

## **Agenda – Equality and Social Justice Committee**

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Meeting Venue:

For further information contact:

Video Conference via Zoom

Rhys Morgan

Meeting date: 20 October 2021

Committee Clerk

Meeting time: 08.45

0300 200 6565

[SeneddEquality@senedd.wales](mailto:SeneddEquality@senedd.wales)

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### **Private pre-meeting**

(08.45 – 09.00)

#### **1 Introductions, apologies, substitutions and declarations of interest**

(09.00)

#### **2 Debt and the pandemic – scrutiny session with the Minister for Social Justice**

(09.00 – 10.00)

(Pages 1 – 31)

Jane Hutt MS, Minister for Social Justice

Maureen Howell, Deputy Director Prosperous Futures

Paul Neave, Head of Social Welfare, Advice and DWP Policy

#### **3 Papers to note**

(10.00)

##### **3.1 Correspondence from the Future Generations Commissioner regarding equality and social justice findings – 5 October 2021**

(Pages 32 – 40)

##### **3.2 Correspondence from the Minister for Social Justice to the Future Generations Commissioner responding to the Future Generations Report 2020 – 8 October 2021**

(Pages 41 – 42)

##### **3.3 Correspondence from the Federation of Small Businesses Wales regarding the Committee inquiry into debt and pandemic – 13 October 2021**

(Pages 43 – 45)



- 4 Motion under SO17.42(ix) to exclude the public from the remainder of the meeting**  
(10.00)
- 5 Consideration of evidence – scrutiny session with the Minister for Social Justice**  
(10.00 – 10.15)
- 6 EU Settlement Scheme**  
(10.15 – 10.20) (Pages 46 – 54)

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## **EQUALITY AND SOCIAL JUSTICE COMMITTEE – 20 OCTOBER 2021**

### **EVIDENCE PAPER**

This evidence paper outlines the impact of the Pandemic on Levels of Indebtedness in Wales and responds to a set of specific questions put forward by the Committee to the Welsh Government.

#### **Current position**

The Covid-19 pandemic has put household finances across Wales under enormous strain and many people will be left struggling with debts accrued during this time. We want to work with stakeholders to develop initiatives that help people in Wales not only to maximise their income but also deal with debt problems generated by the pandemic and begin to put their finances back on a more sustainable footing.

Recent reports published by the Bevan Foundation, the Trussell Trust, Joseph Rowntree Foundation and the Resolution Foundation have outlined the impact of Covid-19 on low income households. All have demonstrated that problem debt is a greater issue for those who were already at a heightened risk of being in problem debt pre-pandemic. We know that poverty is distributed unequally and poverty rates are consistently higher among Black, Asian and Minority Ethnic people, disabled and chronically ill people, women, young people, single parents, social and private renters - for example 38% of children who lived in a family where there was someone who is disabled were in relative income poverty compared with 26% of those in families where no-one was disabled; and for the period 2015-16 to 2019-20 there was a 29% likelihood of people whose head of household comes from a Black, Asian or Minority Ethnic group living in relative income poverty compared to a 24% likelihood for those whose head of household comes from a white ethnic group. Furthermore, the reports have also shown that levels of poverty are expected to rise, in some cases significantly and especially for those who are most vulnerable, as a result of the decision by UK Government to end the additional £20pw Universal Credit payment.

Welsh Government have been clear that we do not support the end of the £20pw Universal Credit increase. We have on several occasions called on the UK Government to make the £20pw increase permanent and to extend the payment to claimants of the legacy benefits. The Joseph Rowntree Foundation has demonstrated that for a working family with three children, even with the £20 increase, their income is below the poverty line, without the uplift their income will be £150 per month below the poverty line.

Although key levers for tackling poverty, such as powers over the tax and welfare systems including Universal Credit, sit with the UK Government, there is much we can do here in Wales to mitigate the impact of poverty and improve outcomes wherever we possibly can. Tackling poverty and inequality is a priority for this Senedd term. Our new Programme for Government sets out a range of commitments to improve outcomes for low income households and every Minister has a responsibility to take action to tackle poverty.

#### **Specific questions**

**How the Welsh Government has responded to debt-related issues during the pandemic, and how it is preparing to address potential upcoming challenges.**

The Welsh Government funds advice services to ensure some of the most vulnerable people in our society have access to the help and support that they need to resolve problems with debts and benefits. People rarely have a single social welfare problem and many people only seek advice when in crisis, particularly so for people struggling with problem debt. This is why, through the Single Advice Fund (SAF), the Welsh Government grant funds the provision of integrated social welfare advice services<sup>1</sup> founded upon key objectives of early intervention and prevention. In 2021/22, over £9.6m has been allocated between six regional services and a national remote advice service, ensuring there is a co-ordinated framework of social welfare advice service provision across Wales.

During the last financial year, Single Advice Fund services helped over 127,000 people to deal with 286,666 social welfare problems. 18,000 people received debt advice and were helped to manage debts of over £8 million. People receiving advice on their welfare benefit entitlements were supported to gain additional income of over £43 million.

Welsh Government recognises that in some cases, people who are instructed to self-isolate do not have the support of friends and family and, therefore, may face difficulties during their isolation period. Contact tracers should refer these people to their Local Authority to undertake a more detailed assessment of any support needs.

Welsh Government has issued Local Authorities with a 'Practical support for Self-Isolation' guidance which is designed to support and inform Local Authorities of the practical, social or emotional support available to those who are required to self-isolate and ensure that a consistent approach is delivered across Wales.

In the context of the pandemic, the Self-isolation Support Scheme has helped those legally required to self-isolate, if they will experience a loss of income and helps reduce the risk of incurring debt/further debt.

