Welsh Government

Draft Budget 2020-21

Ministers' written evidence to Assembly scrutiny committees on allocations within each MEG

January 2020
Index

The Deputy Minister for Culture, Sport and Tourism's Budget evidence paper to the Culture, Welsh Language and Communications Committee

The Education Minister's Budget evidence paper to the Children, Young People and Education Committee

The International Relations and Welsh Language Minister's Budget evidence paper to the Culture, Welsh Language and Communications Committee

The Health Ministers' Budget evidence paper to the Children, Young People and Education Committee

The Housing and Local Government Minister’s Budget evidence paper to the Equality, Local Government and Communities Committee

The Economy and Transport Minister’s evidence paper for the Enterprise, Infrastructure and Skills Committee

The Deputy Minister and Chief Whip's Budget evidence paper to the Equality, Local Government and Communities Committee

The Deputy Minister for Culture, Sport and Tourism's Budget evidence paper to the Health, Social Care and Sport Committee

The Health Minister’s Budget evidence paper to the Health, Social Care and Sport Committee

The Environment Minister’s Budget evidence paper to the Climate Change, Environment and Rural Affairs Committee

The Economy & Transport Minister's Budget evidence paper to the Climate Change, Environment and Rural Affairs Committee
1.0 Introduction

This paper provides information to the Committee regarding my spending plans as the Deputy Minister for Culture, Sport and Tourism – in respect of the Culture and Heritage budgets within my portfolio, as set out in the detailed Draft Budget published on 16 December 2019. It also provides an update on specific areas of interest to the Committee.

Culture and Heritage enriches lives and connects us to the world. Our current vision for culture has been shaped by the Well-being of Future Generations Act, and Prosperity for All. The strategic priorities are set out in Priorities for the Historic Environment and Light Springs Through the Dark, which we intend to revise in 2020 to ensure they are up to date and in line with wider government priorities and remain responsive to current challenges. Culture is also central to the new strategy for tourism Welcome to Wales: Priorities for the Visitor Economy 2020-25 due to be launched in the New Year. In line with the Well-being of Future Generations Act, the 2020-21 plan has also been shaped by the eight cross-cutting priority areas. Culture and heritage resources makes a significant contribution particularly for early years, skills and employability, better mental health and poverty.

Our culture teams (Cadw, Museums, Arts, Archives and Libraries) support our delivery partners – the Arts Council of Wales, National Museum of Wales, the National Library of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales - who between them reach a huge audience in Wales and internationally.

Wales loves culture. Thousands of people have benefited from free entry to our national museums. The National Museum of Wales is the largest provider of education outside the classroom in Wales – over 180,000 school students enjoy education activities each year. Through Cadw, the Welsh Government also delivers services directly to the public. Each year over 2.4 million people visit the 130 monuments in state care, whilst Cadw also supports 35,500 owners and occupiers who care for historic buildings and sites across Wales.

The music and literature of Wales and our iconic castles shape our identity and tell the story of Wales to the world. Libraries, museums, archives,
heritage sites and arts venues across Wales enable thousands to enjoy and engage with our culture.

As well as being important in its own right, our culture protects and enhances our quality of life. Culture creates jobs in heritage, traditional building construction and repair, and the arts. Our cultural attractions help sustain the 11,500 businesses in the tourism industry, and arts in Wales power our Creative Industries. Our culture is central to the Wales brand and promoting Wales internationally through the emerging new International Strategy.

Culture also brings society together. Volunteering at a museum, library, archive, arts initiative or heritage site can help people gain new skills and friends, and even the confidence to apply for jobs. Digital volunteers across Wales are helping to save our heritage through the Cynefin initiative.

2.0 **Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**

2.1 **Summary of Budget Changes**

The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital. **Annex A** provides a detailed breakdown of the Draft Budget figures by Action, and by Budget Expenditure Line (BEL) within each Action.

An overview of the Draft Resource and Capital budget allocations for Culture and Heritage (including Annually Managed Expenditure (AME)) are summarised in **Tables 1 and 2** below.

**Resource Budget**

**TABLE 1: OVERVIEW OF RESOURCE BUDGET (Including AME)**

<table>
<thead>
<tr>
<th>Culture &amp; Heritage</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustment £'000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for Culture and the Arts</td>
<td>67,594</td>
<td>(27)</td>
<td>67,567</td>
<td>2,492</td>
<td>70,059</td>
</tr>
<tr>
<td>Media and Publishing</td>
<td>3,649</td>
<td>0</td>
<td>3,649</td>
<td>81</td>
<td>3,730</td>
</tr>
<tr>
<td>Support for the Historic Environment</td>
<td>13,517</td>
<td>0</td>
<td>13,517</td>
<td>1,252</td>
<td>14,769</td>
</tr>
<tr>
<td><strong>Total Resource</strong></td>
<td><strong>84,760</strong></td>
<td><strong>(27)</strong></td>
<td><strong>84,733</strong></td>
<td><strong>3,825</strong></td>
<td><strong>88,558</strong></td>
</tr>
<tr>
<td>Museums &amp; Libraries Pension</td>
<td>3,013</td>
<td>0</td>
<td>3,013</td>
<td>0</td>
<td>3,013</td>
</tr>
<tr>
<td><strong>Total AME</strong></td>
<td><strong>3,013</strong></td>
<td></td>
<td><strong>3,013</strong></td>
<td></td>
<td><strong>3,013</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>87,773</strong></td>
<td><strong>(27)</strong></td>
<td><strong>87,746</strong></td>
<td><strong>3,825</strong></td>
<td><strong>91,571</strong></td>
</tr>
</tbody>
</table>
Baseline Adjustments:
There is a reduction of £0.027m in respect of non-recurrent funding in 2019-20 from the Department for Culture, Media and Sport for the Lloyd George Museum.

Additional allocations:
- Additional funding of £1.525m with a 2.2% increase for each of the bodies funded within the portfolio (Arts Council of Wales, National Museums of Wales, National Library of Wales, Royal Commission on the Ancient and Historic Monuments of Wales, Books Council of Wales and the National Botanic Garden of Wales) to support pay and pension requirements in some of the bodies, and to provide additional funding for their sectors;
- Additional non-cash budget of £2.205m to cover additional depreciation charges in Cadw and the National Museums - (Note that the Cadw near cash budget remains flat and that pay increases will need to be funded from the increased income stream which remains strong); and
- An additional £0.095m for the National Library of Wales reprioritised from the wider portfolio to cover the costs of the occupation of part of their building by the Royal Commission.

Annually Managed Expenditure
Annually Managed Expenditure (AME) budgets of £3.013m supports provision for any pension charges which may be necessary in respect of the pension schemes of the National Museum of Wales (budget of £2.391m), and the National Library of Wales (budget of £0.622m).

Capital Budget

TABLE 2: OVERVIEW OF CAPITAL BUDGET

<table>
<thead>
<tr>
<th>Culture &amp; Heritage</th>
<th>2019-20 First Supp Budget £'000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for Culture and the Arts</td>
<td>7,674</td>
<td>4,051</td>
<td>10,765</td>
<td>14,816</td>
</tr>
<tr>
<td>Media and Publishing</td>
<td>30</td>
<td>30</td>
<td>750</td>
<td>780</td>
</tr>
<tr>
<td>Support for the Historic Environment</td>
<td>5,470</td>
<td>8,841</td>
<td>100</td>
<td>8,941</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,174</td>
<td>12,922</td>
<td>11,615</td>
<td>24,537</td>
</tr>
</tbody>
</table>
Significant additional allocations of £11.615m will support our ambitions for long term investment in culture and heritage and summarised as follows:

**TABLE 4: CAPITAL INVESTMENTS**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>£’000</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Museum</td>
<td>2,500</td>
<td>Capital maintenance</td>
</tr>
<tr>
<td></td>
<td>350</td>
<td>Customer relationship management system</td>
</tr>
<tr>
<td>National Library</td>
<td>2,115</td>
<td>Capital maintenance</td>
</tr>
<tr>
<td></td>
<td>400</td>
<td>IT system &amp; servers</td>
</tr>
<tr>
<td>Creative Wales</td>
<td>5,000</td>
<td>Film production and other investment in creative industries</td>
</tr>
<tr>
<td>Arts Council of Wales</td>
<td>400</td>
<td>Investment in arts projects (including Robert Owen Commemoration Project)</td>
</tr>
<tr>
<td>Books Council of Wales</td>
<td>750</td>
<td>New integrated IT and distribution operating system</td>
</tr>
<tr>
<td>National Botanic Garden of Wales</td>
<td>100</td>
<td>Maintenance and energy efficiency funding</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11,615</strong></td>
<td></td>
</tr>
</tbody>
</table>

2.2 Final out-turns for the 2018-19

Final out-turn figures for 2018-19 were broadly in line with budget. Some underspends across the International Relations and Welsh Language MEG, totalling some £0.7m, were reallocated to sponsored bodies in order to help fund the cost of pay settlements.

2.3 Forecast out-turn figures for 2019-20

Forecast out-turn figures for 2019-20 are in line with budgets.

3.0 Response to Specific Information Requested by the Committee

3.1 Information on how the delivery of the Arts, Culture and Heritage portfolio and their associated outcomes are monitored and evaluated to demonstrate value for money.

Key priorities for each Partner Organisation are set out in their Remit Letters, which they use as a basis for their Operational Plans and key performance indicators. My officials monitor progress against these plans at Quarterly Monitoring meetings and other meetings as necessary.
3.2 Details of specific policies or programmes within the relevant MEGs (relevant to Arts, Culture and Heritage) that are intended to be preventative and how the value for money and costs benefits of such programmes are evaluated.

**Poverty: The Fusion Programme**

Arts, culture and heritage play a role in preventing poverty. Participating in cultural activities (such as volunteering at a museum or playing music) can boost skills, self-esteem, learning and aspiration, particularly in areas experiencing economic disadvantage. The recommendations in Baroness Andrews’ Culture and Poverty report have been progressed through our Fusion: Creating Opportunities through Culture. This innovative programme brings together social providers and cultural organisations to create opportunities targeted to the needs of particular groups. The Culture, Welsh Language and Communications Committee has recently published a report which offers eight recommendations related to the Fusion programme. These will be considered along with current work to determine the future shape of the programme.

We are currently reviewing the allocation of funding for Fusion given the recent Committee report and other feedback on the programme. I currently expect to spend at least £300k in 2020-21.

**Mental Health**

Over the past generation there has been a shift from a medical model of health to one that recognises the role and importance of communities in health. The portfolio supports healthy communities, and healthy places through opportunities to volunteer and to take part in cultural activities, and also through supporting local community facilities such as libraries, archives, museums and heritage sites.

There is now good evidence to support the positive impacts participation in arts and culture can make to mental health. Literature reviews by the Arts Council of Wales Arts and Culture in Criminal Justice and Wellbeing noted positive physical and psychological patient outcomes from music interventions in a variety of hospital settings.

Our own recent study the arts and health landscape in Wales identified more than 200 projects across the country that are proving effective in preventing illness, helping maintain good mental and physical health as well as aid recovery.
The 2018 evaluation of the Timebanking scheme (which Cadw takes part in) showed that for 83% of participants, taking part improved overall quality of life and 52% felt less isolated and lonely.

**Poverty, Skills & Employability – Creative Wales**

There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. By investing in Creative Wales, we continue to create opportunities for individuals and families with initiatives and targeted investment across Wales. This will build resilience in the economy. All projects are assessed by independent panels. Value for money is measured rigorously through a range of measures, including:

- Welsh spend (used primarily in production projects for film & TV).
- Job creation outputs (used primarily in digital and tech based projects).
- Skills outputs – a range of skills improvements are mandated on production projects.
- Bespoke KPIs including investment induced, new products and services introduced, enterprises assisted, IP created and retained in Wales.

3.3 Information on allocations (and their location) in your portfolio to provide for legislation which has the potential to impact in the financial year 2020-21 as relevant to Arts, Culture and Heritage.

There is one area of the portfolio where new legislation applies, namely the implementation of the **Historic Environment (Wales) Act 2016**. Information on allocation is outlined in paragraph 4.1 below.

3.4 Implications of the UK exit from the EU on the Arts, Culture and Heritage portfolio and how the Welsh Government will manage any predicted impact.

The Committee considered the implications of Brexit on areas within its remit at its meeting on 18 October 2018. The paper for that session set out the possible consequences of Brexit including:

- Loss of funding for major projects.
- Loss of funding for collaborative projects which will affect sector bodies, universities and others, and for skills development, particularly in creative industries.
- Impact on the sector markets – Welsh artists and others rely on the ability to showcase their offer internationally, whilst 45% of cultural industries export to the EU.
- Regulatory impact - the biggest impact is likely to be on digital records, intellectual property and copyright. The EU does not regulate the historic environment and although there are some implications for cultural property
we are not facing the same scale of legal or regulatory challenges as for example, the natural environment.

- Potential impact of financial volatility (such as the value of the pound) – impossible to quantify but potential increased costs for example paper costs for publishers have already risen by 25%.

The paper also set out the steps we were taking to help mitigate some of the difficulties such as: engaging with organisations in the sector to understand the impact of Brexit, get intelligence on their experiences and work together to prepare for the practical implications of leaving the EU; work with agriculture and across Welsh Government to ensure culture, heritage and historic environment are taken into account in new arrangements; develop new networks and relationships both in Europe and around the world to promote culture in Wales, working with the British Council, the European Heads of Heritage forum and others; Liaise with the UK Government DCMS in relation to cultural property regulations and new statutory instruments; and, work collaboratively within Welsh Government and with our stakeholders and partners to raise the international profile of Wales. Creative industries will be a pillar of the new international strategy and the new funding of £5m will assist in building resilience in the economy.

4.0 Specific areas

4.1 Historic Environment Strategy and Implementation of Historic Environment (Wales) Act

Allocations and commentary in respect of the implementation of the Historic Environment Act.

The Historic Environment (Wales) Act 2016 aims to:

- Give more effective protection to listed buildings and scheduled monuments;
- Improve the sustainable management of the historic environment; and
- Introduce greater transparency and accountability into decisions taken on the historic environment.

The costs for the Act compared to the Regulatory Impact Assessment (RIA) are summarised in following table:
TABLE 5: COSTS COMPARISON TO THE RIA

<table>
<thead>
<tr>
<th>Conserve, protect, sustain and promote access to the historic and natural environment Action</th>
<th>2016-17 Costs £'000</th>
<th>2017-18 Costs £'000</th>
<th>2018-19 Costs £'000</th>
<th>2019-20 Costs £'000</th>
<th>2020-21 Costs £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIA</td>
<td>Actual</td>
<td>RIA</td>
<td>Actual</td>
<td>RIA</td>
<td>Actual</td>
</tr>
<tr>
<td>230</td>
<td>221</td>
<td>220</td>
<td>181</td>
<td>197</td>
<td>156</td>
</tr>
</tbody>
</table>

The majority of the Act was implemented in 2016 and 2017. Work continues on the implementation of the statutory register of historic parks and gardens and heritage partnership agreements, and subject to making the required statutory instruments it is anticipated that these provisions will be implemented in 2020.

4.2 Cadw

Allocations and commentary in respect of Cadw including revenue generation targets, and recent annual income generation figures

The final income figure for 2018-19 was £7.7m. Income figures have increased very significantly since 2013-14 when the income level was £4.8m. This has been the result of a number of initiatives to attract more visitors to sites, including investment in the facilities, together with price increases.

The income budget for 2019-20 was set at £8.1m. Current forecasts suggest that this figure will be exceeded, and that the year-end actual figure is currently estimated at some £8.2m. Cadw has restructured its charges for the various elements of its commercial operations, which should bring further benefits in the future. Further moderate admission price and membership increases are planned at monuments for next year. Cadw admission prices, even at the key world heritage sites of Conwy and Caernarfon, currently £9.90 per adult), remain considerably lower than attractions in other countries such as Edinburgh Castle £17.50 and Dover Castle £20.90.

Cadw was allocated additional capital of £10.1m profiled over 2018-19 to 2021-22 to invest in sites to develop the visitor experience and increase income levels in the future. There are ambitious plans for the development of the castles at Caerphilly and Caernarfon; together with digital interpretation and development of retail and catering facilities at a number of sites.

More broadly, Cadw is working for an accessible and well-protected historic environment for Wales. It looks after, and provides access for the public to, 130 monuments across Wales. Of these, 29 are staffed sites and the remainder are free open-access sites. Capital expenditure on the conservation of monuments also remains an important priority.
Allocations towards funding for owners of historic assets

There are more than 30,000 listed buildings and 4,200 scheduled monuments in Wales, and the majority are in private ownership. Most of those owners conscientiously care for their properties, which constitute a precious legacy for present and future generations.

