/ or water.

The data also highlights the extent to which parents are cutting back on spending on themselves to protect their children. Only 2% of households have cut back spending on food for children with 6% cutting back on other items for children.

Falling behind on bills

Even having cut back on essential spending many Welsh households are struggling to cover their bills. 9% of households, over 120,000 have behind on a bill since the outset of the pandemic.³ Utility bills are the bills that the greatest proportion of households are struggling to keep up with 5% of households falling behind, followed closely by credit/ loan/ hire purchase repayments at 4% and 3% on Council Tax and rent/ mortgage repayments respectively.

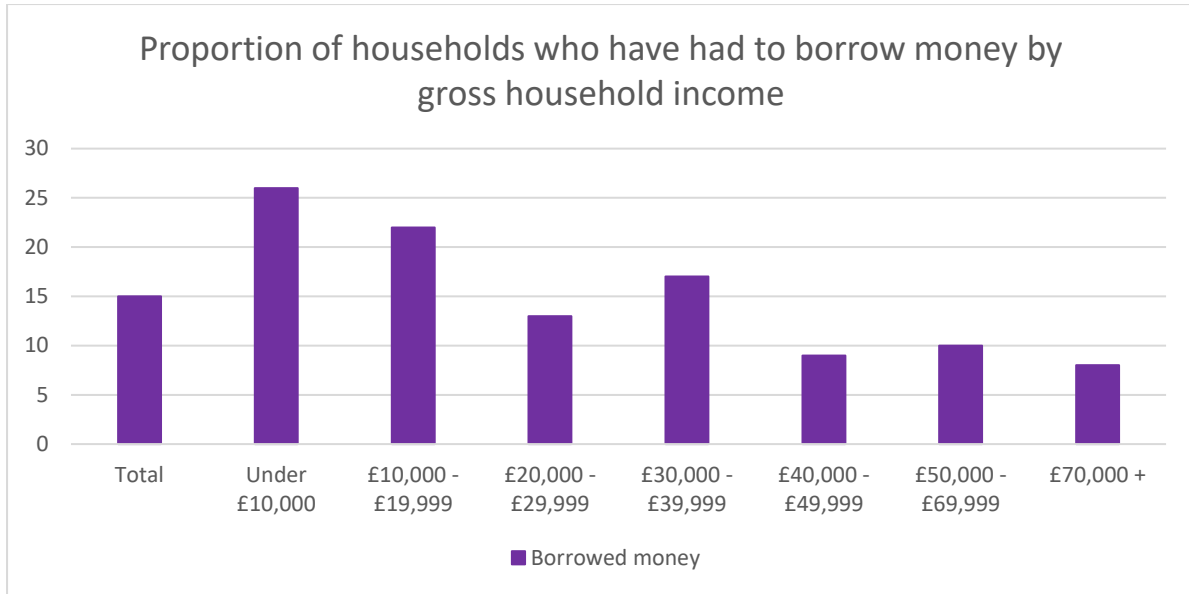
Renters, both social and private sector have been the most likely to fall behind on their bills with 19% of social renters and 20% of private renters falling behind on at least one bill. Of these 9% of social renters have fallen behind on their rent, compared with 6% of private tenants and 4% of mortgage holders.

Borrowing money

Other households have had to borrow money to make it through the last nine months. 15% of households have borrowed money since March 2020. Low income households have been the most likely to borrow funds.

² Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

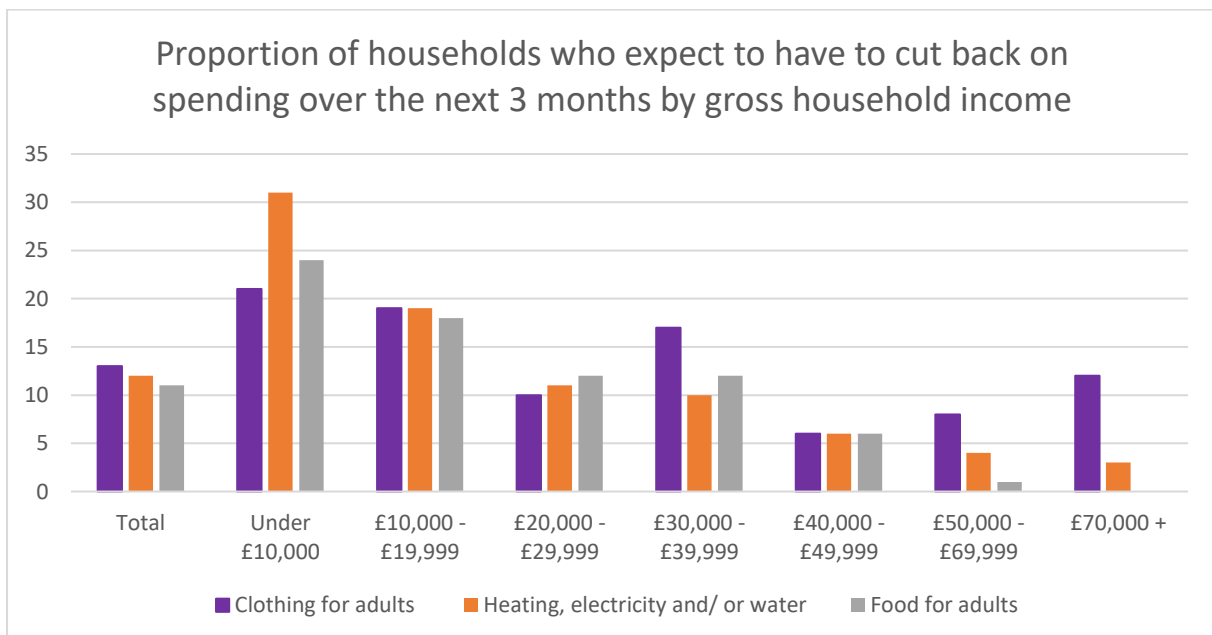
³ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.