Maximising income is a key element of Welsh Government's approach to tackling debt to ensure households in Wales are supported to be financially resilient and helped to claim all the financial support they are entitled to. Our Child Poverty – Income Maximisation Plan (IMAP) was launched on 2 November 2020.

One of the actions included was the delivery of the Welsh Government's first national benefits take up campaign in March 2021 which resulted in an additional £651,504 being claimed by those who were entitled. Building upon the success of this campaign, we will deliver another national campaign in October to coincide with the end of furlough and the £20pw Universal Credit uplift. Last winter six Test and Learn pilots targeted tailored messages and support to encourage benefit take-up amongst groups least likely to be claiming all the financial support they are entitled to. The pilots engaged with 1,440 households helping them to claim additional income of £2,468,052.

Working collaboratively with Local Authorities in Wales, we have developed and published a Best Practice Toolkit. This collates 'what works' in helping to simplify and streamline the application process for devolved benefits making them more accessible to people in need of this support. We have worked closely with three local authorities; Cardiff (training

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<sup>1</sup> Debt, Discrimination, Education, Employment, Housing and Immigration advice is accessible through SAF services.

provider) Monmouthshire and Blaenau Gwent (participants) to pilot the delivery of increased advice and support on welfare benefits through existing family support models.

To support frontline workers we funded the development of an information pack and the delivery of free training. Between January and September 2021 the Dangos project delivered 215 sessions attended by over 3,000 frontline workers. Feedback has been extremely positive. Feedback six weeks after attending a session showed that 70% of participants had used the learning from the session to identify service users that could be claiming a welfare benefit; 20% confirmed their service user had made a successful benefit claim. The training programme will continue until the end of the calendar year. Building on the success of the awareness raising training, we are currently preparing a tender exercise for an enhanced programme of training for frontline workers to start early in 2022.

We have established a Debt Task and Finish Group. The Group will share best practice and recommend initiatives and policies that will support people across Wales who are struggling to maintain their financial commitments to repay their debts in an affordable way, avoid enforcement action and offer sustainable pathways out of debt.

### **How the pandemic has affected debt advice services, and how the Welsh Government sees future demand for these influencing its approach to supporting debt advice services.**

Early in the pandemic, the expectation was that demand for debt advice would increase quickly and significantly. In fact, demand decreased. This was largely a result of Welsh and UK Government major policy interventions, including the Coronavirus Job Retention Scheme, Self-isolation Payments, Business Grants, legal protections from enforcement action, increased eviction notice periods and restrictions on eviction enforcement. The Financial Conduct Authority also introduced measures to support people facing payment difficulties, which removed or postponed the usual triggers to seek debt advice. Through our work with partners we know, however, that the need for debt advice has only been delayed rather than resolved, so a peak in demand is anticipated later in 2021 or early in 2022.

Even though demand for debt advice was dampened down during the last financial year, over 18,000 people across Wales received debt advice from SAF services. This is a testament to the efforts of the SAF providers who at the start of the pandemic quickly transferred their face-to-face advice services to remote channels such as telephone, email and web chat.

Unlike applications to the Discretionary Assistance Fund (DAF) for Individual Assistance Payments, where applicants are supported by a registered partner organisation, people in a financial crisis seeking an Emergency Assistance Payment (EAP) are less likely to be getting advice they need to address underlying financial issues and other social welfare problems. It is important these people are offered access to advice and the DAF currently refers people to a SAF advice provider through an on-line referral platform. However, we are commencing an enhanced pilot whereby a person contacting the DAF will receive a seamless transfer to a SAF adviser directly over the phone. This approach will blend together the crisis support that a person can access from the DAF along with the advice they need to ensure a more sustainable financial outcome.

If the expected increase in demand for debt advice materialises, investments in digital and other remote channels will help providers to better manage the demand. However, we know that for some people remote services are not suitable as a method of accessing advice, a particular challenge that must be addressed is meeting the needs of the digitally excluded. As restrictions are easing some providers have planned, or have started offering, face to face advice services for the most vulnerable clients who have struggled to access remote services. We know there is more we can do and officials are working with the SAF providers to gain the user perspective to fully understand barriers that prevented people accessing remote services to make sure all delivery channels offer inclusive access to all groups. We will also identify the best practice that emerged through the crisis and build this within future delivery models.

While the Welsh Government does not fund any advisory services on indebtedness via trade unions, we have been active in promoting knowledge and awareness of workers' rights and avenues of support and advice provided by trade unions and others. As part of our commitment to fair work, we collaborated with social partners (employers and trade unions) on a workers rights and responsibilities campaign and we will build on this as we continue to advance fair work.

The pressure on living costs arising from rising fuel and food costs combined with the removal of the £20 uplift in Universal Credit and forthcoming increase in National Insurance contributions will increase demand on advice services, including debt advice, across Wales. The Single Advice Fund means there is a framework of social welfare advice service provision across Wales targeting people most in need. Of course, Welsh Government is not the only funder of services in this area. There are opportunities for all funders of advice services in Wales, including local authorities, to coordinate their commissioning activities through engaging with their Regional Advice Network ensuring all our scarce resources are used as effectively as possible.

### **How the Welsh Government has considered the varying needs of different groups in developing debt-related policy.**

The Social Metrics Commission's report *Poverty and Covid-19*<sup>2</sup> has shown that the economic impacts of the Covid-19 pandemic are most heavily impacting those who were already in poverty prior to the crisis, including those from Black and Minority Ethnic families, disabled people, those with low qualifications, in low-skilled sectors and in part-time work. For these groups, the likelihood is that, despite the significant support provided through the course of the crisis, their experience of poverty is likely to have deepened.

Through our Third Sector Covid funding last financial year we were able to provide over £442,000 of support to organisations who self-identified as providing advice and advocacy, £1,050,000 to Black, Asian and Minority Ethnic organisations and £2,481,000 to those supporting disabled people.