Cadw has published an extensive range of guidance and signposting to available grant funding can be downloaded without charge from the Cadw website. My Cadw officials are always happy to provide advice on general queries relating to historic assets, but specific enquires relating to the management of listed buildings are the responsibility of the local planning authority. However, if proposed works or other matters raise difficult questions, my officials are happy to offer advice in pre-application discussions involving all parties.

The listing of a building or the scheduling of a monument brings no entitlement to grant assistance. As with any building, the maintenance liability is a matter for the owner. However, Cadw does have grant schemes which are underpinned by the core objectives of our national strategy - Prosperity for All. Value for money judgements are made on the submission of costed estimates by the applicant, assessed by Cadw’s Inspectors.

Cadw has the following grant schemes:

- **Listed Building Grants**

  Currently Cadw prioritises grants for the repair and restoration of listed historic community assets such as village and community halls, institutes, libraries, and historic places of worship which are open for wider community use. Eligible buildings will typically include listed community assets that are at risk, schemes offering enhanced public access and opportunities for skills development and training, and schemes which deliver benefits to communities or stimulate regeneration opportunities.

  Privately owned residential properties will not normally be eligible, since they tend not to provide the widest possible benefits as set out in the national strategy.

- **Ancient Monument Grants**

  Ancient monuments can range from Neolithic burial chambers to buildings of the industrial revolution. Many are vulnerable and we recognise that repair works may be costly or may not always be in the financial interests of the owner of the monument.
We consider grant applications for works of preservation, maintenance and management of ancient monuments. Public access and interpretation of ancient monuments is also be considered. The precise works will vary depending on whether the monument is the remains of a stone castle or a field monument, such as a pre-historic earthwork.

Grant requests are assessed against criteria including the necessity and urgency of the works, appropriateness of proposals, scale of expected impact, value of match funding and level of community benefit. Wider community benefits which can be achieved by conservation projects include provision of interpretation, holding open days or participating in open doors events, providing training opportunities, and involvement of volunteers. We would also expect that reasonable public access to the site is provided.

In 2018-19, Cadw committed £0.832m towards grant offers to owners of historic assets, comprising £0.221m to monuments and £0.611m to listed buildings (including war memorials). The nature of the repair and restoration to the fabric of historic assets means that the commitment of grant payments may occur over more than one financial year for any one grant. In 2018-19 the capital spend for grant payments amounted to £0.615m. The forecast spend for 2019-20 is £0.7m.

4.3 National Museum of Wales and National Library of Wales

Allocations and commentary in respect of the National Museum of Wales and the National Library of Wales, including any revenue generation targets

My officials continue to monitor the financial positions of the National Museums and National Library of Wales closely and provide regular reports for my consideration. Both bodies receive annual Grant-in-Aid funding and make a significant impact in delivering the priorities in Prosperity for All.

In 2020-21 the National Museums funding is £20.618m and the National Library of Wales £10.835m. Additional revenue allocations have been made of £0.487m and £0.214m respectively to help meet increases in pay and pension costs. In addition, the National Library of Wales’s baseline budget has been increased by £0.095m to reflect the costs of the Royal Commission occupying office and storage space at the National Library of Wales site in Aberystwyth.

Free entry to the National Museum of Wales sites remains a commitment. This is an important policy in terms of removing barriers to participation in cultural activities for people from disadvantaged backgrounds and/or those on
low incomes. It also encourages repeat visits and community use of our National Museum of Wales sites and facilities. The National Museum of Wales, despite not charging, has proven particularly effective at income generation – generating over £5m additional revenues last year (from retail, catering, events, onsite activities, commercial hire and paid for exhibitions etc). Given the recent developments at St. Fagans, which was awarded the prestigious Art Fund Museum of the Year award, we expect this to continue and grow.

Capital funding for both bodies relate to the challenges of operating in historic buildings, the need to keep our national collections safe, and the requirement to provide continued and safe public access whilst maintenance work is ongoing. The National Museum of Wales has to manage these challenges across seven different sites. Capital maintenance funding is not just about fixing existing issues – although there is currently a backlog of capital maintenance work. It is also about supporting work streams which will improve visitor experience and increase the bodies’ ability to generate additional revenue from their refreshed and upgraded public spaces. Additional capital funding, as summarised in table 4, is allocated to the National Museums £2.850m and to the National Library of Wales £2.515m

4.3 Museums, Archives, and Libraries

Allocations and commentary in respect of the local museums, archives and libraries sector.

In 2020, I will be providing a statement on my priorities for culture, including across local museums, archives, and libraries. Programme funding will support the local sector, enabling them to deliver on the priorities identified within the statement. Museum, archive and library services delivered at a local level have faced challenging times. Despite that, they have continued to deliver a range of services to the diverse population of Wales.

Museums
Support continues and will continue to be offered to museums to meet and maintain the UK Museum Accreditation Standard. This is a key area of work to ensure the public receive high quality services and that the portable heritage of the nation is properly protected. The latest survey noted a fall from 42% to 37% of the population visiting our museums. Museums are discretionary services and, as such, those within local authorities have faced a challenging few years. This has extended to our independent museums, many of which traditionally received help and support from their local authorities.
Archives
Archive services are a key part of our cultural landscape, providing a record of our nation and a source of evidence. We will continue to support the UK Archives Accreditation standard in Wales and ensure our services meet the requirements of the increasing shift towards digital record keeping.

Libraries
Public libraries deliver an extensive range of activities for communities, families and individuals, and with 1.4 million library members, they reach almost 50% of the population. The latest bulletin from the National Survey for Wales found that 34% of those surveyed had used a library in the last 12 months. Libraries engage with partners to support digital inclusion, skills, early years reading and learning, health and wellbeing, and social inclusion - particularly for older people; as well as providing access to culture, information and technology.

My officials will continue to monitor the provision of public library services through the Welsh Public Library Standards to ensure that a ‘comprehensive and efficient’ service is provided by local authorities, as required by the Public Libraries and Museums Act 1964.

Capital Investment
There is a need for capital investment across the local museums, archives and libraries sector. Our Capital Transformation Grant programme is open to the local sector and provides over £1.4m capital funding each year. Thirteen museums and ten libraries have submitted an Expression of Interest for the 2020-21 fund, putting in bids totalling £3.58m.

I want to ensure that the sector is supported in its work and to encourage the development of a more strategic approach to local museum, archive and library services across Wales. We need to encourage partnership working to make the best use of Welsh Government investment. My statement on cultural priorities will define how this is taken forward and attach budget allocations to the programme strands.

4.4 Arts and the Arts Council of Wales

Allocations and commentary in respect of the Arts Council of Wales

Grant in aid funding of £32.042m in 2020-21 includes an additional allocation of £0.696m (2.2%) to help meet increases in pay and pension costs across the sector. It also includes non cash of £0.119m for depreciation. The funding supports international work and assisting arts organisations to
prepare for Brexit. The increase in capital provision to £0.755m includes £0.4m to provide funding for projects.

Allocations and commentary in respect of funding to promote access to the arts

Increasing levels of access and participation in the arts is continues to be a priority in the Remit letter. The Arts Council of Wales uses most of its grant-in-aid to core fund 67 key strategic arts organisations and we expect them to continue to prioritise access and engagement work. The five year Corporate Plan 2018-23: For the Benefit of All emphasises the commitment for an increased focus on access, equalities and diversity and identifies ‘Promoting Equalities’ as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales. It has a dedicated Equalities Monitoring Group chaired by a Member of its Council, and all its strategies and programmes undergo extensive equality impact testing.

The organisation is undertaking first consultation phase of its Investment Review 2020. This process is used to select the group of organisations that will make up its future Arts Portfolio Wales, following similar reviews in 2010 and 2015. This first consultation phase completes in January 2020. The focus of the Investment Review is to enable more people in Wales to enjoy and take part in the arts, and for funded activity to increase the diversity of participants by reaching more widely across Welsh society and attracting a diverse range of visitors.

Allocations and commentary in respect of funding aimed at using arts and culture to tackle poverty

The Arts Council of Wales is a key strategic partner in the Fusion programme, supporting organisations to participate by providing practical advice and brokering introductions between Fusion partners and artists/arts organisations in their areas. Where relevant, it publicises opportunities and disseminates information via its e-news, website and to Arts Portfolio Wales clients.

Allocations and commentary in respect of funding aimed at encouraging/enabling arts organisations to generate more of their own income

The Arts Council of Wales’s Resilience Programme ensures that cultural organisations are more business-focused, professional in their management and operation, and able to develop and manage their activities to ensure long-term stability and financial security in a challenging financial climate. This £2m fund has supported 57 of the 67 Arts Portfolio Wales organisations to share best practice, models of delivery and pilot different approaches to long term sustainability. This has proved hugely beneficial for the 85% of the Art Council of Wales’s core revenue portfolio who are signed-up to the programme.
4.5 Media and broadcasting

Allocations and commentary in respect of any funding for the media and broadcasting

Funding of £3.730m in 2020-21 includes an additional allocation of £0.081m (2.2%) to provide additional funding for the sector to continue initiatives such as editorial and marketing posts within a number of publishing houses. The majority of publishing houses are located in rural and post-industrial disadvantaged areas in north and west Wales and therefore make a positive contribution to the economy of these areas as well as the Welsh language. The BCW has a key role in delivering the Welsh Government’s Welsh Language Strategy and the goal of a million Welsh speakers by 2050.

The BCW will also receive additional capital funding of £0.75m (total project £1m) to implement a new software system at its distribution centre. The upgrade is unavoidable as the existing outdated system has a number of known limitations and is being retired by the current supplier in 2022. This will be a significant boost to the BCW and the whole publishing industry in Wales.

The publishing industry in Wales contributes to the majority of our Well-being goals especially A Wales of vibrant culture and thriving Welsh language, A prosperous Wales’ and A Wales of cohesive communities. The BCW has a vital role in delivering the Welsh Government’s strategic agenda including promoting the Welsh language and literary skills. These, in turn, contribute to social-cohesion, well-being and tackling child poverty, as well as supporting economic benefits within the creative industries.

Key Welsh language initiatives are Golwg 360, the Welsh-language daily on-line news service, and support for Welsh-medium news and current affairs publications Golwg, Barn and Y Cymro. The BCW funding also maintains the English-language magazine The Welsh Agenda and the on-line publications Nation.Cymru and Click on Wales which cover several areas including current affairs/culture. The Welsh Government’s commitments in terms of broadcasting also includes staff resource funding to support the priorities.

Independent Community Journalism Fund

The Independent Community Journalism Fund (Fund) was launched on 1 April 2019 to provide revenue grant funding to independent community publications, also known as hyper-local publications, based in Wales to support the sustainability, development and growth of their publication. The Two Year Budget Agreement with Plaid Cymru provided £0.1m in 2019-20.
and is managed within the Economy and Transport MEG. The Fund is fully committed.

All applications are fully evaluated by a Welsh Government panel to assess the eligibility criteria. Each eligible applicant also provides consent to share their application with the Centre for Community Journalism (C4CJ). The C4CJ acts in an advisory capacity as experts in the field of hyper-local journalism. However they are not part of the approval process.

Expected outcomes of the grant funding include:

- Increased readership and a widening of the reach of publications.
- Increased advertising to increase revenue streams.
- Technical improvements to websites, upgraded platforms and development of new online services.
- Staff development through training and attendance at industry conferences.
- Increased headcount and improved productivity by taking on new staff.
- Business growth and improved professionalism through expansion into new office space.

### 4.6 Creative Wales

*Allocations and commentary in respect of any funding for the development of Creative Wales*

In recognition of the creative industries as one of the fastest-growing parts of the Welsh economy for nearly a decade, Welsh Government has committed to setting up Creative Wales as an internal agency, to further support the growth of the sector in Wales.

Creative Wales will respond to industry growth and the changing landscape of the sector to offer a streamlined, dynamic and innovative service underpinned by a small number of key priorities, which include:

- Developing the skills and talent base in Wales.
- Improving standards and working in partnership.
- Simplifying the models of funding to respond quickly and flexibly to sector needs.
- Expanding support to broader sub sectors such as digital, music and publishing.
- Marketing and promotion of the creative industries in Wales to the world.

An additional £5m of capital has been allocated to deliver Creative Wales’s strategic priorities. The revenue budget allocation of £1.708m will also be
prioritised to deliver on the new strategic ambitions of Creative Wales. Both will be subject to the usual due diligence and budget process.

4.7 Support for film and television production

*The latest review and projected revenue figures, and occupancy rates for Pinewood Studios since the commencement of the Management Services Agreement in November 2017.*

In November 2017, Welsh Government and Pinewood entered into a Management Services Agreement for the operation of the Wentloog studio facilities. Under the terms of the agreement, Pinewood manage the Pinewood Studio on behalf of Welsh Government and act as agents.

Running costs for the studio equate to circa £1.185m per annum. During the earlier part of the agreement period, rental figures have been around £0.46m per annum.

In March 2019, Welsh Government entered into a Stage Agreement with Bad Wolf Studios Wales to rent the entire vacant space at the studio for twelve months, with the option to enter into a further two year agreement. The studio is now occupied 80% by Bad Wolf Studios Ltd, consisting of the main studio space, and 20% by tenants of the Media Hub – small office spaces let to supply chain companies in the sector. Under this agreement, running costs of the studio are covered and a small profit is made.

Pinewood has now served notice on the current agreement, which will end on 31 March 2020. The Welsh Government is currently exploring options for future management of the studio following exit.

In response to Recommendation 6 in the report of the National Assembly for Wales Public Accounts Committee on the Welsh Government’s relationship with Pinewood, the Welsh Government committed to providing an update on the latest financial performance and income projections. This will also be shared with the Culture, Welsh Language and Communications Committee.

*The latest figures for the Media Investment Budget, including total investment, return on investment and Welsh Spend (broken down by project)*

The overall Media Investment Budget Investments stands at £15.106m, and the amount recouped to date is £5.054m. The investment has generated a total Welsh spend to date of £25.112m. Receipts on the Media Investment Budget continue to be received by Welsh Government. A summary of the individual loans investments, the funding recouped to September 2019, and the balance of each project that has been supported by the Media Investment Budget is included at Annex B.
The latest figures for the Wales Screen Fund including total investment and Welsh spend (broken down by project)

The total value of offers at September 2019 is £27.959m with anticipated spend £333.748m.

A list of the projects is provided at Annex C.

The latest figures regarding the Welsh Government’s loan to Bad Wolf Studios including total repayments and Welsh spend (benchmarked against Welsh Government targets)

Bad Wolf Studios have an approved loan of £9m with £4.5m paid to date. No repayments are due. The anticipated Welsh spend is £133m.
### 2020-21 Draft Budget – Culture & Heritage – Detailed Breakdown

<table>
<thead>
<tr>
<th>Action</th>
<th>Budget Expenditure Line</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustment £’000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
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<td>Change £'000</td>
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<tr>
<td><strong>Total</strong></td>
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<td>30</td>
<td>750</td>
<td>780</td>
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## Annex B

### PROJECTS FUNDED BY THE MEDIA INVESTMENT BUDGET

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment Value £m</th>
<th>Amount Recouped to September 2019 £m</th>
<th>Net Gain / (Loss) to Date £m</th>
<th>Welsh Spend to Date £m</th>
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<td><strong>Under Pinewood Management</strong></td>
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<tr>
<td>Take Down</td>
<td>3.144</td>
<td>1.090</td>
<td>(2.054)</td>
<td>1.089</td>
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<tr>
<td>Their Finest</td>
<td>2.000</td>
<td>2.050</td>
<td>0.050</td>
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<td>The Collection</td>
<td>1.750(^1)</td>
<td>0.235</td>
<td>(1.515)</td>
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<td>Show Dogs</td>
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<td>0</td>
<td>(1.566)</td>
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<td>Journey’s End</td>
<td>0.850</td>
<td>0.631</td>
<td>(0.219)</td>
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<tr>
<td>Don’t Knock Twice(^3)</td>
<td>0.630</td>
<td>0.609</td>
<td>(0.021)</td>
<td>0.641</td>
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<tr>
<td>Minotaur</td>
<td>0.026</td>
<td>0</td>
<td>(0.026)</td>
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<tr>
<td>Lionel the First</td>
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<td>0</td>
<td>(0.025)</td>
<td>N/A(^5)</td>
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<td><strong>Total</strong></td>
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<td><strong>4.615</strong></td>
<td><strong>(5.376)</strong></td>
<td><strong>13.776</strong></td>
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<td><strong>Under Welsh Government Management</strong></td>
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<tr>
<td>Trampires(^6)</td>
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<td>(2.000)</td>
<td>1.621</td>
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<td>Eternal Beauty</td>
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<td>Bang</td>
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<td>0</td>
<td>(0.350)</td>
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<td>Tiny Rebel</td>
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<td>0</td>
<td>(0.318)</td>
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<td>Goose Green</td>
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<td>(0.025)</td>
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<td>Almost Never (formerly True Believers)(^8)</td>
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<td>0</td>
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<td>Six Minutes To Midnight(^9)</td>
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<td><strong>Total</strong></td>
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<td><strong>(4.676)</strong></td>
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<td><strong>Overall Total</strong></td>
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<td><strong>5.054</strong></td>
<td><strong>(10.052)</strong></td>
<td><strong>25.112</strong></td>
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1. The investment value includes £600,000 of grant funding from the Media Investment Budget.
2. The investment value includes £362,000 of grant funding from the Media Investment Budget.
3. Don’t Knock Twice also received £75,000 of grant funding under the Welsh Government’s Business Finance scheme.
4. Development funding does not include a Welsh Spend commitment.
5. Development funding does not include a Welsh Spend commitment.
6. Trampires also received £652,572 of grant funding under the Welsh Government’s Business Finance scheme.
7. Development funding does not include a Welsh Spend commitment.
8. In production or production has only recently completed.
9. In production or production has only recently completed.
## WELSH SCREEN FUND INVESTMENT