Not only have the lowest income households been more likely to borrow money since the outbreak of the pandemic they have also borrowed from different sources. 13% of households whose gross annual income is under £10,000 and 15% of households whose gross income is less between £10,000 and £19,999 have borrowed money from friends and family compared with 8% of the overall population. The lowest income households have also been the most likely to go into their overdraft, with borrowing on credit cards being fairly consistent across the income spectrum at 5%.

The next three months

Many households do not expect their personal financial situation improve significantly over the next 3 months. 21% of households, expect to have to cut back on at least one essential over the next three month period with food for adults, clothing for adults and heating, electricity and/ or water being the essentials that most households expect to have to cut back on. Again, lower income households are more likely to expect to have to cut back.



Over 80,000 households,⁴ 6% of all households expect that they will fall behind with at least one bill over the next three months, whilst 150,000 households,⁵ 11%, expect that they will need to borrow money over the next three months. If this adds to the debt accrued by households over the past nine months many will be paying the bill for the pandemic long after the full roll out of the vaccine.

There is broad public support for action

The devastating impact of the pandemic on people's income is laid bare by this latest data. With 700,000 people already living in poverty in Wales before the pandemic struck, many households have had little room to manoeuvre as the impact of the Covid 19 storm has struck. It is therefore not surprising that there is broad public support for the Welsh Government to take greater action to invest in both short term and long term solutions to poverty.

Among the measures that there is popular support from the public for are provision of emergency support for struggling families (74% in favour) funding for young people aged 16-18 who want to continue in education or training (67%) investment to close the attainment gap (67%) and the construction of more social homes (63%) in favour, additional support with Council Tax (56%) and a cap on social rents (55%).

Based on this support and clear need for action the Bevan Foundation believe that, in the short term, the Welsh Government should:

- Provide free laptops and data to all children in receipt of Free School Meals
- Established a Education Maintenance Allowance (EMA) Hardship Fund to support young people to stay in education
- Write off Tenant Saver Loans
- Ensure income maximisation advice is provided nationally rather than through small scale local pilots.

To reduce poverty and inequality in the longer term, however, we believe the Welsh Government must go further. Our ideas about the actions that the Welsh Government should take are set out in full in *Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality*.⁶ Amongst the measures outlined in the report are:

- The establishment of a Welsh Benefits System including:
 - A new School Start Scheme
 - A new Learning Allowance for low income learners in FE
 - The establishment of a Welsh Emergency Fund
 - Reform of Council Tax Support
- The construction of 20,000 affordable homes in 5 years

⁴ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

⁵ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

⁶ Bevan Foundation, *Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality*, October 2020, available at - <https://www.bevanfoundation.org/publications/transforming-wales-welsh-public-services-and-benefits/>

- A cap on increases in social rents
- Free universal childcare
- Action to close the attainment gap
- More public and community wifi.

Ein cyf/Our ref MA/JH/4157/20

Mick Antoniw MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru
Crickhowell House
Cardiff Bay
CF99 1NA

John Griffiths MS
Chair
Equality, Local Government and Communities Committee
Senedd Cymru
Crickhowell House
Cardiff Bay
CF99 1NA

16 December 2020

Dear Mick and John,

I wrote to you on 15 October with regards to the UK Government's Domestic Abuse Bill ("the Bill") and informed you that the Bill's progression through the House of Lords is delayed, with the Lords' Second Reading now not expected to commence until January.