Single Advice Fund providers proactively target services to groups of people who may have a greater need for advice as a result of specific characteristics. Their Advice and Access Partner service delivery model has proven to be a successful means of incorporating and using the expertise of organisations that specialise in supporting particular groups of people. In the last financial year 83% (the annual performance target is 80%) of Advicelink Cymru clients were from one of the following priority groups: Young

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<sup>2</sup> [Poverty and Covid-19](#)

People (Under 25), Older people (Over 55), Black, Asian, Ethnic Minority, Mental Health Issues/Disability, Physical Health Issue/Disability, Multiple Health Issues, and Women.

In July 2020, we launched the £10m Tenancy Hardship Grant. The grant is available for tenants who: are in eight weeks or more of rent arrears between 1 March 2020 and 30 June 2021; were not able to fully pay their rent during the period when they went into arrears, as a direct result of Covid-19; live in and hold a private rented sector tenancy in Wales; are not getting housing benefit, or housing cost payments through Universal Credit when they built up their rent arrears. The grant is available from local authorities. Tenants in serious rent arrears apply for the grant and, if successful, the grant is paid directly to the landlord, or their agent, thereby clearing any rent arrears, and removing the threat of eviction on mandatory grounds.

We know that private sector tenants are at more risk of falling into debt (and face more serious consequences). This is why through the SAF we are funding a dedicated Private Rented Sector Debt Helpline where tenants can get advice on maximising income, managing debt and receive support to negotiate with their landlords on fair repayment plans to clear rent arrears. In the event that the rent is proven to be unaffordable the advisor (with the tenant's consent) will notify the relevant local authority early, to determine what levers and tools they have available to help them to sustain the current tenancy rather than the tenant having to enter interim accommodation. This could have cost-saving benefits, and prevent further disruption for the individual.

### **The Welsh Government's approach to supporting households and individuals that fall into debt to public service organisations, and its position on public service debt recovery.**

A supportive approach to debt recovery provides a range of benefits for any organisation collecting debts. Creditors that work in partnership with the debt advice sector tend to achieve fairer outcomes, better customer engagement and sustainable repayments. Conversely, poor debt recovery practices can have a detrimental impact, disrupting people's financial circumstances which can lead to disengagement and damage to the creditor's reputation.

The *Council Tax Protocol for Wales: Good Practice in the Collection of Council Tax* was launched in January 2019. It was developed in collaboration with local government and endorsed by the Welsh Government and the WLGA. The protocol sets out a good practice approach for local authorities and debt advice agencies to ensure any action taken is proportionate, fair and consistent. It provides the basis for a more constructive relationship with council tax payers, particularly people who are struggling to pay. All local authorities agreed to implement the protocol.

The council tax enforcement process (set out in the Local Government Finance Act 1992 and the Council Tax (Administration and Enforcement) Regulations 1992) was designed to be used by local authorities to enforce payment from people with the means to pay. It does not exist to punish people for non-payment. The process also includes a number of steps which are designed to prevent the enforcement of payment from people who do not have the means to pay.



The Welsh Revenue Authority has established five key principles to underpin their debt management and enforcement policy. More widely, these principles have been adopted across Welsh Government, as set out in Welsh Tax Policy Report 2018<sup>3</sup>.

In March 2020 UK and Wales-wide taskforces were set up to monitor the level of water customers either falling behind with payments or needing assistance in the form of a social tariff. The UK Taskforce includes Ofwat, Defra, the Consumer Council for Water (CCW), Water UK (the representative body for water companies in England and Wales) and the Welsh Government.

Water companies in Wales have used a number of tools to help customers through pandemic money difficulties without increasing or generating large amounts of debt. They have set up payment breaks, payment plans, paused debt recovery action and proactively reached out to customers to head off unplanned defaults.

In May 2021 a review of social tariffs by CCW recommended a single social tariff for water to standardise the qualifying criteria and make it easier for people experiencing hardship in paying their water bill to apply for assistance. Work is underway to scope the impact of this recommendation on different groups of water customers. This is in the very early stages, however Welsh Government officials are working with the industry and stakeholders on it as a priority.

The Debt Respite Scheme commenced on 4 May 2021 with the introduction of the Breathing Space scheme. The scheme aims to help people in problem debt to better manage their finances, seek professional debt advice and reach sustainable solutions. It provides protection for people in problem debt by pausing enforcement action and freezing most charges, fees and interest on their debts for up to 60 days. Almost all kinds of debts can be included in a moratorium, including those owed to local government such as council tax debt.

The Statutory Debt Repayment Plan<sup>4</sup> (SDRP) is the second component within the Debt Respite Scheme and will enable a person in problem debt to enter a statutory agreement to repay their debts to a manageable timetable. A SDRP will normally last up to seven years and for the duration of their plan, people will receive legal protections from creditor action and a freeze on interest, charges and fees being added to their debt. As with the development of Breathing Space, officials will work closely with HM Treasury to ensure the SDRP policy is aligned to the needs of people in Wales who are struggling with problem debt.

### **The role that the Welsh Government sees for the Discretionary Assistance Fund (DAF) in supporting those most in need during the remainder of the pandemic, and how it is considering future delivery of the DAF.**

Welsh Government invested an extra £14.9m into the Discretionary Assistance Fund (DAF) to support the increasing demands on the fund during 2020/21, approximately £28.1m in total. On 2 March, we announced a further £10.5m for 2021/22 in the final budget to continue the unprecedented support we have made available to those who need it most and we forecast a full year spend of £30.7m.

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<sup>3</sup> See para 222 of Welsh Tax Policy Report 2018: <https://gov.wales/sites/default/files/publications/2018-10/welsh-tax-policy-report-2018.pdf>

<sup>4</sup> Scheduled for introduction in 2024.