<table>
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<tr>
<th>Financial Year of Offer</th>
<th>Name of Production Company (SPV*)</th>
<th>Production Title (Wales Screen Fund)</th>
<th>Value of Offer £m</th>
<th>Anticipated Spend £m</th>
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<tbody>
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<td>2012/13</td>
<td>Tonto Films and Television Ltd</td>
<td>Da Vinci’s Demons Series 1</td>
<td>0.495</td>
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<td>2012/13</td>
<td>Urban Myth Films</td>
<td>Atlantis Series 1</td>
<td>0.250</td>
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<td>Country Fair</td>
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<td>Heel Stone Pictures Ltd</td>
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<td>Production Title (Wales Screen Fund)</td>
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<td>2015/16</td>
<td>Red &amp; Black Films (Don't Knock Twice Ltd)</td>
<td>Don't Knock Twice</td>
<td>0.075</td>
<td>0.630</td>
</tr>
<tr>
<td>2015/16</td>
<td>Vertigo Television Ltd</td>
<td>Britannia VFX</td>
<td>1.100</td>
<td>11.149</td>
</tr>
<tr>
<td>2016/17</td>
<td>Beakus Ltd</td>
<td>Toggle Top</td>
<td>0.076</td>
<td>0.944</td>
</tr>
<tr>
<td>2016/17</td>
<td>Cloth Cat Animation Ltd (Clothcat LBB Ltd)</td>
<td>Luo Bao Bai</td>
<td>0.225</td>
<td>3.183</td>
</tr>
<tr>
<td>2016/17</td>
<td>Riverstone Pictures (Showdogs Ltd)</td>
<td>Showdogs</td>
<td>0.362</td>
<td>4.737</td>
</tr>
<tr>
<td>2016/17</td>
<td>Vox Pictures (Keeping Faith Ltd)</td>
<td>Keeping Faith</td>
<td>0.328</td>
<td>4.250</td>
</tr>
<tr>
<td>2016/17</td>
<td>Green Bay Media</td>
<td>Mountains and Life</td>
<td>0.030</td>
<td>0.540</td>
</tr>
<tr>
<td>2016/17</td>
<td>New Pictures (Requiem Productions Ltd)</td>
<td>Requiem</td>
<td>0.400</td>
<td>5.016</td>
</tr>
<tr>
<td>2016/17</td>
<td>Severn Screen Ltd (Apostle Films Ltd)</td>
<td>Apostle</td>
<td>0.385</td>
<td>5.767</td>
</tr>
<tr>
<td>2017/18</td>
<td>World Productions (BTK 2016 Ltd)</td>
<td>Born to Kill</td>
<td>0.200</td>
<td>2.500</td>
</tr>
<tr>
<td>2017/18</td>
<td>The Forge Entertainment Ltd</td>
<td>Kiri</td>
<td>0.200</td>
<td>2.382</td>
</tr>
<tr>
<td>2017/18</td>
<td>Coracle Pictures Limited (Denmark)</td>
<td>Denmark</td>
<td>0.085</td>
<td>1.383</td>
</tr>
<tr>
<td>2017/18</td>
<td>Rondo Media Cyf</td>
<td>The Wall</td>
<td>0.045</td>
<td>0.363</td>
</tr>
<tr>
<td>2017/18</td>
<td>Touchpaper Television Ltd</td>
<td>4Stories</td>
<td>0.040</td>
<td>0.631</td>
</tr>
<tr>
<td>2017/18</td>
<td>Illuminated Productions Ltd</td>
<td>The Rubbish World of Dave Spud</td>
<td>0.090</td>
<td>0.906</td>
</tr>
<tr>
<td>2018/19</td>
<td>Eleven Film Ltd</td>
<td>Schooled</td>
<td>0.485</td>
<td>3.879</td>
</tr>
<tr>
<td>2018/19</td>
<td>Boom Cymru</td>
<td>15 days</td>
<td>0.089</td>
<td>1.074</td>
</tr>
<tr>
<td>2018/19</td>
<td>Dream Horse Films Limited, Popara Films Ltd and Popara Films (DH) Limited</td>
<td>Dream Horse</td>
<td>0.350</td>
<td>4.384</td>
</tr>
<tr>
<td>2018/19</td>
<td>JJ Productions Ltd (Short Form Film)</td>
<td>Jamie Johnson Series 4</td>
<td>0.156</td>
<td>1.927</td>
</tr>
<tr>
<td>2018/19</td>
<td>Mad as Birds Ltd and Reliance Entertainment Productions Six Ltd</td>
<td>Six Minutes To Midnight</td>
<td>0.400</td>
<td>3.879</td>
</tr>
<tr>
<td>2018/19</td>
<td>Keeping Faith (Series 2) Productions Ltd (Vox Pictures)</td>
<td>Keeping Faith Series 2</td>
<td>0.300</td>
<td>4.654</td>
</tr>
<tr>
<td>2018/19</td>
<td>Hat Trick Productions</td>
<td>Warren</td>
<td>0.109</td>
<td>1.304</td>
</tr>
<tr>
<td>2018/19</td>
<td>Monterey Productions Ltd (HBO)</td>
<td>Brooklyn</td>
<td>0.220</td>
<td>2.412</td>
</tr>
<tr>
<td>2018/19</td>
<td>GOL Production Ltd (Pulse Films)</td>
<td>Gangs of London</td>
<td>0.350</td>
<td>4.209</td>
</tr>
<tr>
<td>2018/19</td>
<td>Ieile Productions</td>
<td>Merched Parchus</td>
<td>0.041</td>
<td>0.444</td>
</tr>
<tr>
<td>2018/19</td>
<td>Blacklight TV</td>
<td>4Stories series 2</td>
<td>0.102</td>
<td>1.574</td>
</tr>
<tr>
<td>2019/20</td>
<td>All That Limit</td>
<td>Brave New World</td>
<td>2.000</td>
<td>20.000</td>
</tr>
<tr>
<td>2019/20</td>
<td>Joio</td>
<td>Bang Series 2</td>
<td>0.190</td>
<td>2.300</td>
</tr>
<tr>
<td>2019/20</td>
<td>JJ Productions Ltd (Short Form Film)</td>
<td>Jamie Johnson Series 5</td>
<td>0.060</td>
<td>1.827</td>
</tr>
<tr>
<td><strong>TOTAL (excluding withdrawn offers)</strong></td>
<td><strong>Total</strong></td>
<td><strong>27,959</strong></td>
<td><strong>333,748</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Offer subsequently withdrawn*
This paper provides information to the Children, Young People and Education Committee on the Education Main Expenditure Group (MEG) proposals outlined in the draft Budget 2020-21, published on 16 December 2019. It also provides an update on specific areas of interest to the Committee.

The draft Budget 2020-21 provides a one year plan for revenue and capital investment in the provision of education. Revenue budgets for 2020-21 are published for the first time, whilst the capital budget updates the indicative plans previously published for 2020-21.

This budget was prepared following the UK Government’s one year Spending Round and not following a Comprehensive Spending Review as originally anticipated. Despite being able to set revenue and capital plans for one year only, they reflect this Government’s continued commitment to protect public services, provide the financial stability needed and to invest in Wales to nurture economic growth and support our priorities.

1. **Cross Cutting Areas**

1.1 **Transparency of budget presentation**

1.1.1 The table below provides an overview of indicative plans for the Education MEG published in draft Budget 2020-21:

<table>
<thead>
<tr>
<th>Education MEG – Summary</th>
<th>£000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20 First Supplementary Budget</td>
<td>Revised Resource Baseline / 2020-21 capital indicative</td>
</tr>
<tr>
<td>Resource</td>
<td>1,510,853</td>
</tr>
<tr>
<td>Capital</td>
<td>218,251</td>
</tr>
<tr>
<td><strong>Total Resource &amp; Capital</strong></td>
<td><strong>1,729,104</strong></td>
</tr>
<tr>
<td>Resource AME</td>
<td>-123,844</td>
</tr>
<tr>
<td>Capital AME</td>
<td>774,302</td>
</tr>
<tr>
<td><strong>Total AME</strong></td>
<td><strong>650,458</strong></td>
</tr>
<tr>
<td><strong>Total – Education MEG</strong></td>
<td>2,379,562</td>
</tr>
</tbody>
</table>

---

1. Within this paper, ‘/’ refers to an academic year which spans the period from 1 August to 31 July and ‘-’ refers to a financial year which spans the period from 1 April to 31 March.
2. Annually Managed Expenditure
3. Main Expenditure Group
1.1.2 For revenue, the 2019-20 First Supplementary Budget figures, published on 18 June 2019, represents the baseline figure for draft Budget 2020-21, subject to two minor adjustments, as summarised in the table below:

| HEFCW Programme Expenditure Budget Expenditure Line (BEL) – removal of EU Transitional funding for Global Wales allocation for 2019-20. Funding of £1.369m is allocated for 2020-21. | (1,382) |
| Welsh in Education BEL – removal of Plaid Cymru funding allocated in 2018-19 and 2019-20 for the improved provision of bilingual education resources. Funding has been reinstated as part of changes for 2020-21. | (500) |

1.1.3 The Resource budget for the Education MEG has increased by £58m, 4.1% in cash terms or 2.3% in real terms, when compared to the 2019-20 baseline. The changes, broken down by revenue (fiscal) and non-cash (non fiscal) resource, is summarised below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Fiscal)</td>
<td>1,403,699</td>
<td>1,401,817</td>
<td>57,819</td>
<td>1,459,636</td>
<td>4.1%</td>
</tr>
<tr>
<td>Non Cash (Non Fiscal)</td>
<td>107,154</td>
<td>107,154</td>
<td>-</td>
<td>107,154</td>
<td>-</td>
</tr>
<tr>
<td>Resources Total</td>
<td>1,510,853</td>
<td>1,508,971</td>
<td>57,819</td>
<td>1,566,790</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

1.1.4 The increase of £58m is summarised in the table below, which includes a number of allocations associated with the overall increase in funding to the MEG from Welsh Reserves totalling £57.995m, offset by a transfer out of £0.176m to the Economy and Transport MEG:

<table>
<thead>
<tr>
<th>Education: Resource budget allocations</th>
<th>BEL</th>
<th>2020-21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding to support delivery of the new Curriculum for Wales</td>
<td>Curriculum Review</td>
<td>750</td>
</tr>
<tr>
<td>Full removal of time limited funding for teachers pay (£15m agreed over 2 years - £7.5m in 2018-19 and 2019-20)</td>
<td>Teacher Development and Support BEL</td>
<td>(7,500)</td>
</tr>
<tr>
<td>National Networks</td>
<td>Teacher Development and Support BEL</td>
<td>3,000</td>
</tr>
<tr>
<td>Welsh Medium Teachers Conversion Programme</td>
<td>Teacher Development and Support BEL</td>
<td>500</td>
</tr>
<tr>
<td>Qualifications Wales – curriculum reform</td>
<td>Qualifications Wales</td>
<td>981</td>
</tr>
<tr>
<td>Sixth Forms – Teachers Pay 19/20 (£1.5m) and Pensions (£2.2m)</td>
<td>FE Provision</td>
<td>3,700</td>
</tr>
<tr>
<td>FE - Pay (£4.9m) and Pensions (£4m)</td>
<td>FE Provision</td>
<td>8,900</td>
</tr>
<tr>
<td>FE – demographics</td>
<td>FE Provision</td>
<td>5,500</td>
</tr>
<tr>
<td>Personal Learning Accounts (PLA) pilot</td>
<td>FE Provision</td>
<td>1,000</td>
</tr>
<tr>
<td>Period dignity in FE</td>
<td>FE Provision</td>
<td>845</td>
</tr>
<tr>
<td>Mental health in FE</td>
<td>FE Provision</td>
<td>2,000</td>
</tr>
</tbody>
</table>
**Education: Resource budget allocations**

<table>
<thead>
<tr>
<th>Education: Resource budget allocations</th>
<th>BEL</th>
<th>2020-21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seren Foundation</td>
<td>FE Provision</td>
<td>1,000</td>
</tr>
<tr>
<td>Mental health – Higher Education</td>
<td>HEFCW Programme</td>
<td>2,000</td>
</tr>
<tr>
<td>EU Transition Funding – Global Wales</td>
<td>HEFCW Programme</td>
<td>1,369</td>
</tr>
<tr>
<td>Support for minority and Gypsy, Roma and Traveller learners</td>
<td>School Improvement Grant</td>
<td>1,300</td>
</tr>
<tr>
<td>Education Improvement Grant- Foundation Phase ratios</td>
<td>School Improvement Grant</td>
<td>2,500</td>
</tr>
<tr>
<td>Pupil Development Grant BEL including extension to Early Years PDG (EYPDG) (£6.6m)</td>
<td>PDG</td>
<td>9,400</td>
</tr>
<tr>
<td>PDG Access extension</td>
<td>PDG</td>
<td>3,200</td>
</tr>
<tr>
<td>Looked After Children virtual schools</td>
<td>Vulnerable Groups (new)</td>
<td>900</td>
</tr>
<tr>
<td>Additional Learning Needs (ALN)</td>
<td>ALN</td>
<td>8,000</td>
</tr>
<tr>
<td>Free Breakfast pilot in secondary schools</td>
<td>Food &amp; Nutrition in schools</td>
<td>450</td>
</tr>
<tr>
<td>School Holiday Enrichment Programme (SHEP)</td>
<td>Food &amp; Nutrition in schools</td>
<td>1,800</td>
</tr>
<tr>
<td>Holiday hunger pilot extension</td>
<td>Food &amp; Nutrition in schools</td>
<td>1,000</td>
</tr>
<tr>
<td>Support for students with learning difficulties</td>
<td>Post 16 Specialist Placements</td>
<td>1,400</td>
</tr>
<tr>
<td>Mental health in schools - whole school approach</td>
<td>Whole School approach (new)</td>
<td>2,000</td>
</tr>
<tr>
<td>Elective Home Education</td>
<td>Tackling Disaffection</td>
<td>1,500</td>
</tr>
<tr>
<td>Bilingual education resources</td>
<td>Welsh in Education</td>
<td>500</td>
</tr>
<tr>
<td><strong>Increase in funding – Reserves</strong></td>
<td></td>
<td>57,995</td>
</tr>
<tr>
<td>Transfer to Economy and Transport MEG – Unique Learner Number</td>
<td>Supporting Digital Learning in Education</td>
<td>(176)</td>
</tr>
<tr>
<td><strong>Resource DEL – net increase</strong></td>
<td></td>
<td>57,819</td>
</tr>
</tbody>
</table>

**Capital**

1.1.5 The Education capital budget stands at £217.5m for 2020-21, an increase of £28.2m compared to the indicative plans for 2020-21 published in final Budget 2019-20. The changes, which include the detail of allocations from Welsh Government Reserves, are summarised in the tables below:

<table>
<thead>
<tr>
<th>Education: Capital Budget</th>
<th>2019-20 First Supp Budget</th>
<th>2020-21 Plans as per 2019-20 Final Budget</th>
<th>2020-21 Changes</th>
<th>2020-21 Draft Budget New Plans</th>
<th>% change from indicative 2020-21 plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional capital</td>
<td>218,442</td>
<td>189,491</td>
<td>28,220</td>
<td>217,711</td>
<td>14.9%</td>
</tr>
<tr>
<td>Financial transactions⁴</td>
<td>(191)</td>
<td>(195)</td>
<td>-</td>
<td>(195)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Capital</strong></td>
<td>218,251</td>
<td>189,296</td>
<td>28,220</td>
<td>217,516</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education: capital budget Allocations from Reserves</th>
<th>BEL</th>
<th>2020-21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coleg Y Cymoedd – Carbon neutral house</td>
<td>Education Infrastructure</td>
<td>8,220</td>
</tr>
<tr>
<td>Flying Start and Childcare facilities</td>
<td>Education Infrastructure</td>
<td>10,000</td>
</tr>
<tr>
<td>21st Century Schools and Education Programme – General capital uplift</td>
<td>Education Infrastructure</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Capital DEL – net increase</strong></td>
<td></td>
<td>28,220</td>
</tr>
</tbody>
</table>

⁴ Financial transactions capital is part of the capital DEL settlement that can only be used for loans and equity investments to third parties. In the main, the funding must be repaid to HM Treasury. For the Education MEG, repayments relate to funding of £4.5m allocated to Coleg y Cymoedd in 2016-17 for Aberdare campus.
1.1.6 Annually Managed Expenditure (AME)

The Annually Managed Expenditure (AME) budget is related to student loans which are demand led and sensitive to interest rate and other macro-economic factors and therefore difficult to forecast. This budget is agreed with the Treasury each year and is fully funded. The budget has increased by £116.5m in 2020-21.

