WELSH GOVERNMENT RESPONSE to Recommendations from the Equalities, Local Government and Communities Committee: Scrutiny of the Welsh Government Draft Budget 2019-20

JANUARY 2019

The Welsh Government Draft Budget 2019-20 was scrutinised by the ELGC committee on 15 November 2018. Following on the ELGC committee has completed a report containing four recommendations. This paper is the Government’s formal response to those recommendations.

Housing and Local Government MEG

**Recommendation 1**

We recommend that the Welsh Government clarifies whether the additional money allocated meets the needs of local authorities to provide for the increase in teachers’ pay.

**Response: Accept**

An additional £21.8m over two years (£8.1m in 2018-19 and £13.7m in 2019-20) was allocated alongside the outline draft Budget to support the school teachers’ pay award for years nursery to year 11. The funding for 2018-19 will be directed through a specific grant to local authorities while the funding for 2019-20 will be allocated through the Revenue Support Grant.

Additional funding for teachers’ pay of £1.705m over two years (£0.631m in 2018-19 and £1.074m in 2019-20) was also allocated for teachers’ pay in sixth forms through the Education MEG.

This funding meets the difference between the teachers’ pay award announced by the DfE and the cost of 1% pay award, which local authorities and schools should have planned for under the previous public sector pay cap.

As part of the additional funding package for local government announced on 20 November an extra £7.5m in each of 2018-19 and 2019-20 was allocated. These one-off payments are intended to alleviate some of the budgetary pressures being faced due to the UK Government’s austerity agenda. Specifically, this funding is intended to help alleviate the immediate remaining pressures associated with implementing the 2018-19 teachers’ pay award and allow local authorities some flexibility when planning for 2019-20.

As part of the additional funding package for local government, we have also written jointly with the WLGA to the Chancellor to repeat our calls for the UK Government to...
fully fund the increased costs to employers associated with changes to pensions. We have not received a reply to date.

**Recommendation 2**
We recommend that the Welsh Government considers what alternative arrangements would be needed if the UK Government does not provide additional funding for teachers’ pension contributions

**Response: Accept**

Our firm stance is that the Autumn Budget was a missed opportunity by the UK Government to provide clarity on its pension changes. The UK Government has taken the decision unilaterally to introduce these changes and is responsible for ensuring they are fully funded in line with the principles in the Statement of Funding Policy.

As a responsible Government we continue to consider the budgetary position in respect of continued uncertainty, alongside other known pressures, and of course, the contingency management for any currently unknown budget risks.

**Recommendation 3**
We recommend that the Welsh Government provides a framework for local government and health boards to help improve the pooling of budgets so that seamless services are delivered.

**Response: Reject**

The Social Services and Well-being (Wales) Act 2014 provides Welsh Ministers with powers to ensure appropriate structures and resources are in place to enable the provision of integrated care and support services. Regulations provide for the establishment of seven regional partnership bringing together social services, health, the third sector and other partners boards on the health board footprint.

A Healthier Wales makes clear the expectation on regional partnership boards to drive the delivery of seamless services.

Regulations also set out requirements for partners to establish and maintain pooled funds in relation to their care home accommodation functions by April 2018. This will significantly support integrated commission arrangements and allow partners to focus on improved quality as well securing better value for money.
The Welsh Government has asked the Association of Directors of Social Services Cymru to develop a range of tools to support regional partnerships in the practical management of regional pooled funds.

A consultation recently took place on amendments to the requirements for regional partnership boards. Amendment regulations will seek to provide additional clarity on the need for single regional pooled funds. The Welsh Government is in the process of considering its response to the issues raised through that consultation.

This requirement commenced in April 2018.

**Recommendation 4**

We recommend that the Welsh Government makes a commitment to provide, as a minimum, similar levels of funding in future budget rounds specifically to prevent, combat and ultimately eradicate youth homelessness.

**Response: Reject**

All budgets are set and reviewed on an annual basis and the homelessness budget is no exception. No young person should be without a home, and we are committed to our goal of preventing youth homelessness by 2027. A whole Government approach is required to address the issue and as such a cross portfolio and cross sector Task and Finish Group was established earlier this year, to provide strategic oversight to drive forward this agenda into the future.