In response to the Covid-19 pandemic, from 1 May 2020 we also applied greater flexibility and discretion with regard to the number and frequency of Emergency Assistance Payments (EAP) applications that clients may make where their financial predicament is exacerbated by the pandemic. This meant that the maximum number of Covid-19 related claims that a person could receive in a twelve month period increased from three to five.

In response to the UK Government's decision to withdraw the £20 per week uplift for Universal Credit claimants, we have introduced an extension of support through DAF where this is a contributing factor behind their financial difficulties. We will also provide fuel support for off-grid clients through the winter.

As previously explained, a pilot is underway where the most vulnerable individuals contacting the DAF are referred for additional advice and support to tackle underlying financial problems and raise their financial resilience, which could help reduce ongoing dependence on the fund. The learning from this pilot will inform the future operating model for the fund and how we might adapt the DAF to offer a more holistic service.

. Any such improvements to the delivery model would be built into the specification for the new contract from 1 April 2023.

We continue to scan the horizon for economic and social factors that will negatively impact on the prosperity of those in greatest need, such as the impact of the UK Government's planned rise in National Insurance contributions from 1 April 2022.

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# Agenda Item 3.1



Comisiynydd  
**Cenedlaethau'r  
Dyfodol**  
Cymru

**Future  
Generations**  
Commissioner  
for Wales

By email

5<sup>th</sup> October 2021

Dear Jenny,

I write to share some of the findings and advice which have emerged from my work in relation to equality and social justice and which may be of interest to the Committee's work during the next Senedd term. Several of my recommendations and commentaries below are relevant to other Senedd Committees, but I wanted to flag them to you too because efforts should be made across Committees to integrate respective areas of work. Better integration of policy areas will ensure collective scrutiny, the ability to identify implementation gaps and offer solutions across the Senedd's work. You can find my letters to other Committees [here](#).

I would also like to suggest to you and to other Committees a cross-cutting area, which can be looked at jointly and in collaboration by some, or ideally all, Senedd Committees: Skills for a Green Recovery. A prosperous, equal, green recovery from the impacts of COVID-19 means delivering good quality livelihoods to all, whilst supporting rapid decarbonisation and improving biodiversity. This is reliant on having the right skills and training for our population. This is an area my own team has recently explored, and you can find our latest publication [here](#).

In May 2020, I published the first ever [Future Generations Report](#), which considered the progress made by public bodies in implementing the Well-being of Future Generations Act. It also set out the actions and recommendations public bodies should adopt as they further implement the legislation. I have highlighted for the Committee below the most relevant findings of the report for your consideration (see Annex 1 for relevant recommendations). I would encourage all Committee Members to consider the report and in particular the Sections on [A More Equal Wales](#), [A Prosperous Wales](#), [A Wales of Cohesive Communities](#) and Chapter 2 on the implementation of the Well-being of Future Generations Act by [Welsh Government](#) and [public bodies](#).

Equality is a cross-cutting theme runs through most of our work and is touched upon in many other sections of the Future Generations Report, so you may also wish to look at the full [executive summary](#) of the report.

I would suggest you consider the [upcoming second iteration of the Future Trends Report](#), which will be published later this year by Welsh Government. Annex 2 below provides you with some of the relevant future trends which could impact the Committee's remit.

I would also advise all Committees to consider how their chosen priority areas align with the objectives and steps within the published [Programme for government](#).

Importantly, in September, I will also be publishing a report on future trends specifically related to inequalities, which will be of interest to the Committee. While this work has not been published yet, I have included some of the findings from that report below.

My team and I would be happy to meet with Committee Members or clerks to discuss this further, if you think that would be useful.

## Equality and Social Justice

Equality is everyone's issue. Despite progress in some areas, such as increases in employment, a narrowing of educational attainment gaps for some, and an increase in levels of political participation, we still see levels of inequality that are unacceptable in the 21st century. There is a lot still to do in Wales to ensure everyone is free from discrimination and can enjoy their basic human rights.

COVID-19 showed how existing structural inequalities led to an uneven distribution of suffering in terms of illness, poverty, unemployment, poor housing, and access to green space.

These inequalities need to be addressed urgently in an integrated and holistic way to avoid exacerbating existing inequalities and ensure that Wales' vision for A More Equal Wales is achieved. You can find the actions I propose Welsh Government needs to take in order to do this in Annexe 1.

The findings that emerged through the Future Generations Report and my subsequent work include:

- Patterns of poverty have not changed significantly over generations - more work needs to be done to develop thinking beyond well-the economic and social elements of poverty.
- Employment in Wales has risen in recent years, but there are still unacceptable inequalities for many groups of people.
- Our perceptions of 'poverty' must shift. While the unemployment rate in Wales remains at historically low levels, over half the people living in poverty in Wales today are in work.
- The COVID-19 pandemic has highlighted entrenched labour market inequalities, particularly for young people, disabled people, women and minority ethnic people.
- Welsh Government should explore opportunities to pilot a four-day working week, aligned with a universal basic income, building on evidence gathered from pilots in other countries as a way to address current and future inequalities.
- Further work is needed to ensure our decision makers share the characteristics of the people they are making decisions for.
- Violence Against Women remains a significant and persistent challenge despite an increased focus and introduction of specific legislation.
- Digital connectivity has the potential to transform the rural economy, helping people and communities in rural areas address some of the key challenges they face.
- Over 60,000 jobs could be created in the green economy by 2022 with infrastructure investment. However, the current skills pipeline is not prepared for this demand and without an intervention the same labour inequalities that exist now will be reproduced in the 'green' and digital economy.
- The poorest and most marginalised populations are least responsible for the production of greenhouse gases and are a) the most likely to be exposed to its negative effects, b) more susceptible to damage, and c) have the least resources to respond, cope and recover.