I also stated that my officials have been involved in ongoing discussions with their UK Government counterparts with regards to c73(1)(b) which, as currently drafted, significantly encroaches on devolved matters as it allows the Secretary of State (SoS) to issue guidance across the whole range of devolved and non-devolved matters related to domestic abuse and in particular its effect on children.

I am pleased to confirm that collective UK Government agreement has been reached to bring forward amendments to c73 of the Bill to ensure the SoS's power to issue guidance is respectfully limited to matters which are reserved and do not encroach on devolved Welsh matters. We will continue to work closely with the UK Government through implementation of c73(6) (*Duty on the SoS to consult with the Welsh Ministers*), to ensure that the guidance issued takes full account of the devolved position.

It remains my position that consent is required for clauses 65, 66 and 68 and Part 1 of Schedule 2 because they fall within the legislative competence of the Senedd. They contain modifications to criminal offences which could be made, in part, by the Senedd. Legislation to observe and implement international obligations, such as those required for the Istanbul convention also fall within the competence of the Senedd where necessary legislation falls within devolved areas.

I hope my letter is helpful and clarifies these matters.

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal stroke above the first letter "J".

Jane Hutt AS/MS

Y Dirprwy Weinidog a'r Prif Chwip
Deputy Minister and Chief Whip

Ein cyf/Our ref: MA-JJ-4478-20

Lynne Neagle, MS
Chair – Children, Young People and Education Committee

SeneddCYPE@senedd.wales

Copy to:
John Griffiths, MS
Chair – Equality, Local Government and Communities Committee

SeneddCommunities@senedd.wales

6 January 2021

Dear Lynne,

Thank you for your letter of 20 November on the Welsh Government Draft Budget 2021-22.

The Minister for Finance and Trefnydd was clear in the draft budget that one of the hard choices we have faced in setting our spending plans for next year is our approach to public sector pay. The reality is that we did not receive any additional funding through the Barnett formula to provide for public sector wide pay awards next year given the UK Government's decision to pause public sector pay rises, with the exception of the NHS and those on the lowest wages. The implications of pay awards in 2021-22 will therefore need to be accommodated within local authorities' budget planning in the light of the Settlement. Our decisions in the budget target as much support as we can to health and local government to support pressure in frontline services focusing on schools and social services.

Whilst we did not receive any additional funding from the UK Government for public sector pay, in determining the distribution of funding across authorities for the local government Settlement, we have recognised the decisions made on the 2020/21 teachers' pay deal and the commitment made by local government to fund this deal by directing funding into the schools part of the formula.

Overall (excluding a transfer of funding for the Coastal Risk Management Programme), the settlement baseline will increase by £176 million in cash terms in 2021-22. This reflects a larger increase in the Revenue Support Grant (RSG) to compensate for a fall in Non-Domestic Rate (NDR) collection, largely brought about by the impact of the pandemic.

As in previous years, local authority budgeted expenditure is used to set the relative size of the Standard Spending Assessment (SSA) sectors. For 2021-22, in recognition of the 2020/21 teachers' pay deal, we are directing £19.973 million into the schools service SSA sector, for teachers in maintained schools from nursery to year 11, before dividing the remaining increase across the SSA sectors.

The £19.973 million figure was calculated as follows (and includes the most up-to-date position on teachers' pensions):

- £13.148m = the 5 months of the 2.6% element¹ of the 2020/21 pay deal that was not already in the 2020-21 settlement baseline (7 months, covering September 2020 to March 2021, was already in the baseline, at a value of £18.4m in the 2020-21 settlement).

plus

- £6.825m = a full 12 months of the 0.5% element² of the 2020/21 pay deal, none of which was in the 2020-21 settlement baseline (7 months of which is being paid as a specific grant, covering September 2020 to March 2021, at a cost of £3.981m)

This direction of funding into specific parts of the formula is to ensure the funding is distributed in the most appropriate way, in recognition of the pressures local authorities are facing. It is not a way of badging how much funding is in the settlement for a particular purpose. Therefore, it would not be correct to talk in terms of proportions of funding that have been included for a specific purpose.

With regards to teachers' pensions, there is no additional funding in this settlement specifically for that purpose. The funding that was delivered through the 2020-21 settlement remains in the baseline and is distributed according to the wider needs-based formula.

We hope this information will be of use when assessing local authority pressures.

Yours sincerely



Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Kirsty Williams AS/MS
Y Gweinidog Addysg
Minister for Education

¹ 2.6% was the Office for Budget Responsibility (OBR) best estimate of inflation at the time of calculation

² 0.5% in recognition of the difference between the OBR estimate (2.6%) and the overall 3.1% increase to the pay bill

Document is Restricted

Agenda Item 7

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

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