1.2 Commentary on Actions & Detail of Budget Expenditure Line (BEL) Allocations

1.2.1 As requested by the Committee, a commentary which explains the changes to each Action within the MEG is provided at Annex A. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper, and confirmation of where the transfers have been allocated to/from.

1.2.2 A breakdown of changes to the Education MEG by BEL for 2020-21 is provided at Annex B. The report provides detail on 2019-20 First Supplementary Budget allocations, 2019-20 forecast outturn and 2018-19 final outturns as requested by the Committee.

1.3 Education Priorities

1.3.1 Delivering on Our National Mission, this budget supports our ambition in raising standards for all, reducing the attainment gap, and ensuring an education system that is a source of national pride and public confidence. Our Action plan also supports the delivery of key priorities within ‘Ambitious and Learning’ of Prosperity for All.

1.3.2 The development and delivery of a transformational new curriculum is at the heart of Our National Mission. We are continuing to invest £10m to support the implementation of the new Curriculum for Wales, including our network of lead schools that are playing a central role in its development.

1.3.3 Our bespoke national approach to Professional Learning will support the realisation of our new curriculum. Last year we announced the biggest single investment in our teaching profession since devolution – a £24m package of professional learning over 18 months (£9m in 2018-19 and £15m in 2019-20) to prepare our practitioners for the implementation of the new curriculum. For 2020-21, we are providing a further £15m to ensure that our teaching profession continues to receive the support needed to deliver the new curriculum.

1.3.4 Building on this investment and as part of our ongoing support for the reform journey, we are allocating a further £3m to support the development of existing National Networks and National Networks for each Area of Learning and Experience (AoLE) within the new curriculum, along with a National Network for Pedagogy, in order to provide engagement with the wider sector to ensure that our practitioners have the necessary support to provide support and resources for school-level curriculum design and professional learning.
1.3.5 We are committed to helping ensure that every child or young person with additional learning needs (ALN) achieves their potential and is able to take full advantage of the educational opportunities available to them. As a result, this budget provides an additional £8m to support the costs associated with learners with complex needs and disabilities. We are also providing a further £1.4m in this Budget to support learners with learning difficulties and/or disabilities to have access to specialist FE provision suitable to their needs.

1.3.6 The draft Budget continues to support our education priorities from the 2016 Progressive Agreement, together with the commitments reaffirmed in my agreement with the First Minister last December. We are prioritising funding within the Education MEG in 2020-21 through:

- setting aside £11m (£6m revenue and £5m capital) to deliver on our commitment to reduce infant class sizes, as part of the £36m additional investment over this Assembly term;

- an additional £6m package to support mental health and wellbeing for learners, including £2m for the ‘whole school’ approach (supplementing the £3m from the Health and Social Services MEG), £2m to Higher Education and £2m to Further Education to build on their support services for students, staff training and innovative approaches in supporting mental health, wellbeing and additional learning needs;

- continuing to raise standards for our most disadvantaged learners through investing an additional £9.4m in the Pupil Development Grant (PDG) BEL, including £6.6m to support the Early Years PDG (EYPDG);

- supporting families in the cost of the school day by investing an additional £3.2m in PDG Access to further extend the scheme to more year groups, and making the most of local school facilities in disadvantaged areas during the summer holidays by extending the School Holiday Enrichment Programme (SHEP) through further investment of £1.8m;

- an extra £0.5m to support the development of ‘pools’ of Welsh teaching staff through a pilot conversion programme targeting primary teachers to receive the training and support necessary to transition into Welsh-medium secondary teaching;

- ensuring the National Academy for Educational Leadership (NAEL) is delivering the enhanced leadership capacity we need across the sector through continued investment of £1m; and

- investing over £900m per annum on the most progressive and equitable student support system in the UK and ensuring that we have a sustainable funding settlement for Higher Education. We are the first country in the UK to offer students support for living costs equivalent to the national living wage and the only country in Europe to offer parity of support to part time and post graduate students. The reforms to student support outlined in the Welsh Government’s response to Diamond have now been implemented.
and our focus moves to the phased implementation of the reforms to the funding of Higher Education.

1.3.7 Clarity over how we use our resources effectively is central to delivering the priorities set out in *Taking Wales Forward* and *Prosperity for All*. Once expenditure is planned in line with my priorities, I have well-established processes in place to ensure that resources are used effectively for the purposes intended. The governance and monitoring procedures in place reflect the nature of our relationships with delivery partners.

1.3.8 Budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. The spending decisions have not only considered how best to meet the current demand for services but have also focused on supporting interventions, thereby avoiding more costly interventions at a future point and improving the quality of people’s lives over the long term. This preventative approach is an important part of our planning for public services, both now and in the future. That is why this year, we have prepared the budget around eight cross cutting priority areas where our resources can have the most impact.

### 1.4 Budget monitoring

1.4.1 All budgets continue to be monitored and challenged on a monthly basis to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the Education MEG to ensure that budgets remain on track to deliver my priorities.

1.4.2 I have regular discussions with the Minister for Finance and Trefnydd to discuss both in-year and future year pressures affecting my portfolio and to consider the cross-cutting impacts of our spending plans.

#### Second Supplementary Budget 2019-20 – Transfers

1.4.3 There are a number of provisional transfers planned for the Second Supplementary Budget 2019-20 which impact on the Education MEG and these are summarised in the table below:

<table>
<thead>
<tr>
<th>Description</th>
<th>BEL</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from Reserves for Teachers’ pay award 2019/20 – nursery to year 11 (1.75%)</td>
<td>Teacher Development &amp; Support</td>
<td>12,018</td>
</tr>
<tr>
<td>Transfer from Reserves for Teachers’ pay award 2019/20 – school sixth forms (1.75%)</td>
<td>Further Education Provision</td>
<td>864</td>
</tr>
<tr>
<td>Transfer from Reserves for action learning pilot scheme administered by Colegau Cymru.</td>
<td>Further Education Provision</td>
<td>335</td>
</tr>
<tr>
<td>Transfer to CS&amp;A MEG for the Asylum, Migration &amp; Integration Fund for the ‘Restart - Refugee Integration’ project</td>
<td>Further Education Provision</td>
<td>(500)</td>
</tr>
<tr>
<td>Transfer to E&amp;T MEG to fund ongoing costs associated with supplying and managing the Unique Learner Number in Wales</td>
<td>Supporting Digital Learning in Education</td>
<td>(176)</td>
</tr>
<tr>
<td>Transfer in from H&amp;SS MEG - NHS Wales Bursary arrangements for students electing to study health related subjects in Wales</td>
<td>Student Supports Grant</td>
<td>1,850</td>
</tr>
</tbody>
</table>
Transfer from Reserves for the delivery of education and learning in HMP Berwyn by Novus Cambria. 

Offender Learning 3,300

Transfer to E&T MEG for Careers Wales to maintain the school-employer partnerships established through the ‘Business Class’ project 

Youth Engagement and Employment (144)

Transfer from H&LG MEG to help support and identify young people at risk of youth homelessness 

Youth Engagement and Employment 3,700

Total Revenue 21,247

Capital 

Transfer to CS&A MEG for Invest to Save funding for National Reading and Numeracy Tests and their development into online, personalised assessments (capital funding not required) 

Education Infrastructure (400)

Transfer from Reserves - Second Capital Investment Package – maintenance of schools and colleges 

Education Infrastructure 20,000

Total Capital 19,600

1.5 Impact of Brexit

Brexit - UK Treasury Funding Guarantee

1.5.1 The previous UK Government has provided a guarantee, should we leave the EU without a deal, for EU funding programmes which were approved prior to our exit from the EU. This guarantee provides limited assurance for current funds but we still have no clarity on structural fund beyond 2021.

1.5.2 While the UK remains in the EU, we can continue to participate in EU funding programmes. If the UK leaves the EU with a ratified withdrawal agreement in place, the agreement will make provision for continued participation for some funds during a transition period. We expect the UK Government to provide funding for those programmes not covered by the withdrawal agreement.

1.5.3 We have been clear that we expect the UK Government to ensure that Wales is not a penny worse off as a result of leaving the EU and that we have full flexibility to manage replacement funds here in Wales.

European Transition Fund

1.5.4 The Welsh Government has established a specific team to coordinate the work arising from European Transition; this team is working closely with the existing team in Brussels and policy departments.

1.5.5 The £50m European Transition Fund is helping businesses, the third sector, and public services plan and prepare for Brexit. For 2020-21, £1.369m has been made available from the European Transition Team for Global Wales II (within the Higher Education Action), following an allocation from the Fund of £1.382m in 2019-20. Global Wales II is an important initiative in our efforts to mitigate the impacts of Brexit, not only in relation to the HE sector, but also its wider effects on the Welsh economy and society. Funding will also provide a basis for augmenting positively the publicity for the overseas study pilot, run by the British Council on our behalf. Whilst funded separately, the pilot has been linked with the Global Wales brand in order to provide continuity of marketing activities.
1.5.6 It is difficult to disaggregate ‘no deal’ Brexit spend from our overall European transition spend. Much of the work undertaken to prepare for Brexit has been to prepare for any possible Brexit. When assessing spending commitments in relation to no deal, as a principle we have sought to ensure spend aligns with longer term objectives. We have, of course, increased our focus on ‘no deal’ preparations since the start of this year.

**EU funding – Education MEG**

1.5.8 The Education MEG is expecting to receive £20.7m European Social Fund (ESF) receipts in 2019-20, via Progress for Success (£0.250m), science (£8.2m relating to Sêr Cymru 2 and Triosci) and innovation projects (£12.2m for Smart Cymru, Smart Innovation and Smart Expertise). In line with the Treasury guarantee, which will guarantee all funding currently approved in the event of a ‘no deal’ scenario, all £20.7m for 2019-20 is expected to be part of the guarantee.

1.5.9 For 2020-21, the Progress for Success ESF project is expecting to draw down ESF of £1.5m which is in line with the approved WEFO Business Plan. A further £2.9m is expected to be drawn down by March 2023 (£1.8m in 2021-22 and £1.1m in 2022-23).

1.5.10 Nearly all of the research and innovation funding streams across Welsh Government have reliance, to varying degrees, on EU Structural Funds or other sources of European funding – e.g. Horizon 2020. Some areas, such as research and innovation, have a heavy dependency on EU funding sources.

1.5.11 Historically, WEFO funding has funded the bulk of the Welsh Governments R&I support for business, applied research and innovation, support for technology development and engineering, all of which support the development of the economy or address societal challenges.

1.5.12 The loss of EU Structural Funds for R&I will have a disproportionate impact on those activities which support economic growth, industry, business and high skills development, principally in areas of technology development, applied research and innovation in industry, physical sciences which support engineering, environmental and low carbon developments, and themed R&I initiatives within universities which support businesses and the economy (e.g. SPECIFIC in Swansea University).

### 1.6 Costs of Legislation

1.6.1 This budget continues to take account of our current legislative programme. In accordance with the commitment given to the Finance Committee, a year on year comparison of the costs of legislation still in their implementation phase has been published as part of the draft Budget published on 16 December.
**PCET reforms**

1.6.2 There is no specific allocation for the PCET reforms at this stage. Any costs associated with the development of the reforms will be met from within existing resources within the MEG. Dedicated budgets will be needed in future years once the primary legislation has received Royal Assent.

**Curriculum and Assessment (Wales) Bill**

1.6.3 The Curriculum and Assessment Bill will be supported by a Regulatory Impact Assessment to identify the costs and benefits of the proposed legislation.

1.6.4 Work will continue on aspects of the Curriculum for Wales framework. This will include the development of a curriculum for use by funded non-maintained nursery settings, drawing on the main Curriculum for Wales guidance, and further guidance for PRUs and EOTAS providers. This work will be funded from the Curriculum Review BEL, which increases by £0.75m, to £6.15m in 2020-21 to support delivery of curriculum reform.

1.6.5 We will continue to invest to support the profession to prepare for the new Curriculum with the first of the additional Inset days taking place in the summer term of 2020. This complements the significant investment in professional learning more generally, which includes the £15m invested in 2020-21 from the Teacher Development and Support BEL as outlined at paragraph 1.3.3.

**Legislation passed in Fourth Assembly and Fifth Assembly**

1.6.6 There are no costs associated with legislation passed in the Fourth Assembly for the Education MEG. This includes: Qualifications Wales Act 2015; Higher Education (Wales) Act 2015; Education (Wales) Act 2014; and the Further and Education (Governance and Information) (Wales) Act 2014, as all provisions within the Acts have now been implemented.

1.6.7 The costs associated with implementing the Additional Learning Needs and Education Tribunal (Wales) Act 2018 within the Fifth Assembly are covered below.

**Additional Learning Needs and Education Tribunal (ALNET) (Wales) Act 2018**

1.6.8 The costs associated with the ALNET (Wales) Act 2018 and the wider ALN Transformation Programme are £6.3m in 2020-21, to be drawn from both the Additional Learning Needs BEL (£2.5m) and the Raising School Standards BEL (£3.8m). The Raising School Standards BEL will fund the Regional ALN Transformation Leads and professional learning. The funding from the Additional Learning Needs BEL will fund: implementation/transition support; workforce development; awareness raising; and supporting policy.

1.6.9 Implementation of the new ALN system will commence, on a phased basis, from September 2021, with the statutory roles created under the Act commencing in January 2021.
UK Parliament legislation
1.6.10 There is currently no UK Parliament legislation that impacts on the Education MEG for 2020-21.

Subordinate legislation
1.6.11 The budget continues to take account of relevant subordinate legislation in 2020-21. Assessing the costs of implementing legislation and the impact on those it affects is an essential part of ensuring that the principles of “Good Law” is followed. This is why draft regulations are subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders in the development of the regulatory impact assessments (RIAs). This is to ensure our decisions are informed by the people who will be affected by them.

1.7 Children’s rights and other cross-cutting considerations

Impact assessments
1.7.1 Under the Rights of Children and Young Persons (Wales) Measure 2011, we have given balanced consideration to the rights set out in the UNCRC. A Strategic Integrated Impact Assessment has been published alongside the draft Budget 2020-21 on 16 December. That integrated process includes a clear consideration of the impact of budgetary decisions on children’s rights. As a result, a separate Children’s Rights Impact Assessment for the Education MEG has not been completed, but forms part of the wider Strategic Integrated Impact Assessment.

1.7.2 The Welsh Government response to the Committee’s report on Draft Budget 2019-20, confirmed that an integrated approach enables us to understand more clearly the overall impact of decisions on children and young people, including consideration of equalities and human rights, the Welsh language and socio-economic disadvantage in those young people’s lives, in addition to the focus on equality and tackling poverty.

1.7.3 Detailed impact assessments, including Children’s Rights Impact Assessment (CRIA), must be undertaken as part of our ongoing policy development and review. These assessments will continue to be used to inform budget decisions and the wider impact assessment of the budget. This approach, in the context of the budget allocations, ensures that evidence and understanding of impacts are considered from the outset and throughout the course of our budget preparations.

1.7.4 Our integrated impact assessment tool still requires children’s rights to be considered, and where necessary, a full CRIA is completed. The CRIA process puts children’s rights centre stage when we are developing legislation, new policies and programmes.

Well-being of Future Generations (Wales) Act
1.7.5 We are committed to using the Well-being of Future Generations (Wales) Act 2015 to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we
reflect the sustainable development principle and our spending plans aim to achieve a balance between short and long-term priorities. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead.

1.7.6 I met with the Future Generations Commissioner for Wales in October to discuss the focus of her scrutiny for this year’s budget: prevention and decarbonisation. We also discussed the work that is currently underway on the development of our new curriculum.

1.7.7 *Our National Mission* has the well-being of future generations at its heart; and will see implementation of a new curriculum that is broad, balanced, inclusive and challenging. We also recognise that curriculum reform in isolation will not provide sustainable change. The new curriculum is being designed so that it maximises its contribution to each of the well-being goals.

1.7.8 We have consistently recognised the importance of taking a preventative approach across a broad range of our policy areas. Our budget for 2020-21 reflects our continuing commitment to protect and prioritise investment that supports preventative measures in order to raise standards of literacy and numeracy and reduce the impact of deprivation on attainment.