Based on my existing advice and work, I would encourage the Committee to consider focusing their work on equality around the following themes:

- **Tackling poverty and socio-economic disadvantage**
- **Our ageing population**
- **Public bodies identifying and mitigating the equality impacts of climate change**
- **Fair work: ensuring equal access to decent jobs, recognising everyone's value**
- **Participation: Giving people equal opportunities to participate in decision making, to enable equal outcomes**
- **Educational opportunities: Enabling people to develop the skills and knowledge to be fulfilled**
- **Equality of health outcomes: understanding the causes and effects of health inequalities**

More detail and advice in relation to equality can be found in the Sections on [A More Equal Wales](#), [A Prosperous Wales](#), [Skills for the Future](#) and [Decarbonisation](#) in the Future Generations Report; my recent analysis of Skills, [Skills through Crisis: Upskilling and \(Re\)Training for a Green Recovery in Wales](#); my paper, '[A Fit For the Future Programme for Government](#)'; and my recent report on financing a national retrofit programme, [Homes fit for the Future](#).

### **Cohesive Communities**

In relation to cohesive communities, my advice, findings and recommendations can be found in the Sections on [A Wales of Cohesive Communities](#) in the Future Generations Report.

My findings include:

- Public bodies and Public Services Boards should ensure they are embedding a culture of meaningful involvement, enabling communities to inform and shape local decisions.
- Public bodies and Public Services Boards need to consider mobility solutions that benefit community cohesiveness, health, equality and the environment.
- Public bodies recognise the importance of good quality housing on people's well-being but are not considering the longer-term trends.
- Loneliness is a national crisis and is being increasingly recognised by public bodies in their wellbeing objectives and steps.
- Access to key well-being services in communities is unequal across Wales.
- More public bodies are recognising that access to green and blue spaces can have a positive influence on community health and well-being.
- Economic growth has become unbalanced, and many communities across Wales are being left behind.
- Digital connectivity has the potential to transform the rural economy, helping people and communities in rural areas address.
- There is little demonstration of how public bodies understand the diverse nature of their rural communities.

**Based on my existing advice and work, I would encourage the Committee to consider focusing their work on cohesive communities around the following themes:**

- **Creating the conditions where people and communities can do the things that matter to them**
- **Supporting communities to be well-connected and safe**
- **Ensuring everyone has access to key services**
- **Valuing the role and potential community anchor organisations can play in building cohesive communities**
- **Greener town and city centres for people and wildlife**
- **Working with the creative and cultural sector to support the regeneration of towns and cities**
- **Capitalising on the increase in remote working during the pandemic to repurpose buildings in village, town and city centres to support cross-sector shared working spaces, housing and other uses that benefit people, communities and well-being**

### **The Implementation of the Well-being of Future Generations Act**

In relation to the implementation of the Act, my advice, findings and recommendations can be found in [Chapter 2 of the Future Generations Report](#) and the report I published following my first round of Monitoring and Assessing the extent to which public bodies are meeting their well-being objectives, [Progress towards the Well-being of Future Generations Act](#). In November 2020, I also wrote a [letter to the Public Accounts Committee](#) outlining the barriers to the implementation of the Act. In March 2020, the Public Accounts Committee produced a [report](#) with their findings on the barriers to the implementation of the Act, which will also be of interest to you.

My findings include:

- The Act is bringing about some excellent innovation. I am seeing a growing movement of change, with people daring to deliver differently to improve economic, cultural, social and environmental well-being.
- The early years of the Act required significant focus on process and on building relationships, but attention is now turning to action. Most public bodies are making progress on implementing the Act but in different ways. In the next phase, they need to apply the Act across all of its aspirations and legal requirements.
- There is an implementation gap between the aspiration set out by Welsh Government in policy and legislation and their commitment to delivery on the ground.
- The short-term funding cycles, corporate planning requirements and performance management requirements set by Welsh Government for public bodies are a barrier to long-term thinking and are often driving the wrong behaviours.
- More needs to be done to ensure grant funding and core funding criteria incentivise and encourage the application of the Act.
- The corporate areas of change (i.e. corporate planning, financial planning, workforce planning, procurement, assets, risk management and performance management) outlined in the Act are potential levers to drive change, but public bodies must make better use of them.
- Performance and regulatory frameworks drive progress and change in the wrong areas.
- Welsh Government finance and budgeting structures based on main expenditure groups, linked to individual ministerial portfolios, are not integrated.

- More needs to be done by Government to demonstrate a cross-government, coherent and evidence-based approach to prevention

Many of these findings demonstrate that implementation of the Act cannot be restricted to the remit of just one Senedd Committee, given the Act should apply to both what Welsh Government and the other public bodies across Wales do and how they do it.

**I would encourage the Committee to carefully consider these findings and use them to inform their priorities and work in relation to the Well-being of Future Generations Act in the next Senedd term.**

You may also be interested in some of the case studies of good practice that I have been collecting, which are available [here](#).

Once again, I would like to thank the Committee for the opportunity to feed into their priorities for the next Senedd terms. Should you wish to discuss any of the above points in more detail, please do not hesitate to contact my team at [ContactUs@futuregenerations.wales](mailto:ContactUs@futuregenerations.wales).

Yours sincerely,



Sophie Howe

Future Generations Commissioner for Wales



## Annexe 1

### Relevant Recommendations from the Future Generations Report 2020

#### A More Equal Wales

#### Key Recommendation

Welsh Government should consider how it can respond to future trends (such as increasing automation, our ageing population and climate change) in ways that reduce inequalities rather than perpetuating them.