1.7.9 For 2020-21, we are allocating an additional £1.8m to the School Holiday Enrichment Programme (SHEP), which provides physical activity and enrichment sessions, healthy meals, and food and nutrition education to children in areas of social deprivation during the summer holidays. The extra funding allocated brings total funding to £2.7m in 2020-21, which will enable the extension of the programme for up to 7,600 children across 22 LAs. SHEP adheres to the tenets of the Well-being of Future Generation (Wales) Act 2015 and is an example of what can be achieved through partnership working across multiple organisations.

1.7.10 As part of our efforts to support development of a new strategic approach to Youth Work in Wales and strengthen the capacity of the Youth Service, the 2019-20 Youth Support Grant to local authorities has been allocated an additional £2.5m for mental health and wellbeing and £3.7m for youth homelessness. We are planning for that funding to be maintained at this level in 2020-21 to drive the prevention agenda. The funding will strengthen support for some of our most vulnerable young people, including those with emerging emotional, mental health or wellbeing issues, and those at risk of youth homelessness.

1.7.11 We are also investing an additional £6m in preventative measures to address mental health and wellbeing in young people, including £2m for schools as part of our ‘whole school’ approach. Together with our CAMHS in-reach pilot, this work programme will contribute towards the overall health and wellbeing of children and young people, including their emotional health and resilience. This will help prevent mental health problems from developing or escalating, to improve the life course of children and young people.
1.7.12 Identifying opportunities for decarbonising investment has been central to the consideration of how we deploy any available capital in 2020-21. We have allocated an additional £8.2m capital for a Carbon neutral house project within Coleg Y Cymoedd, designed to provide a state of the art education and training facility in a key strategic location to ensure the sustainability of the housing stock. Building on the successful delivery of BREEAM 'Excellent' and Passivhaus facilities, we will seek greater opportunities towards further decarbonisation of the education infrastructure. Working collaboratively with delivery partners and supply chains, we will use our 21st Century Schools and Education Programme capital as leverage for change. We will ensure our capital expenditure aligns closely with the ambition for a net zero carbon public sector by 2030.

2. Specific areas

This section provides an update on specific areas requested by the Committee.

2.1 Funding for school budgets

*We have recently undertaken an inquiry into school funding and published our report in July 2019. In addition to the Welsh Government’s response to that report, we would welcome – once the Draft Budget 2020-21 is available – an updated assessment of the sufficiency of provision for school budgets in 2020-21 and any other relevant information.*

2.1.1 I welcomed the publication of the Committee’s report but equally recognise that this is hugely complex, multi-layered area which is dependent on many factors. The strength of the evidence provided to the Committee highlighted the importance of ensuring our schools receive the appropriate levels of funding. I have accepted all of the Committee’s recommendations, and my officials have already started taking these forward.

2.1.2 Recommendation one is that the Welsh Government commission an urgent review into how much funding is required to fund schools sufficiently in Wales. I am hopeful that that this work will be completed before the summer recess of 2020, and therefore influence the next set of budget discussions.

2.1.3 The main source of funding the Welsh Government provides for schools is to local authorities through the Local Government Settlement Revenue Support Grant (RSG) contained within the Housing and Local Government MEG. On a like for like basis the local government settlement is increasing by £184m for 2020-21 when compared to last year.

2.1.4 Whilst the funding provided through the RSG is un-hypothecated and for each local authority to determine its own priorities, a significant factor in the Government’s decision on increasing funding for the RSG has been our intention to recognise the impact of teachers pay and pensions, for the remainder of the current academic year, and to provide funding for the future
impact of teachers’ pay awards which will come into effect from September 2020.

2.2 Funding for school improvement

*A detailed breakdown of how the annual element of the £100 million additional investment in schools standards is to be allocated and used in 2020-21.*

2.2.1 A provisional breakdown of £25.5m allocated to the Raising School Standards BEL in 2020-21, which is the final year of our £100m commitment, is outlined at *Annex C.*

*Confirmation of whether there was any change to the breakdown of the £25.5 million Raising School Standards funding in 2019-20 (provided in Annex D of the Minister’s paper in November 2018).*

2.2.2 *Annex C* also provides an update on the breakdown of funding being provided from the £25.5m Raising School Standards budget for this financial year, compared to the breakdown provided last year.

*An update on how expenditure of the £100 million is being spent throughout this Assembly and what it is being used for.*

2.2.3 The breakdown at *Annex C* provides an update on how the £100m is being allocated across this Assembly term. The priorities for education and the high level areas for investment of the £100m are aligned to support the successful delivery of Our National Mission.

*In line with Recommendation 31 of our On the money? Targeted funding to improve educational outcomes report, an update to Annex E of the Minister’s paper in November 2018 which listed BELs within the Education MEG which predominantly finance the raising of school standards (on both an individual and aggregate basis).*

2.2.4 An updated breakdown of all BELs within the Education MEG that contribute to the raising of school standards for the period 2016-17 to 2020-21 is summarised at *Annex D.*

*Information on whether there were any changes to the breakdown of the 2019-20 Regional Consortia School Improvement Grant (RCSIG) provided in the Minister’s letter dated 12 March 2019, and a projection, if available, of the 2020-21 breakdown.*

2.2.5 Final grant award letters were issued to the four regions in May 2019. The table at *Annex E* provides a breakdown of the RCSIG award for 2019-20. This highlights the changes from the letter provided to the Committee in March (indicative allocations) and the additional funding of £1.7m made available through a grant variation in October 2019. I will provide the Committee with an update on the indicative breakdown for 2020-21 once finalised.
2.3 Reducing the impact of deprivation and poverty

*Information on how the Education MEG reflects the Welsh Government’s long-term commitment to tackle the impact of deprivation and poverty and its impact on educational achievement.*

2.3.1 Every learner, wherever they live, must have the opportunity to reach their potential. Tackling poverty is a key priority for this government and tackling the achievement gap between our most disadvantaged pupils and their peers is fundamental to our national mission.

2.3.2 This year we have prepared the budget around eight cross-cutting priority areas where our resources will have the most impact, including poverty. The Education MEG has been allocated £13.9m for 2020-21 in order to tackle the impact of poverty on educational achievement, including:

- £6.6m to increase funding for Early Years Pupil Deprivation Grant (EYPDG);
- £3.2m to extend PDG Access to more year groups;
- £0.845m to promote period dignity in the Further Education sector and continue funding for 2020-21 to support women and girls in a way which promotes the Welsh Government’s commitment to reduce inequalities;
- £0.450m to invest in a pilot starting in September 2020 to develop, pilot and evaluate a variety of breakfast club models in a range of secondary schools in the four regions of Wales. The objective is to develop a model which will enable provision of a healthy and nutritious breakfast, free of charge for eFSM learners, before they commence their school day or during the morning break;
- £1.8m for SHEP expansion aimed at addressing issues like holiday learning loss, social exclusion and food insecurity; and
- £1m for Holiday hunger pilot extension to reach 10,000 children providing 200,000 meals.

2.3.3 We are continuing to invest unprecedented amounts – over £100m for 2020-21 in the PDG, to support the improvement in outcomes for our disadvantaged learners. Breaking the cycle of disadvantage and poverty is a long term commitment and we remain committed to the PDG for the remainder of this Assembly term. Since its introduction in 2012, the PDG has supported the equivalent of over 530,000 learners.

*Detail about budget provision for the Pupil Development Grant (PDG), including:*

- how much extra funding the decision to fix schools’ allocations in 2018-19 and 2019-20 according to eFSM numbers in Pupil Level Annual School Census (PLASC) January 2016 has generated for the PDG compared to using PLASC 2017 or PLASC 2018.
- how many schools had higher eFSM numbers in 2017 or 2018 compared to 2016, and therefore received less PDG than they would have if the latest data had been used?
2.3.4 In developing our approach to distribute the PDG grant we gave extensive consideration to the full range of options. In this time of significant financial challenge and unpredictability I understand how important the PDG is to schools and we wanted to be satisfied that we were proceeding on the basis of the most effective and fairest model.

2.3.5 The percentage of pupils known to be eFSM primary, middle, secondary and special schools has fluctuated over the last decade, generally decreasing from 2004 to 2008 and then increasing year on year to 2011. There has been a decrease between 2013 and 2017. The percentage of compulsory aged school pupils (5-15) known to be eFSM had decreased from 18.4 in January 2016 to 17.8 in January 2017.

2.3.6 The 2017 PLASC data would have provided an all Wales allocation of £89.033m. By using the 2016 data this allocation rose to £91.252m providing an additional £2.2m going directly to schools.

2.3.7 We used the 2016 pupil level annual school census data as the basis for allocations for 2018-19 and 2019-20 and fixed funding levels for two years. Our decision to use the 2016 data was based on knowledge that eFSM numbers had fallen over recent years, so using the 2016 data allowed us to put more money into the system and as a consequence more money overall going direct to schools. We are looking at the modelling options for the upcoming financial year and will include regional consortia in this process to ensure schools receive the optimum allocation in the funding envelope available.

**Detail about budget provision for the PDG Access fund, how it is being allocated and distributed, including how many families are benefitting.**

2.3.8 The cost of the school day is a really important issue for many families. We want our learners to show up at school ready to learn and achieve their best outcomes, and continue to explore all avenues to help ensure that happens – whether that’s thinking about how their well-being can be prioritised or by helping remove worries associated with some of the costs of the school day. Nearly 12,000 learners benefitted from this grant last year.

2.3.9 In 2019-20 we more than doubled the funding for PDG Access to £5.145m. The additional investment has allowed us to support more learners. As well as Reception and Year 7, this year we have extended the fund to Year 3 and Year 10. Also within scope of the funding are children who are looked after in every compulsory school year. For 2020-21, we are increasing PDG Access by a further £3.2m to extend to more year groups.

2.3.10 This funding is not limited to supporting the cost of school uniform; it will support greater aspiration, cultural enrichment, well-being and resilience. Whether it’s help buying school uniform or getting the right clothing or equipment for young people to take part in their favourite sport or activity inside or outside of school, then PDG – Access will support those opportunities. We
have extended this beyond the classroom to include groups such as youth clubs, to bid for kit stores.

2.3.11 The funding is distributed by local authorities directly to families as eligibility is checked via a national checking system, managed by local authorities. Guidance on processing claims on free school meals will be issued shortly. The national communication campaign over the summer has raised awareness amongst parents and we have asked local authorities for information on take up for the grant by January 2020.

2.4 Education workforce

Details of budget allocations to finance:

- the Welsh Government’s reforms of Initial Teacher Education (ITE); and
- the development of a national professional learning offer for the education workforce.

2.4.1 Approximately £0.160m is being made available from the ITE Policy budget within the Teacher Development and Support BEL to support the continuation of reforms to Initial Teacher Education this financial year. This includes support for the Teacher Recruitment and Retention Advisory Board and for individual projects that are undertaken to further the reform process. It is expected that this budget will continue to be made available in 2020-21.

2.4.2 The National Approach to Professional Learning (NAPL), launched in 2018, creates a professional learning vision fit for our evolving education system. The 8 elements of the NAPL provide the focus for how we work with schools and the middle tier to fund and develop professional learning to support the implementation of the new curriculum and the realisation of Our National Mission. The breakdown of the budget that supports implementation of the NAPL is provided in the following paragraphs.

2.4.3 Additional funding of £24m (£9m 2018-19, £15m 2019-20) has been provided for professional learning opportunities to prepare practitioners for the implementation of the new curriculum – the single biggest investment in our teaching profession since devolution. The funding was passed in its entirety to schools and school budgets by regions/local authorities. The number of teachers (based on PLASC data) was used as the basis of the funding formula to create an allocation for each school. We are continuing to provide a further £15m in 2020-21, although the exact levels of funding going directly to schools is to be determined.

2.4.4 The money is primarily dedicated to creating time and capacity in schools for practitioners to make the changes to practice they need to make. The funding can be used to: create the time and space for practitioners and leaders to work together in schools and networks of schools to explore the implications of the new curriculum; plan jointly and to create learning experiences and resources that exploit the new opportunities the curriculum offers; access regional Professional Learning activities and programmes; create new leadership roles
in schools to lead, manage, encourage and coordinate Professional Learning across the school. In the recent allocations of funding for this purpose, we have seen many examples of all of these approaches being taken.

2.4.5 We are working with the regional consortia to develop case study exemplars demonstrating how schools across the regions have already effectively utilised the enhanced £24m professional learning investment during 2018-19 and 2019-20. The case studies will be published on the Hwb website, together with revised funding guidance for schools to support the enhanced £15m professional learning funding investment during 2020-21.

2.4.6 To support implementation of the National Approach to Professional Learning from April 2020, we will launch a Professional Learning Journey (PLJ) which will provide a possible route map for schools to address the professional learning requirements of planning and implementing the new curriculum. The PLJ will be supported by an increasing wealth of professional learning e-resources and will bring together all national models and approaches for professional learning, including a national regional offer for professional learning from the regional consortia.

2.4.7 We have continued to support the lead professional learning schools in 2019-20 with a budget of £4.085m utilised to support those who are engaged in exploring and developing professional learning for the new curriculum. We plan to continue funding these schools to engage with the wide range of Professional Learning development during 2020-21.

2.4.8 We have continued to support the roll out of Schools as Learning Organisations across the education system in 2019-20 and we will be seeking to continue this in 2020-21. We are currently also working with HEI partners, to develop a national programme of teacher professional enquiry. As part of this programme, we are exploring the professional learning implications of the new curriculum with a national network of lead enquiry schools. This work will support the move to a national programme of teacher professional enquiry. The range of work in these areas (along with work with the OECD) has been supported with a budget of £1.5m.

2.4.9 As we move into the curriculum realisation phase through publication of relevant documentation in January 2020, schools and groups of schools will require support to take the newly available curriculum guidance and contextualise it to their schools. We will build on the National Networks of Excellence for Mathematics and for Science and Technology by investing an additional £3m to re-develop these Networks and develop National Networks for Curriculum Realisation for each AOLE area with an additional network to explore the general pedagogic implications of the new curriculum.

2.4.10 These networks will be led by Welsh Government, and will have a strong representation from the middle tier and especially school leaders and practitioners. They will ensure lessons learned from the process so far are captured and fed forward in the realisation phase. They will provide strategic guidance to school leaders and practitioners and work with the regional and
local systems to ensure coherence and consistency across the system. They will focus on: continued development and refinement of the curriculum, and support for the principles of curriculum design at school level; the research and evidence base for best practice in curriculum design, teaching, learning and assessment; capturing and advising on the Professional Learning needs of teachers and leaders and; meeting schools’ requirements for new resources for learning.

2.4.11 We have made a commitment to develop digital resources for use by schools in preparation for the new curriculum tied to the provision of additional inset days for the next 3 years (this year, 2020-21 and 2021-22). In 2019-20 we dedicated in the region of £0.7m to this work and we will need funding moving forward for the next two years to ensure the production of high quality professional learning resources for the curriculum. A £0.4m allocation is also supporting the development of digitally focused PL to support the refreshed Digital Competency Framework, including a new online self-review tool for schools. This funding will continue in 2020-21.

2.4.12 We have also been working with HEI partners to develop a National Accreditation Framework from 2020, which will enable education professionals to seek common accreditation from any Welsh HEI, and developing the framework for a new National Masters Programme. This has been supported with around £0.240m from the Teacher Development and Support BEL in 2019-20, and will increase to around £0.5m in 2020-21.

2.4.13 Alongside this we have continued to support a range of leadership provision including the NPQH qualifications and the development of the teaching assistants learning pathway and delivery of the HLTA status to those who support teaching in classrooms (in the region of £3m). This funding will continue in 2020-21.

Information on any financial implications for the Education MEG in 2020-21 from the professional standards for teachers in effect since September 2017.

2.4.14 An evaluation of the implementation of the Professional Standards has been commissioned and costs will be met from the Teacher Development and Support BEL. The consortia will continue to receive £0.080m funding within the Raising School Standards BEL to provide support for the implementation of the Standards. Support for the implementation of the Standards is also provided via other professional learning funding streams as the professional standards are an intrinsic part of the National Approach to Professional Learning.

Details of budget provision to meet the priority of reducing bureaucracy and unnecessary workload, including extended use of business managers.

2.4.15 The budget provision for reducing workload is within the Teacher Workload budget of £0.295m within the Teacher Development and Support BEL, and the ongoing work for this is being managed from within existing staff resources
and in co-construction with stakeholders and as such there is no direct additional costs being incurred.

2.4.16 The School Business Manager (SBM) pilot was a 2 year match funded pilot programme launched in September 2017. Total funding was £1.2m over financial years 2018-19 and 2019-20 (£0.6m from WG and £0.6m in total from Local Authorities). Originally 11 local authorities’ submitted proposals to take part in the pilot, of which nine took part.

2.4.17 An interim evaluation of the pilot was undertaken in January 2019, which found that the programme had a positive impact on reducing the administrative burden on head teachers and school leaders. The report showed that having an SBM in post helped improve the effectiveness of business, and cost effectiveness of school financial management and budget planning. It also reduced the administrative burden on school leaders, giving them more capacity to focus on teaching, learning and raising standards. We are currently considering next steps for this area of work.

**Information on any financial implications from the priority of attracting and retaining more high-quality applicants and high calibre mature graduates into teaching through new entry routes into the profession.**

2.4.18 The Employment Based Initial Teacher Education budget within the Teacher Development and Support BEL provides £1.769m to support the new employment based and part-time routes that will come online from April 2020 subject to accreditation by the Education Workforce Council. This includes the contract costs paid to the Open University to develop and implement the new programmes and the associated fee and salary contribution costs to support new entrants into the employment based route.

2.4.19 In 2020-21 it will also support fee costs for those undertaking the new part-time route. These routes have been developed to widen access to teacher training and will support those high quality candidates already in the profession who wish to achieve Qualified Teacher Status (QTS). They will also support those high quality candidates from outside the profession who wish to undertake part-time study to achieve QTS and are unable to follow a full time course. This budget will continue to be made available to support the roll-out of these programmes in 2020-21.

**Information on any funding provided by the Welsh Government to the Education Workforce Council.**

2.4.20 Grant funding of £6.724m has been awarded to the Education Workforce Council (EWC) for 2019-20 to support the following activities:

- Administration of the award of QTS in Wales;
- The statutory Induction of Newly Qualified Teachers (NGTs) in Wales;
- The maintenance, administration and development of the Professional Learning Passport (PLP);
- The promotion of careers in the registered professions;
- Accreditation of Initial Teacher Education (ITE) programmes;
• Act as the Independent Secretariat to the Welsh Pay and Condition Review Body;
• Data Analysis; and
• Registration Fee for practitioners.

Details of budget provision for the National Academy for Educational Leadership.

2.4.21 We have set aside £1m per annum to support the new academy, which became operational from September 2018. The remit letter currently sets out objectives for the use of their funding including establishing the NAEL as an organisation; making an impact on the availability and quality of leadership development provision across Wales; and securing their place as a strategic thought leader within the middle tier.

2.4.22 The NAEL is now fully staffed as it was foreseen by the Task and Finish Group board. However, to ensure that the NAEL are able to deliver and achieve its objectives further consideration as to its structures will be reviewed once a new CEO has taken up post.

2.4.23 In addition to the core budget funding for the NAEL we will provide an additional £0.4m for the NAEL’s Associates Programme. This funding not only supports the development programme for all the Associates but also supports the development of the Associates commission reports and supports this cohort of key settings-based system leaders.

Information on any financial implications from the supply teaching cluster pilots and other ongoing consideration of relevant reforms.

2.4.24 Following recommendations made by the Supply Model Taskforce in 2017, £2.7m was allocated to improve the way supply teachers support schools.

2.4.25 The project provided grant funding for two academic years between 2017-18 and 2018-19 to support schools and local authorities in trailing regional and collaborative models to improve the delivery of supply teaching. 18 pilot school cluster projects in 15 local authorities benefited from the funding which supported 103 schools and 47 supernumerary teachers. Around a third of clusters are either continuing or considering continuing some elements of their project into the third self-financing year. Whilst there is a clear desire amongst remaining clusters to continue if possible they have sighted financial barriers to doing so.

2.4.26 Arad Research have been undertaking an external evaluation of the project. Their findings will be set out in a summary report which will be published in autumn 2020.
Information on any financial implications arising from the devolution of teachers’ pay and conditions, including the latest plans to finance the teachers’ pay award, and subsequent additional pension costs, from September 2019.

2.4.27 The direct financial implications of the devolution of teachers’ pay and conditions is the establishment of the Independent Welsh Pay Review Body and the secretariat to support it. The annual cost is approximately £0.1m.

2.4.28 The Welsh Government has recently announced £12.8m of direct support in 2019-20 financial year for the cost of the 2019/20 pay award for teachers, including sixth forms. This will be allocated as a specific grant and funding will be transferred to the Education MEG in the Second Supplementary Budget 2019-20.

2.4.29 In line with our commitment to fully fund the changes made by the UK Government on pensions, we have passed on the funding we received from UK Government along with additional funding to meet the full impact of the costs for maintained schools, including sixth forms totalling £42.1m. This funding was allocated in the First Supplementary Budget 2019-20 and provided to local authorities in 2019-20 via a specific grant.

2.4.30 An additional £3.660m is being allocated to the FE Provision BEL in 2020-21 to fund the full year impact of the 2019/20 pay award and pension increases for school sixth forms.

2.5 Curriculum for Wales

An update on funding to support the finalising of the design of the new Curriculum for Wales and its implementation.

2.5.1 The Curriculum for Wales guidance version for initial design purposes will be published in January 2020. That version will be updated to reflect any changes to the proposed legislative framework arising from the National Assembly for Wales’ scrutiny of the Curriculum and Assessment Bill during 2020.

2.5.2 Work will continue on aspects of the Curriculum for Wales framework, including the development of a curriculum for use by funded non-maintained nursery settings drawing on the main Curriculum for Wales guidance and further guidance for PRUs and EOTAS providers. This work will be funded from the Curriculum Review BEL.

2.5.3 We will continue to invest to support the profession to prepare for the new Curriculum with the first of the additional Inset days taking place in the summer term in 2020. This complements the significant investment in professional learning more generally.

2.5.4 There will be continued co-construction and we are currently discussing with the regional consortia and other partners the most effective way to use funding to broaden out engagement and provide capacity both at national level and
regionally to support curriculum implementation. This will inform the detailed allocations from the Curriculum Review BEL for 2020-21.

**An update on how the funding for teachers’ professional learning to prepare for the new curriculum is being allocated and used.**

2.5.5 £24m funding allocation has been made available over 18 months to allow schools to work together to prepare for the new curriculum and as confirmed we will be making £15m available in 2020-21.

2.5.6 The funding for 2018-19 and 2019-20 was passed in its entirety to schools and school budgets by regions/local authorities. The number of teachers (based on PLASC data) was used as the basis of the funding formula to create an allocation for each school.

2.5.7 All schools are required to publish a professional learning plan, outlining how they are using the money and then to report on progress (via their updated plans or a short report) annually. The regional consortia consider the plans to ensure that they meet the specific development needs of the school.

2.5.8 The money is primarily dedicated to creating time in schools for practitioners to make the changes to practice they need to make. The funding can be used to create the time and space for practitioners and leaders to work together in schools and networks of schools to explore the implications of the new curriculum, to plan jointly and to create learning experiences and resources that exploit the new opportunities the curriculum offers.

2.5.9 Immediate development needs will vary according to the school context and the needs of individual practitioners. Through professional enquiries led by pioneers, we are beginning to identify early priorities. Initial provision will focus on current certainties including the move to purpose rather than a coverage driven curriculum, school level curriculum making and re-thinking assessment and progression.

2.5.10 The regions are engaged in monitoring the progress of schools and their use of the PL funding. Currently the regions are working with schools to prepare a range of case studies for wider dissemination capturing examples of schools making good use of the additional PL money. This will include where the school’s use of the additional Professional Learning grant would be of interest to other schools and capturing innovative and creative approaches. Areas that the case studies will highlight include, changes and developments in relation to areas such as leadership, governance and school organisation; teaching, learning and assessment; and issues specific to curriculum making.

2.5.11 As outlined regional consortia Challenge Advisors are working with schools to ensure that the school’s plans are in line with the development needs of the school in relation to preparing for the new curriculum. Welsh Government are also undertaking randomised checks to ensure that schools have met the terms of the grant by publishing their PL plans on their school websites.
2.6 Education Improvement Grant (EIG)

Information on the level of the EIG in 2020-21 and comparison with previous years.

2.6.1 We will be investing an additional £2.5m through the EIG in 2020-21 to support the recognised teacher-pupil ratios that are essential to the delivery of effective Foundation Phase practice.

2.6.2 As a result, we will be investing more than £120m through the EIG in 2020-21, which forms part of the Regional Consortia School Improvement Grant. This will provide additional resources to regional consortia and local authorities in delivering against national and regional priorities.

A copy of the outcomes framework used by the Welsh Government for monitoring the impact of the EIG and any guidance issued to or by regional consortia.

2.6.3 I am currently having discussions with lead Chief Executives, lead Directors for local authorities and consortia Managing Directors, as part of the regional evaluation and improvement sessions to set out my strategic objectives for 2020-21, to inform their business planning cycle. In December 2018 my officials wrote to consortia Managing Directors providing them with a funding letter confirming their indicative grant allocations and expectations for 2019-20. The letter asked consortia to take account of our priorities and actions outlined in Our National Mission, in their business plans. The final grant award was issued in May 2019 along with the draft outcomes framework. The regional consortia are expected to publish their business plans and their outcomes framework on their websites. This process will continue for 2020-21.

Detail of the allocations to each regional consortia for each year since 2015-16 and planned allocations for 2020-21.

2.6.4 The EIG allocations to consortia for the years from 2015-16 to 2020-21 (indicative) are included in the table below. These figures are presented net of any LA match-funding:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CSC</td>
<td>43,461</td>
<td>41,359</td>
<td>41,210</td>
<td>35,607</td>
<td>35,617</td>
<td>36,352</td>
</tr>
<tr>
<td>GwE</td>
<td>30,920</td>
<td>29,398</td>
<td>29,186</td>
<td>26,638</td>
<td>26,578</td>
<td>27,103</td>
</tr>
<tr>
<td>ERW</td>
<td>39,978</td>
<td>38,079</td>
<td>37,752</td>
<td>33,609</td>
<td>33,493</td>
<td>34,161</td>
</tr>
<tr>
<td>EAS</td>
<td>26,661</td>
<td>25,446</td>
<td>25,134</td>
<td>22,285</td>
<td>22,449</td>
<td>23,020</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141,021</strong></td>
<td><strong>134,282</strong></td>
<td><strong>133,282</strong></td>
<td><strong>118,138</strong></td>
<td><strong>118,137</strong></td>
<td><strong>120,636</strong></td>
</tr>
</tbody>
</table>

23
**Confirmation of the purposes the Welsh Government expects the EIG to be used for and whether these have changed at all for 2020-21.**

2.6.5 The purpose of the Regional Consortia School Improvement Grant, of which the EIG is part, is to support the regional consortium and the related authorities within the consortium in delivering our aspirations and priorities for schools and education outlined within *Our National Mission.*

2.6.6 The funding letter issued to Consortia in December 2018 was formalised within two formal grant awards to regional consortia, the Pupil Development Grant and the Regional Consortia School Improvement Grant.

2.6.7 The funding letter outlined our overarching national priorities for 2019-20 and how these should be delivered in the context of *Our National Mission.* The funding must support consortia to deliver against our national priorities for education, at the centre of which is a transformational curriculum and a focus on four key enabling objectives which their action will support:

- developing and delivering a high quality education profession;
- inspirational leaders working collaboratively to raise standards;
- strong and inclusive schools committed to excellence, equity and well-being; and
- robust evaluation and accountability arrangements supporting a self-improving system.

2.6.8 The outcomes will be supported by a range of measures and key performance indicators as outlined in consortium business plans and will form part of the Education Outcomes Framework approach.

2.6.9 The EIG is one of several funding streams supporting our national priorities and whilst there is scope for it to be used flexibly, it remains predominantly focused on the Foundation Phase and teaching and learning in schools.

*Details of what the Foundation Phase element of the EIG is intended to be used for, (i.e. whether solely to work towards aspirational staff ratios or if it constitutes core funding for Foundation Phase provision and if so, at which age groups).*

2.6.10 EIG provides a clear distinction of purpose in relation to the Revenue Support Grant. The terms and conditions of this grant are the mechanism for ensuring adherence to the staff to pupil ratios in schools. As confirmed in 2.6.1, the additional £2.5m being invested in the EIG will be deployed to discretely strengthen and stabilise the delivery of quality in the Foundation Phase including supporting schools to continue to work towards the recognised ratios.

2.7 Support for Minority Ethnic and Gypsy, Roma and Traveller learners

*An update on the latest position for the method of funding support for Minority Ethnic and Gypsy, Roma and Traveller learners – will the £8.7 million grant funding in place in each of 2018-19 and 2019-20 be discontinued with an*
expectation that these services are provided by local authorities from their own budgets?

2.7.1 The Welsh Government is determined that every child has the support they need to reach the very highest standards of education and to thrive; this includes children from ethnic minority and Gypsy, Roma and Traveller backgrounds. As a result we are increasing this budget by £1.3m in 2020-21, within the School Improvement Grant BEL, to support improved outcomes for these learners. This will provide funding of £10m in 2020-21, and will ensure that we are continuing to fund local authorities on the same basis as 2019-20, thereby recognising the importance of protecting these services. We will continue to work together with local authorities on the fairest distribution model.

Information about how the use and impact of this funding in 2018-19 and 2019-20 has been monitored and evaluated.

2.7.2 Funding for 2019-20 was conditional upon local authorities providing plans for how they intend to spend this funding and the expected outcomes, in line with grant monitoring processes. These plans are scrutinised and approved before funding is released. With the continuation of funding in 2020-21 consideration will be given to working more closely with local authorities to evaluate the effectiveness of the grant.

Confirmation—if the £8.7 million transitional funding has been discontinued and services expected to be financed from local authorities’ core budgets—of whether a CRIA has been undertaken (if so, please could a copy of the CRIA be provided).

2.7.3 As confirmed, the Welsh Government is continuing funding in 2020-21 and will engage with local authorities on the support provided to minority ethnic and Gypsy, Roma and Traveller learners over the year. As a result, a CRIA is not provided but forms part of the overall Strategic Integrated Impact Assessment completed for the Budget. A CRIA was completed for support of minority ethnic achievement and Gypsy Roma and Traveller learners when the grant was established and the grant continues for the same purpose.

2.8 Emotional and mental health of children and young people

Information about the financial implications for the Education MEG in 2020-21 of the Welsh Government’s response to our Mind over Matter report, and subsequent actions.

2.8.1 I have agreed this work jointly with the Minister for Health and Social Services and work is progressing at pace since the announcement of the Joint Ministerial Task and Finish Group in September 2017.

2.8.2 We are investing an additional £2m from the Education MEG in 2020-21 to support the whole school approach to mental health, which is in addition to the funding allocated from the Health and Social Services MEG. The funding will
be used to expand the provision of counselling, continuing the CAMHS school in-reach pilots and enabling us to target funding on other priority areas.

2.8.3 In 2017, I announced with the Minister for Health and Social Services the launch of the CAMHS school in-reach pilots in six local authorities, with specialist mental health staff providing consultation, liaison and advice directly to schools. Recognising the good work of the pilots and to coincide with the final evaluation report (due in December 2020), we have agreed to extend the pilots until 31 March 2021, securing an additional £0.789m investment in this valuable service. This will enable them to consider the outcomes of the evaluation and next steps.

2.8.4 More generally the Education MEG is also supporting children’s emotional and mental health needs in schools through the use of PDG funding, with many schools using this to deliver interventions in schools to enable children and young people to stay engaged with their education. Specifically Education funding continues to support the delivery of the independent counselling service in schools and other settings since it was subsumed with the RSG in 2014.

Detail of how any funding from the Health and Social Services MEG is being used to complement work in schools on this area.

2.8.5 In 2019-20 the Minister for Health and Social Services announced £2.5m would be made available to support whole school activity. Among others the whole school budget has enabled us to provide funding of £1.526m to LAs to target improvements and increase provision in three whole school related areas:

- school counselling – where LAs are using funding to reduce waiting lists of young people seeking to access counselling; developing new ways of working, including joint working with other bodies, such as NHS mental health Services; and extending provision to young people beneath Yr6;
- providing training to teachers on their own wellbeing and also on the wellbeing needs of children and young people; and
- providing interventions in schools to support children and young people experiencing or at risk of experiencing poor mental health.

2.8.6 The draft Budget for 2020-21 recognises the importance of this work and includes a £0.5m uplift in the budget from the Health and Social Services MEG to support improvements in school counselling provision and additional costs associated with the CAMHS school in-reach extension. This brings total funding to £3m for 2020-21.

2.9 Additional Learning Needs

The financial implications of the Additional Learning Needs and Education (Wales) Act 2018 in the draft budget 2020-21 and whether the estimated costs of implementation remain the same as documented in the Explanatory Memorandum accompanying the Act in January 2018.
2.9.1 A £20m package of funding was allocated by the Welsh Government in 2017 to support preparation for the implementation of the new ALN system during the current Assembly term. The total budget allocation for the ALN Transformation Programme is £6.336m in 2020-21, to be drawn from both the Additional Learning Needs BEL and the Raising School Standards BEL.