#### Policy Recommendations

Welsh Government should:

- Implement the recommendations of the Gender Equality Review with a particular focus on the implications of future trends as well as current challenges.
- Ensure that it is using levers such as the Public Sector Equality Duty; socio-economic duty and the Social Partnerships (Wales) Bill, in ways that align to the requirements of The Well-being of Future Generations (Wales) Act 2015 - particularly setting, delivering and reporting on well-being objectives.
- Take bold steps to tackle the inequalities experienced by Black, Asian and minority ethnic communities in Wales - including through a Race Equality Strategy.
- Set challenging targets for public sector recruitment, ensuring people with diverse characteristics are visibly represented in government at all levels. This approach should recognise the importance of lived experience of disadvantage as a valid recruitment criteria. A Real Life Fast Track should be introduced as part of government recruitment. (See Chapter 2 recommendation on the 'Real Life Fast Fast Track'.
- Ensure that the new school curriculum in Wales adequately equips children to become ethical informed citizens of a diverse Wales; especially in the context of the apparent growth in hate crime exacerbated by Brexit.
- Ensure that it uses every lever available to reduce inequalities and end poverty in Wales, maximising opportunities across all of the well-being goals.

#### Process Recommendations:

In their day to day actions Welsh Government should stop:

- Focusing efforts to tackle poverty and reduce inequality largely in the space of economic and social interventions, missing opportunities to take a more holistic approach that contributes to all of the well-being goals.
- Approaches to apprenticeships, mentoring, work shadowing and paid internship/work placement programmes which do not seek to tackle under-representation of certain groups.

In their day to day actions Welsh Government should start:

- Using future trends research and futures techniques to plan how to reduce poverty and inequalities for future generations.
- Using the definition of prevention to ensure that the overall approach to ending poverty and reducing inequality shifts to preventative approaches, as well as supporting people experiencing disadvantage.

- Better aligning key levers to tackle poverty and inequalities to the requirements of The Well-being of Future Generations (Wales) Act 2015.
- Requiring all recipients of government funding to provide equality, diversity and unconscious bias training to its senior and public facing workforce.
- Seeking to reduce inequalities by involving people in the 'story behind the data' and collaborating with others.
- Addressing the recommendations contained in Audit Wales' report: 'Progress in Implementing the Violence Against Women Domestic Abuse and Sexual Violence' Act.

## A Wales of Cohesive Communities

### Key Recommendation

Welsh Government should seek to adopt a placemaking approach for community programmes, facilities and services aligned to the placemaking principles contained within Planning Policy Wales.

### Policy Recommendations

Welsh Government should:

- Support the establishment of two or three pilot landscape-scale, community stewardship projects, building on the lessons learned from the Skyline project.
- Ensure everyone in Wales has access to reliable digital and internet connectivity; and work with business and voluntary organisations to help achieve this.
- Ensure its loneliness strategy is identifying how it can make a contributing to meet its well-being objectives and Wales' well-being goals.
- Support public bodies to work better together to plan, prepare and shift their activity and resources towards prevention; to help tackle crime and anti-social behaviour.
- Support public bodies to deliver a more integrated approach to service delivery in rural areas.
- Require applications for the community facilities programme to demonstrate how they will contribute to local well-being objectives.
- Ensure the socio-economic duty aligns to The Well-being of Future Generations (Wales) Act 2015.
- Set standards to ensure people can access biodiverse green spaces within 300 metres of their home.
- Commit to introducing the 20 minute neighbourhood concept for all towns and cities in Wales; creating healthier, happier communities fit for a zero-carbon future. This means strong, well connected neighbourhoods where people live within a 20 minute walking distance of key everyday services, and prioritising mix-type development which combines housing, transport links, public services, workplaces and recreational facilities.

### Process Recommendations:

In their day to day actions Welsh Government should stop:

- Funding fragmented programmes that expect results within short term timescales.
- Focusing on perceived weaknesses in communities and ignoring their strengths.

- Considering community ownership and management of assets as only possible when public bodies can no longer afford them.
- Working in silos and isolation; failing to see the connections across government departments in order to support communities

In their day to day actions Welsh Government should start:

- Analysing the provision of and access to nature by socio-economic disadvantage, particularly in respect of funding programmes.
- Taking 'placebased' approaches in communities.
- Creating the conditions to help communities do what matters to them.
- Taking partnership working beyond 'dealing with' problems in communities towards preventing problems in communities.

## A Prosperous Wales

### Policy Recommendations:

Welsh Government should:

- Ensure everyone in Wales has access to reliable digital and internet connectivity; and work with businesses, voluntary organisations and communities to help achieve this.
- Adopt a whole government approach and work collectively with businesses, trade unions, the voluntary sector, communities and people across Wales to implement a low carbon society for current and future generations that leaves no one behind.
- Explore opportunities to pilot a four day working week, aligned with universal basic income, building on evidence gathered from pilots in other countries.

### Process Recommendations:

In their day to day actions Welsh Government should start:

- Support local initiatives on stewardship of land and renewable energy, to help Wales' transition to a low carbon society and bring a wide range of benefits to local communities.

You may also find the recommendations in relation to leadership and cultural change in Welsh Government and Public Bodies of interest. You can find these recommendations [here](#) and [here](#).