2.9.2 In the context of the new time period, I have recognised that there may be a need for some additional funding to enable the ALN Transformation Leads to continue in post beyond March 2021. However, it is anticipated that the main implementation programme can be completed by re-profiling the remainder of the £20m to reflect the new time period.

Budget provision to support the ALN Transformation Programme and an updated profiling of the £20 million allocated during this Assembly.

2.9.3 Funding for 2020-21 has been profiled as shown below:

<table>
<thead>
<tr>
<th>Workstream</th>
<th>2020-21 (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation/ transition support</td>
<td>3,367</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>2,832</td>
</tr>
<tr>
<td>Awareness raising &amp; Core Skills Development</td>
<td>105</td>
</tr>
<tr>
<td>Supporting Policy</td>
<td>32</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,336</td>
</tr>
</tbody>
</table>

The latest position on the arrangements for funding the training of educational psychologists in Wales and whether the grant funding arrangement with Cardiff University is continuing into 2020-21.

2.9.4 The Welsh Government currently awards a grant to Cardiff University which pays fees and bursaries for 10 students per year on their three year Doctorate in Educational Psychology professional training programme. This arrangement was strengthened from 2019-20 by linking a minimum number of bursaries to students who can already, or have the potential to work through the medium of Welsh, and by encouraging students to stay and work in Wales immediately after graduation. The current grant funding arrangement is in place until 2021-22.

A breakdown of the Post-16 Specialist Placements BEL within the Well-being of Children and Young People Action.

2.9.5 The post-16 specialist placement BEL provides funding for specialist college placements for young people up to age 25 who require specialist provision in order to access FE suitable to meet their needs. The funding is not discretionary and is demand led. It is allocated on an individual basis in accordance with assessed education and training needs.

2.9.6 Post-16 specialist provision is secured in accordance with the Learning and Skills Act 2000 Act. We secure such provision (and meet the associated costs for the agreed duration of that provision) at specialist Further Education (FE)
establishments for young people who could not otherwise receive education and training suitable to meet their needs. Many such placements are jointly funded with Local Authority (LA) Social Services departments and/or Local Health Boards (LHBs).

2.9.7 The majority of young people attend for two years, although they can access provision for a shorter or longer duration. In cases for a longer duration, Welsh Government will only consider applications where exceptional reasons relating to the young person’s capability to learn are demonstrated.

2.9.8 The full cost and duration of a placement at a specialist FE establishment varies according to individual support requirements. However LA social services departments and/or LHBs often contribute to the total cost of a learner’s placement; though this depends on the extent to which there is social and/or health care involvement.

2.9.9 We have increased this budget by £1.4m in 2020-21, taking the total budget to £13.881m to support increasing demand for this provision. The budget is predominantly used to support programme spend, however, other costs incurred are in relation to staff salaries and litigation costs. The indicative breakdown for 2020-21 is as follows:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2020-21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme of study spend</td>
<td>13,681</td>
</tr>
<tr>
<td>Programme funded staff salaries</td>
<td>150</td>
</tr>
<tr>
<td>Litigation costs</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,881</strong></td>
</tr>
</tbody>
</table>

2.10 Infant class sizes

**Information about the budget provision for reducing infant class sizes in 2020-21, including:**
- how many schools, classes and pupils will have benefitted up to the end of 2019-20
- how many are expected to benefit in 2020-21 and the remainder of this Assembly.

2.10.1 The budget provision for reducing infant class sizes is £11m in 2020-21, comprising £6m revenue and £5m capital.

2.10.2 So far 104 schools, comprising of 455 infant classes and around 11,000 pupils, will have benefitted from the funding up to the end of 2019-20.

2.10.3 In total 115 schools, comprising of 540 infant classes and around 11,800 pupils are expected to benefit in 2020-21 and the remainder of this Assembly term, through the appointment of 110 additional teachers, 42 additional teaching assistants and 59 new classrooms (including the upgrading of facilities) in 33 schools to reduce infant class sizes.
2.10.4 The £16m revenue element of the funding has been distributed to local authorities on a formula basis using a combination of the Nursery and Primary School Teaching and Other Services Indicator Based Assessment (IBA) element of the Standard Spending Assessment (SSA) and the number of infant classes of 29 and over in each local authority (using a 4 year average of PLASC data between 2013 and 2016). The grant is weighted 60% for the SSA element and 40% for the infant class sizes element.

2.10.5 Payment of grant is subject to approval of an action plan from the local authority evidencing how their proposal met the fundamental aim of reducing infant class sizes in schools that meet the target criteria and termly progress reports.

2.10.6 Local authorities were invited to bid for the £20m capital element of the funding, where reducing infant class sizes in schools that meet the target criteria is dependent on the creation of additional classrooms.

2.10.7 Sixteen local authorities submitted bids which have been approved. The full £20m has been allocated. The remaining 6 local authorities did not bid for capital funding, either because they were able to accommodate smaller infant class sizes within their schools or in the case of some schools there was not the space to create an additional classroom.

2.10.8 A breakdown of local authority allocations across the Assembly term is attached at Annex F.

2.10.9 The reducing infant class sizes grant is one of a suite of programmes that will contribute to raising standards. Smaller class sizes are also expected to contribute to reducing teacher workload, supporting teachers to be innovative and increasing pupil engagement.

2.10.10 Local authorities were required to provide a wide range of baseline data in their action plans relating to the schools targeted along with anticipated outcomes in a range of areas. Progress is being monitored through analysis of termly local authority progress reports and published PLASC data.

2.10.11 We are also working closely with local authorities and the schools targeted to assess the qualitative benefits of the grant including in respect of the impact it is having on teacher workload, supporting innovative practice, increasing pupil engagement and improving pupil and teacher wellbeing. A report on the progress the grant is making will be published in the New Year.
2.10.12 At the start of the 2018/19 academic year 82 additional teachers and 29 additional teaching assistants were in post, teaching infant classes ranging from 10 to 25 pupils with an average class size of 23. At the start of the 2019/20 academic year there are currently 95 teachers and 40 teaching assistants in post.

2.10.13 Over 94% of infant classes now contain 30 pupils or less. The number of pupils in infant classes of 30 or below fell again this year for the third year in a row. Almost 93% of infants are now in classes of 30 or under.

2.11 **Surplus places and small/rural schools**

*An outline of the budget provision for the small and rural schools grant in 2020-21.*

2.11.1 The budget provision for the small and rural schools grant is £2.5m in 2020-21.

*An update on expenditure of the grant to date, and breakdown of how it has been allocated between local authorities.*

2.11.2 £2.5m per annum has been made available over the Assembly term from April 2017. The grant is distributed to local authorities on a formula basis incorporating factors for sparsity and school size as follows:

- 70% by reference to sparsity (based on the population in each local authority outside settlements above the thresholds of a specified population from the 1991 Population Census); and
- 30% by reference to the number of primary schools maintained by the local authority.

2.11.3 A breakdown of Individual local authority allocations for the grant and indicative allocations for 2020-21 is attached at Annex F.

2.11.4 Grant funding is dependent on the approval of an action plan from the local authority identifying those schools that will benefit and evidencing how their proposals meet the key purposes of the grant which are to:

- encourage innovation, including the use of new digital technology to combat the issue of professional isolation;
- support greater school to school working, including federation;
- provide additional administrative support where the head teacher has a significant timetabled teaching commitment; and
- to increase the community use of school buildings, where opportunities exist and there is local demand.
An indication of how the value for money of the small and rural schools grant is being assessed, including details of the outcomes being sought to evidence its success.

2.11.5 The key purposes of the grant were designed to take into account value for money considerations. As a requirement of the grant local authorities are required to submit action plans on an annual basis evidencing how their proposals meet the key purposes of the grant. They are also required to include details of anticipated outcomes and outputs and the impact on their schools while taking into account issues such as sustainability.

2.11.6 Local authority action plans are assessed to ensure they meet the key purposes of the grant and to take into account a range of issues including value for money considerations. Payment of grant is subject to the approval of termly progress reports which are used to monitor progress and outcomes against action plans.

2.11.7 Over 430 small and rural schools across Wales have benefited from grant funding to date. There are many examples which show value for money and many of these schools are now working together on issues of mutual benefit. Some local authorities have used the funding to federate schools under one governing body to enable them to share resources for the benefit of all schools in the federation. Some schools have developed joint procedures and policies. The funding has also been used to fund administrative posts across a number of schools to reduce the burden on head teachers. Some schools have used the funding to develop their facilities to enable them to be used by the community.

2.12 Community Focused Schools Initiative

Details of budget provision for the Community Focused Schools Initiative to offer additional support to schools and colleges to help parents and children learn together.

2.12.1 We will continue to work towards making Community Focused Schools a reality for everyone by delivering the £15m Community Hubs and Community Learning Centres capital grant during 2019-2021. The grant is funding a range of pilots which give access to school facilities for community purposes including physical activity opportunities beyond school hours across Wales.

Details of the outcomes the Welsh Government intends to achieve from expenditure on this priority.

2.12.2 In due course we will share good practice about the pilot schemes funded where schools are providing wider access to their facilities. Case studies will be collected giving information about how projects have overcome challenges such as site restraints, governance or staffing arrangements.
2.12.3 By 2022 a significant number of school and college projects will be underway. A key focus will be challenging and supporting our schools, colleges and communities to work together to truly make the most of these buildings and facilities so that 21st century learning is available for everyone and throughout our lives.

2.13 Estyn

_Details of Estyn’s budget allocation for 2020-21 from the Housing and Local Government MEG, including what recent discussions have been held with the inspectorate on its required levels of funding and how this compares with previous years._

2.13.1 The total budget allocation for Estyn in 2020-21 is £11.504m, consisting of fiscal resource (£11.023m), non fiscal resource (£0.2m) and capital (£0.281m) within the Estyn BEL of the Housing and Local Government MEG. This is consistent with funding for 2019-20 as published in the First Supplementary Budget 2019-20 in June 2019.

_Information about any implications for Estyn’s budget or for Welsh Government budget lines from Professor Donaldson’s report, A Learning Inspectorate, and subsequent actions._

2.13.2 Officials are in discussion with Estyn about the resource implications for them in taking forward the recommendations from ‘A Learning Inspectorate’. It is anticipated that there will be additional costs to the Inspectorate of £0.5m in taking forward some of the proposals in 2020-21, which would be met from the Raising School Standards BEL.

2.14 Qualifications

_Details of the budget allocation to Qualifications Wales in 2020-21, including what recent discussions have been held with the regulator on its required levels of funding and whether funding is sufficient to complete the task of sector qualification reviews in good time._

2.14.1 There is a clear recognition that qualifications will need to change to align with and support the Curriculum for Wales. Qualifications Wales is making a significant contribution to this work, as the independent regulator, in partnership with other key education stakeholders.

2.14.2 For 2020-21 we are investing an additional £0.981m within the Qualifications Wales BEL, bringing total funding to £9.463m, in order for Qualifications Wales to begin its long-term programme of work to scope and develop qualifications for the new curriculum.

2.14.3 The sector review work is part of Qualifications Wales core remit and as such it has been planned, and is being delivered, within its core funding. The sector reviews are progressing well with the new Health and Social Care qualifications being introduced for first teaching from September 2019. Sector
reviews in relation to Construction and the Built Environment and Delivering Digital have also been completed and new qualifications are currently being developed. Qualifications Wales is now in the middle of a fourth sector review in Engineering, Advanced Manufacturing and Energy, to be published in the autumn of 2020. Qualifications Wales is also planning a sector review which will cover Travel, Tourism, Leisure, Hospitality and Catering and this will commence in 2020.

2.15 Welsh-medium education

Details of budget provision to support the Welsh Government’s Welsh-medium education strategy and local authorities’ Welsh in Education Strategic Plans (WESPs).

2.15.1 The Welsh in education: action plan 2017-21, published in December 2017, sets out our direction for the development of Welsh-medium and Welsh language education over the next four years, in line with the vision of Cymraeg 2050 and Our National Mission. The Education Directorate leads on the implementation of activities and actions in response to the education priorities identified within the action plan, for example increasing the number of teachers, curriculum development and support for learners with additional learning needs. The Education MEG will continue to provide support for these activities from existing BELs (Teacher Development and Support, Curriculum Review, Additional Learning Needs and Raising School Standards) in 2019-20.

2.15.2 Local authorities continue to use funding from a number of sources to implement their Welsh in Education Strategic Plans (WESPs) including activities supported and delivered through the 21st Century Schools Capital programme and the RCSIG. In the delivery of their RCSIG, the regional consortia are asked to ensure that the programme of activities funded reflect the priorities set out in the local authorities’ WESPs.

2.15.3 A budget of £0.1m has been allocated from the Welsh in Education BEL to support the development of the Welsh in Education Strategic Plans (WESPs). Activities allocated from this budget include:
- research into school designations according to their provision of Welsh;
- consultation and engagement of the Draft Welsh in Education Strategic Plans (Wales) Regulations 2019;
- pilot project providing one-to-one intensive support to Local Authorities on specific aspects of WESP implementation and delivery; and
- national WESP conference to formally introduce the new WESP legislative arrangements and publication of new guidance.

Welsh-medium capital grant

2.15.4 During 2018/19, a combined Welsh medium Capital and Childcare offer grant fund of £46m was established to support the growth in Welsh medium education provision. This enabled Welsh Government to support some 46 projects across 20 local authorities which will, when all projects are realised, lead to an additional 2,818 school and childcare places for Welsh medium
learners. This funding boost will go some way to support the increase in provision needed to respond to the *Cymraeg 2050* ambition and the new WESP arrangements.

**Siarter Iaith**

2.15.5 The Welsh Government currently allocates £788,430 to the Siarter Iaith project. Of this, £500,000 is allocated to the four regional education consortia, through the Regional Consortia School Improvement Grant, for the purpose of implementing the Welsh Language Charter and to support activities in the secondary Welsh-medium sector and the primary English-medium sector. Plans are agreed on and progress is measured by each consortium individually.

2.15.6 In addition, the Urdd is allocated £0.112m annually to run the *Cymraeg bob dydd* programme in English-medium secondary schools.

*An outline of how the Welsh in Education budget Action support the Welsh Government's Welsh Language Strategy and its target of one million Welsh speakers by 2050.*

2.15.7 The Welsh Government’s Welsh Language Strategy *Cymraeg 2050*, published on 11 July 2017, is implemented in partnership with various Welsh Government Divisions and with external stakeholders.

2.15.8 The Welsh in Education budget, which totals £12.675m for 2020-21, supports our commitment of one million Welsh speakers by 2050. Activities funded through the Welsh in Education BEL includes: the development of Welsh-medium and bilingual early years provision; support for the development and implementation of the Welsh in Education Strategic Plans (WESPs); support for FE colleges and training providers with training to enable tutors and assessors to teach and train learners bilingually; and funding for Coleg Cymraeg Cenedlaethol to support the development of Welsh-medium HE provision and lead on post-16 development.

2.15.9 Other activities include the development of teaching and learning resources to support the teaching of Welsh, other subjects through the medium of Welsh, as well as bilingual resources to support the new curriculum. Further details on the Welsh in Education budget is covered under section 2.22.

*Confirmation of whether the funding for professional learning activity to support the teaching and learning of Welsh is continuing in 2020-21 and what the intended outcomes from this expenditure are.*

2.15.10 £5.03m was allocated from the Raising School Standards BEL in 2019-20 to support the development of Welsh in the education system and the delivery of the Welsh in Education Action Plan, published in December 2017. This funding has been used during 2019-20 as follows:
• £2.7m to be allocated to regional consortia to support delivery of Welsh language professional learning and other elements of the Welsh in education plan;
• £2m to deliver the Welsh in a year Sabbatical Scheme courses and £0.075m to fund the evaluation of the Sabbatical Scheme;
• £0.08m to support communications activities to promote Welsh-medium education and teaching through the medium of Welsh;
• £0.03m to support pilot activities to increase the number of Welsh-medium teachers; and
• £0.145m to support activities to increase the number of learners studying Welsh at A Level and progressing to become teachers.

2.15.11 No reductions will be applied to this funding in 2020-21. This has increased annually since the original allocation of £4.2m in 2017-18. The allocation for 2018-19 was £4.785m.

2.15.12 In addition to the funding within the Raising School Standards BEL, £1.65m has been transferred from the Welsh in Education to the Teacher Development and Support BEL. This funds the delivery of other models of Sabbatical Scheme courses e.g. courses for teaching assistants, and shorter courses for teachers.

2.15.13 An evaluation of the Sabbatical Scheme has been commissioned and is due to report during 2020-21. This evaluation has two aims. The first is to examine how, and to what extent, the Sabbatical Scheme contributes to change in the way Welsh is taught, or the way it is used as a teaching medium in schools. The second aim is to assess the contribution of the Sabbatical Scheme to professional development provision for practitioners to develop their Welsh language skills or to teach through the medium of Welsh. The evaluation findings will provide the basis for the strategic development of the Sabbatical Scheme and practitioner training in future.