## Annexe 2

### Future Trends to Watch

#### Current Trends

- Since 1994 poverty has only decreased slightly [from 27% of the population to 24%](#).
- Poverty in Wales generally has been [higher than in any other area of the UK](#) for the past 20 years.
- Children are the most likely to be in relative poverty ([29% of children compared to 19% of pensioners](#)).
- The pandemic has increased existing inequalities - nationally, the unemployment rate has reached [8.5% for BAME workers compared to 4.5% for white workers](#).
- Employability and skills programmes have experienced [reduced funding](#). In line with industrial trends, they have been targeted towards sectors of today rather than sectors of tomorrow.
- [63% of those newly unemployed in the UK in 2020-21 are under 25](#). Approximately 26,802 young people were unemployed in Wales as of Dec 2020.
- The proportion of women who provide unpaid care increases steadily with age, peaking in women's 50s and early 60s when [more than a quarter of women \(26%\) provide unpaid care](#).
- The number of hate crimes [doubled between 2012-13 and 2018-19](#), with race, sexual orientation, disability and religion judged to be motivating factors. Race has the highest prevalence as a motivating factor with 68% of hate crimes in 2017-18 being motivated by race.
- Records of domestic violence are increasing. In 2020, the police recorded 758,941 domestic abuse-related crimes in England and Wales - [an increase of 9% from the previous year](#) and [27% from 2018](#).
- The number of people living alone and without family members is increasing. People aged 65 and over now make up 45% of single person households.
- [141 countries are exposed](#) to at least one ecological threat between now and 2050. The 19 countries with the highest number of threats have a population of 2.1 billion people.
- [One in seven adults in Scotland and Wales are experiencing data poverty](#): Nearly a million adults in Scotland and Wales struggle to afford sufficient, private and secure access to the internet.

#### Future Predictions:

- The Chief Economist says unemployment in Wales could peak at around [114,000 people in 2021](#) - double pre-crisis level of 55,000.
- The [future of work](#) could see a shift in demand away from office support positions, machine operators, and other low-skill professions - towards technology professionals such as 'computer engineers' and 'information communication technology specialists'.
- An estimated [1.2 billion people are at risk of displacement by 2050](#).
- The population is expected to continue to grow and then fall as we move to 2050, although this may be slowed by improvements in life expectancy.
- Social and health care costs will increase. Projections for an ageing workforce mean that there will be proportionately more people of pension age for every person of working age compared to now.

Our ref JH/3178/21

Sophie Howe  
Future Generations Commissioner for Wales  
commissioner@futuregenerations.wales

8 October 2021

Dear Sophie,

### **Response to Future Generations Report 2020**

I want to thank you for your ongoing work in helping the Welsh Government implement the Well-being of Future Generations (Wales) Act 2015 (WFG Act) in Wales. I am writing to you to conclude the Welsh Government's response to the Future Generations Report 2020. In addition to this letter, I am writing to the Auditor General for Wales on the Welsh Government's response to the Auditor's report, and the Welsh Government's response to the Public Accounts Committee's (5<sup>th</sup> Senedd) 2021 report has been published. Our response to the Committee outlines our commitments to strengthen the application of the WFG Act in Government, public bodies, and Public Services Boards. We will continue to work with you and your team on accelerating the implementation of the WFG Act over this Government term.

In this context I want to re-confirm our approach to engaging with the Future Generations Report. In October 2020, the First Minister outlined in a letter that the Welsh Government's response to the report would not be a standalone line-by-line commentary, as this would not give way for meaningful engagement in the challenges, improvements, and opportunities the report identifies. Our response situates our engagement with the report, which is published once every five years, as part of our existing action to embed and improve the implementation of the WFG Act. Ministers will continue to engage with you on portfolio matters relevant to the continued application of the WFG Act.

The Welsh Government continues to provide leadership on the WFG agenda and recognise our role as custodians of the legislation. We have brought public bodies together to discuss how we take forward our sustainable development ambitions for Wales through the Well-being of Future Generations National Stakeholder Forum and delivered several engagement events linked to the implementation of the Act.

I plan to meet members of the Forum shortly to discuss how Welsh Government will continue to provide leadership in the national implementation of the Act and how we can

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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.

take forward specific actions in collaboration with the forum and bring these actions together in a plan for this government term.

We have also recently published a consultation on Wales' national milestones and indicators so that we deliver on my commitment to publish the first national milestones, update the indicators, and publish the Future Trends Report by December 2021. Our work to bring the milestones, indicators and future trends together under Shaping Wales' Future provides an opportunity to engage the people of Wales in the future of Wales and improve understanding and awareness of the Act. This is an area which I expect the Forum to look at in the coming months to complement your work in promoting the WFG Act.

I am also pleased that Welsh Government will be sending participants to be part of the next cohort of the Future Generations Leadership Academy. Having met participants of the first cohort I am confident that the Academy is helping equip people across Wales with the skills, confidence and enthusiasm to champion the values and ethos of the Act. I look forward to meeting the next cohort of the Academy in the coming months.

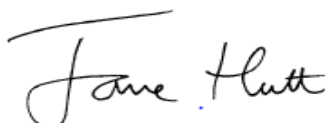
The WFG Act is driving positive changes to policies, processes and culture in organisations across Wales. We will continue to lead this agenda through our international efforts, and deliver on our well-being objective to give Wales the strongest possible presence on the world stage. The recent publication of the Elsevier report shows how Wales is contributing to the progress of the UN's Sustainable Development Goals through research. Our continued and active membership of international networks such as Regions4SD and the Wellbeing Economy Government network will ensure Wales stays at the forefront of activities to leave a positive legacy for future generations. We are grateful for your efforts in showcasing Wales' distinctive approach and making the case for others to follow our lead.

This Welsh Government has put tackling the climate and nature emergencies at the heart of everything it does. Our Programme for Government outlines the ambitious set of commitments Welsh Ministers intend to deliver over this Senedd term and ensures people in Wales can see their democratic voice reflected in our actions. Publishing our well-being objectives as part of the Programme demonstrates the central role of the WFG Act in our thinking and policymaking. The Programme also builds on the Welsh values of community, equality, and social justice to make our communities kinder, more connected, and stronger.

I am copying this letter to the Chair of the Equality and Social Justice Committee.

In Wales, we have opportunity to build a stronger, fairer, greener country. The Welsh Government continues to be steadfast in its commitment to sustainable development, and I look forward to delivering on our agenda this term to create a Wales we can be proud to hand on to future generations.

Yours,



**Jane Hutt AS/MS**

Y Gweinidog Cyfiawnder Cymdeithasol  
Minister for Social Justice

Cc: First Minister, Minister for Finance & Local Government, Chair of Equality & Social Justice Committee

October 13 2021

Chair of Equality and Social Justice Committee

Senedd

Cardiff Bay

CF99 1SN

Dear Jenny Rathbone MS

**RE: Debt and the Pandemic**

I am writing to you to outline some of the evidence and concerns around debt and the pandemic for the small business, sole traders and self-employed.

In December 2020, FSB published a comprehensive analysis of debt in small businesses as a result of the pandemic in our 'A Fighting Chance' report. We have continued to collect evidence on this vital issue, and in our our last survey (June 2021) we found the following:

- Approximately 60% of UK small businesses currently have some form of debt
- 37% of UK small businesses with debt considered it unmanageable (34% in Wales)
- Applications for finance have soared in light of the emergency schemes – in normal times about one in seven firms would apply for finance, now it's close to one in three.
- Debt in the Hospitality sector is a huge issue after the pandemic – those carrying some form of debt has risen from 59% pre-COVID to 77% post-COVID.
- Hospitality and tourism small businesses are at the heart of their communities. 22% offer shared community spaces. At the beginning of the pandemic, 33% had donated to local food banks, 26% had carried out a broader community role, and 12% had provided free services or accommodation to key workers.

One concern with the BBLs and CBILs schemes was that they would cement the dominance of the 'big five' banks where small business finance is concerned. It seems that this has at least in part been realised. Applications for traditional loans/overdrafts are up, and applications for asset finance and peer-to-peer (P2P) lending facilities are down.

Small businesses that did not hold an account with the main high street lenders were at first unable to secure loans – this will likely create a situation where businesses feel they need a high street account (even if primarily unused) in case of another crisis.

The danger is that this trend serves to undermine years of work to diversify the SME finance market. The hope is that, amid established lender reluctance to take on any more small business customers and debt, alternative

lenders and investors step in to provide the recovery and start-up finance many will be seeking as the economy bounces back.

There have been some reports of banks withdrawing elements of businesses' finance at short notice, like overdraft facilities. It is a concern that the increases in debt will place a further squeeze on access to finance for small businesses as a sector as a whole (including those not actually with debt pressures), placing a squeeze on the entrepreneurial activity vital for recovery in our communities. It is also likely that there is a greater issue of debt burdens in areas of multiple deprivation, and as such these impacts, coupled with the relative fewer banking facilities in some communities, will be felt disproportionately on individuals and businesses in poorer areas of Wales.

As such, it is important that access to affordable finance is available, and the use of mechanisms such as 'pay as you grow' to pay over the longer term are utilised effectively. Welsh Government should work with UK Government to ensure pressure is put on the big banks, as well as to work towards building a diversified pool of lenders in the market. The role of the Development Bank of Wales to fill any market failure in this regard should be explored in this changing context in ensuring low interest loans as needed.

FSB have looked at options such as a 'shares for debt recovery plan' through employee shares (<https://www.fsb.org.uk/resources-page/a-shares-for-debt-recovery-plan-may-2021.html>), and this may be a means for institutions such as Development Bank of Wales to explore as options, in particular as it dovetails with wider issues of SMEs' succession planning in the longer run.

It is also important that confidence is retained and access to finance is accessible to ensure new business activity is encouraged.

Given that many small businesses don't often have business accounts, any business debt for them is also personal debt. Equally, collateral for debt can sometimes be personal assets such as houses, leaving many small business owners particularly vulnerable. Given the interrelation of personal and business debt in these particular sectors (especially microbusinesses and self-employed), small business debt will place additional pressure on services accordingly.

While not specifically on debt, we asked questions on self-employment in our survey for the FSB Wales report 'What We Value', that provide a useful context for discussions on debt and access to finance, and strategies needing to be in place to address this sector specifically. We found the following:

- 3 out of 5 small business owners (62%) are in agreement that the current situation with Covid-19 makes self-employment less attractive, while only one fifth (20%) disagree.
- Only 20% of respondents agreed that 'The Welsh Government values the achievements of those that run their own business'.
- 62% believe that Self-employed are treated less favourably than larger business and 68% disagreed with the statement 'Self-employed people have largely the same rights and protections as those that are employed'.
- This suggests that there is a need to look deeper into the Fair Work Wales Commission's recommendations on looking at self-employment and fair work, with which there has been a relatively low level of engagement with Welsh businesses





Arbenigwyr mewn Busnes  
Experts in Business

- The Covid-19 funding, while welcome, illustrated the lack of flexibility available to government when dealing with self-employment, and better response in support for self-employed in future (including debt and finance) should form part of any self-employment strategy
- Together these figures point to a need for priority for Welsh Government to provide a Self-employment strategy as a matter of urgency, along with exploring whether there is a need for more support for self-employed and incentives for start-ups as an area of particular need.
- Despite all this, 58% agreed with the statement that 'Self-employment is an attractive way to make a living', with only 14% disagreeing. This shows that there is a potential to harness self-employment as a means toward entrepreneurial activity that can aid recovery.

Debt and the pandemic will continue to be a key area of work for FSB. The equality and social aspects of debt and the pandemic are inextricably linked to the economy, and will impact on entrepreneurship in the future. As such, addressing these issues is vital to build economic capacity for recovery.

I hope that this evidence is useful to committee members and will be taken into account in your inquiry.

Diolch yn fawr.

Yours sincerely,

**Dr Llyr ap Gareth**  
**Head of Policy**  
**Federation of Small Businesses Wales**

# Agenda Item 6

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

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