2.16 Youth work

Information on budget provision within the Education MEG to support Youth Work, including:

A breakdown of the £10 million referred to in the media release of 24 June 2019.

2.16.1 A breakdown of £10m for 2019-20 is included in the table below:

<table>
<thead>
<tr>
<th>Youth Support Grant Breakdown</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Core Youth Support Grant (Youth Work and Youth Engagement and Progression Activities)</td>
<td>3,856</td>
</tr>
<tr>
<td>Mental health support</td>
<td>2,500</td>
</tr>
<tr>
<td>Youth homelessness</td>
<td>3,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,056</strong></td>
</tr>
</tbody>
</table>
Clarification of which budget lines the additional allocations have gone into, including a breakdown of what funding constituted the existing allocation and what is new.

2.16.2 The £10m in total is being channelled through the Youth Support Grant which sits in the Youth Engagement and Employment BEL and is broken down as below:

2.16.3 £3.856m represents the core activity (existing funding) historically delivered through the Youth Support Grant (Youth Work and Youth Engagement and Progression Activities).

2.16.4 £2.5m for mental health was made available to support mental health and wellbeing provision for young people using the youth work pedagogical approaches. This was new funding for the grant in 2019-20 and allocated as part of last year's budget.

2.16.5 £3.7m has been made available for 2019-20 to help identify and support young people at risk of youth homelessness. This is new funding for the grant in 2019-20 and has been made available via a transfer from the Housing and Local Government MEG as part of the £10m announced by the First Minister to end youth homelessness. As outlined, the funding of £3.7m for youth homelessness will transfer to the Youth Engagement and Employment BEL in the Second Supplementary Budget for 2019-20. This will increase funding within this BEL to over £10m for 2019-20.

Whether the funding announced on 24 June 2019 will be recurring annually.

2.16.6 Our draft budget for 2020-21 identifies funding, both within the Youth Engagement and Employment BEL of the Education MEG and the Housing and Local Government MEG (youth homelessness), to provide the same level of funding via the Youth Support Grant in 2020-21. This includes maintaining our £2.5m investment to support mental health and wellbeing provision for young people. This is, as would be expected, subject to formal approval once the final budget has been agreed.

Allocations for the following grants, and information about the longer-term intention for them:

- The Youth Work Strategy Support Grant;
- The Welsh Government’s Annual Grant to the Council for Wales of Voluntary Youth Services (CWVYS);
- The Welsh Government’s Annual Grant to Education and Training Standards Wales (ETS Wales);
- The National Voluntary Youth organisation (NVYO) Grant.

2.16.7 The longer term intention in relation to the Youth Support Grant is detailed above. The table below provides a summary of allocations for the remaining youth work grants in 2019-20:
Grant Council for Wales Voluntary Youth Services (CWVYS) £000 Education and Training Standards Wales (ETS) National Voluntary Youth Organisations Grant (NVYO) Total 105 42 682 826

2.16.8 There are no intentions to scale back or redirect the funding provided through these grants in 2020-21 and the Committee will be aware that, for example, Welsh Government recently advertised a new round of funding for the NVYO grant, beginning in 2020-21.

An outline of how young people have been involved in informing the decisions about the allocations for youth work.

2.16.9 Whilst young people have not been involved directly in decisions about the allocations for youth work in this budget, they were consulted as part of the published reviews of a number of youth work grant funding streams and as part of Margaret Jervis’s work last year. A direct result of this is a stronger requirement on partners to evidence how they have engaged with and consulted young people, directly involving them in the design and development of grant funding and wider services at a local level.

2.16.10 Additionally, the Interim Youth Work Board have ensured that young people have been consulted with at all stages of the development of the new Youth Work Strategy for Wales through a series of `Let’s Talk’ discussions and as part of focused work. The Board has also organised group sessions with young people, led by youth work students, to explore what the strategy means for them and how it can be better communicated to young people across Wales. The intention is for this work to continue so that during the lifetime of the Board, young people will play a significant role in informing activity and the Board’s recommendations at the end of their tenure.

2.16.11 Finally, at every Interim Youth Work Board Meeting local youth work stakeholders and young people are invited to attend wherever possible. This helps further embed the voice of young people in the Board’s work and, as a result, informs Welsh Government approaches and informs budget decisions.

2.17 Childcare offer

An updated assessment of the revenue and capital implications for the Education MEG of the Welsh Government’s childcare offer.

2.17.1 There is no revenue budget within the Education MEG for the Childcare Offer. These costs will continue to be met from the Health and Social Services MEG, where funding for 2020-21 is increasing to £60m to meet the increasing demand.

2.17.2 Through the Education MEG, we are investing an additional £6m capital to support the Childcare Offer bringing total capital investment to £70m over the
last three years. This funding is to support the co-location of existing Foundation Phase provision with the new Childcare Offer provision on a single site, wherever possible, and to ensure there is sufficient childcare in the right areas, with a specific focus on developing new provision in areas that currently lack childcare services, in particular in rural and disadvantaged areas.

2.18 Early Years / Foundation Phase

Details of how the Welsh Government ensures it has an overview of the funding rates for the 10 hours early years Foundation Phase offer across Wales for the non-maintained sector and in comparison to the maintained sector.

2.18.1 Responsibility for delivering early education rests with local authorities who decide on the structure and funding of delivery. Nearly all local authorities deliver Foundation Phase Nursery (FPN) (3 and 4 year old children) in schools and also in funded non-maintained childcare settings. Local authorities are required to provide a minimum of 10 hours Foundation Phase education. Provision is universal and should be made available to all parents who require it.

2.18.2 In September last year, the Welsh Government issued guidance to local authorities to remind them of their statutory duties in this area. This was to help encourage more flexible delivery and provision to help support children and to support improved accessibility for parents.

2.18.3 We maintain close contact with local authorities to enable the Welsh Government to gain a greater understanding of principles and practices operating in each local authority. This allows Welsh Government to identify and manage any issues on an ongoing basis.

2.18.4 The Welsh Government also regularly meets the umbrella organisations representing providers of non-maintained settings. This gives us a broad perspective of the sector as a whole.

2.18.5 Due to the different method of funding to schools quantifiable comparisons between the sectors cannot be made as there are some significant differences such as:
- current funding for FPN in the maintained sector not being ring-fenced;
- local authorities not always using a consistent formula to calculate school budgets;
- schools being in receipt of additional funding streams including the EIG and the PDG which directly support delivery and learners; and
- schools ability to utilise economies of scale and more readily able to redeploy staff resources.
An update on the work being undertaken to review the relationship between funding rates for childcare for three and four year olds (under the Childcare offer) and early years education (the Foundation Phase) for three and four year olds and an update on the pilot in Flintshire.

2.18.6 Ensuring the alignment of the Welsh Government’s funded childcare provision and the long-standing Foundation Phase provision is a key critical success factor for the successful delivery of the Welsh Government’s Childcare Offer (the Offer).

2.18.7 We have acknowledged early implementation of the Offer highlighted disparities between the funding rate paid by local authorities for FPN and the childcare element of the Offer, with some providers identifying the lower funding rates for FPN as an impediment to the delivery of FPN, and the implementation of the Offer.

2.18.8 In December 2018 I, in conjunction with the Minister for Health and Social Services and the then Minister for Children, older People and Social Care, agreed to test the principle of a single funding rate for the education and care elements of the Offer with a pilot in Flintshire.

2.18.9 In partnership with the County Council, we have tested the impact of a consistent funding rate for early education and childcare. The pilot for the Foundation Phase for 3 year olds ran in the spring and summer terms 2019.

2.18.10 Alongside the pilot the Welsh Government commissioned an independent evaluation to be undertaken by Arad Research (which are also undertaking the broader evaluation of the Offer). We have received the independent evaluation of the pilot and are considering the results. This includes undertaking further financial modelling to review the overall costs of rolling out a single funding rate. We would expect any budget requirement as a result of this to be outlined in a future budget.

An explanation of how funding for the Foundation Phase in the Education Improvement Grant (EIG) relates to other funding for early years education, and whether their purposes are distinct from one another.

2.18.11 A significant proportion of funding for the Foundation Phase (age 3-7) is provided to local authorities through the local government settlement. This funding is not ring-fenced for Foundation Phase because it relates to mainstream functions.

2.18.12 In addition, the Welsh Government provides funding for the Foundation Phase via the Education Improvement Grant (EIG). The Foundation Phase Grant was incorporated into a single funding stream, the EIG, for schools in 2015. The intention was to provide flexibility for regional education consortia and local authorities to target resources where they are most needed and allow schools to focus on what matters in improving educational outcomes for children in Wales.
2.18.13 EIG provides a clear distinction of purpose in relation to the Revenue Support Grant. The terms and conditions of this grant are the mechanism for ensuring adherence to the staff to pupil ratios in schools. Staff to pupil ratios for early education were introduced in 2005 (before the implementation of the Foundation Phase) to comply with national minimum standards as set out by Care Inspectorate Wales for 3 and 4 year-olds in registered childcare settings and enable delivery of the Foundation Phase curriculum and its pedagogy for 3 to 7 year-olds. Evidence shows high staff to pupil ratios (1:8 for nursery and reception) are needed to deliver the approach of structured, active educational play and experiential learning, through outdoor as well as indoor learning.

2.18.14 The EIG is also required to provide support for non-maintained settings to ensure the delivery of high quality Foundation Phase provision. This is mainly provided by Early Years Advisory Teachers employed by local authorities and regional consortia, though other approaches including schools providing direct support to settings are also in place.

2.19 Capital funding for school and college infrastructure

Information on budget provision for 21st Century Schools and progress of the programme to date, including expenditure and numbers of projects completed/approved to date, broken down by:
- A summary of expenditure and number of projects undertaken / completed within Band A.
- The latest position regarding Band B of the programme.

2.19.1 Last year we announced an additional £75m investment over three years (2004-19 to 2020-21) to accelerate the 21st Century Schools and Colleges Programme. Taken together with the additional funding allocated in this budget, which includes a £10m general capital uplift, it brings total funding for the Education Infrastructure BEL which supports the 21st Century Schools and Colleges Programme budget to over £200m in 2020-21.

2.19.2 The first wave (Band A) of the programme will deliver in excess of £1.4bn of investment, with the Welsh Government providing 50% of the funding. This wave of the programme is nearing completion with the Welsh Government having approved funding for 170 projects of which 145 have been completed and 19 are in construction. The projects approved have committed funding of £796.4m up to 2020-21 in line with approved budgets.

2.19.3 The second wave of the programme (Band B) includes the capital equivalent of £500m to be delivered via the Mutual Investment Model (MIM) and we are working with our partners to ensure that this expenditure is profiled effectively. To date the Welsh Government has approved funding for 27 projects, of which seven are under construction. The approved projects have committed funding of £157.1m up to 2024-25 in line with approved budgets.
An update regarding the use of the Mutual Investment Model for Band B and the impact this will have on the money available.

2.19.4 A significant element of Band B is an additional £500m (capital equivalent) of investment to be delivered under the Mutual Investment Model (MIM). The effect of using this model on the budget is positive because it is an off Government Debt solution which means it is in ‘addition’ to any capital funding. Development costs incurred by local authorities and FEIs in working up their schemes will be funded via capital grant in the same way as capital schemes on a 65:35 basis.

2.19.5 The MIM Education Team is presently in procurement for a Private Sector Delivery Partner to form a joint venture with Welsh Government to facilitate the efficient and agile delivery of MIM schemes by each individual Local Authority or FEI. The preferred partner is due to be appointed in June 2020 with the first schools/colleges reaching financial close on the first projects as soon as September 2021 and the first new buildings being delivered by 2022.

2.20 Further education, Sixth Forms and Adult Community Learning

Details of any funding to be provided to further education institutions to enable them to prepare for curriculum reform.

2.20.1 Funding is targeted at statutory school age and no additional funding has been provided to FE institutions.

Details of the call on the 2020-21 post-16 education action, to meet the 2019/20 academic year funding commitments for Sixth Forms and further education institutions.

2.20.2 Local authority Sixth Forms receive allocations on a financial year basis. Therefore, there is no call on the 2020-21 post-16 education action to meet the 2019/20 academic year funding commitment.

2.20.3 Further Education Institutions receive allocations on an academic year basis, which places a call on the 2020-21 post 16 education action. For 2020-21 that call is £111.168m.

Details of any capital funding to further education institutions and any restrictions placed on the capital funding by Welsh Government.

2.20.4 The question is not time specific, however Further Education Institutions have been awarded the following funding:

<table>
<thead>
<tr>
<th>Programme</th>
<th>Time Period</th>
<th>Intervention rate</th>
<th>WG Funding £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>21st Century Schools and Colleges Programme – Band B</td>
<td>2019-2024</td>
<td>65%</td>
<td>48,410</td>
</tr>
</tbody>
</table>

2.20.5 Under Band B of the 21st Century Schools and Education Programme FEIs have had £74.5m of projects approved across the sector as shown below:
<table>
<thead>
<tr>
<th>FE college – project</th>
<th>Total project cost £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Learning Wales - Bryn Menai</td>
<td>420</td>
</tr>
<tr>
<td>Bridgend College - STEAM Academy</td>
<td>30,400</td>
</tr>
<tr>
<td>Coleg Cambria - Yale Technology Hub</td>
<td>20,650</td>
</tr>
<tr>
<td>Coleg Gwent - Catering at Usk Campus</td>
<td>3,330</td>
</tr>
<tr>
<td>Grwp Llandrillo Menai - Bangor Campus</td>
<td>10,000</td>
</tr>
<tr>
<td>Grwp Llandrillo Menai - Glynllifon Small Animal &amp; Veterinary Nurse Training Centre</td>
<td>1,430</td>
</tr>
<tr>
<td>Gower College Swansea - Sketty Hall</td>
<td>2,250</td>
</tr>
<tr>
<td>Pembrokeshire College</td>
<td>5,990</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,470</strong></td>
</tr>
</tbody>
</table>

2.20.6 In addition to the above funding, under 21st Century Schools and Education Programme – Band B, indicative envelopes of £117m capital remain and £160.4m MIM has been allocated to FEI’s across Wales.

*Details of any hypothecated or un-hypothecated allocations to further education institutions beyond their core-allocation, in particular details of any amounts intended to support mental health provision, additional learning needs, teaching pay, and pensions.*

2.20.7 At the time of writing the post-16 allocations to the FE sector have not yet been agreed. This, in the main, is due to final datasets still being audited. We will provide the Committee with an update once allocations have been agreed and finalised.

*Details regarding the post-16 specialist placements BEL, including its purpose.*

2.20.8 The details on the post-16 specialist placement BEL, including its purpose has been provided in section 2.9.

*Expected amount of funding that further education institutions will receive from work-based learning and employability provision/contracts.*

2.20.9 The budgets deployed for this purpose are not recorded as part of the Education MEG. These are in fact part of the Economy and Transport MEG. There are 2 components that make up this activity:

- Work based Learning
- Employment and Skills

2.20.10 In financial year 2019-20 these totalled £170.738m and in financial year 20-21 planned expenditure of £166.355m.

2.20.11 At the time of writing, the decision to award Job Support Wales contracts following procurement has yet to be made so the impact on FEIs is unknown.
Details of the complete 2019/20 allocations to further education colleges, to include the amounts of all eight components of the allocation (i.e. full-time, part-time, part-time allowance, deprivation, sparsity and welsh medium allowances, maintenance allowance and the Adult Learning Wales adjustment).


A step-by-step explanation of how the full-time and part-time allocations for further education institutions are now calculated, including the demographic, curriculum and learner data the calculations are based on.

2.20.13 At its simplest the derivation of full time funding is the sum of predicted learner numbers multiplied by an institutional average programme value. See Annex H – FE funding methodology’ for more detailed information as to how the predicted learner number and average programme value is arrived at.

2.20.14 Detail as to the derivation of part-time funding is also included at Annex H – FE funding methodology’

A copy of the most recent Further Education Financial Forecast Planning Assumptions guidance issued to FEIs.

2.20.15 The Planning Assumptions included the following preparatory notes:

- These assumptions are for planning purposes only to ensure comparability between institutions and are not to be taken as indicative funding forecasts or advice on future pay agreements.
- They are on an advisory basis and if any college feels that they are not appropriate to their own circumstances alternative assumptions can be used provided they are disclosed within the forecast.
- These assumptions should be read in conjunction with any publications from Welsh Government giving specific advice on other funding streams.

2.20.16 Key assumptions included:

- Assume a 1% increase in allocation for future years (please note: Note 1 above).
- Assume a 1% pay award for each year (please note: Note 2 above).
- Apart from 2018/19 where £5m of maintenance funding has been agreed, assume no other amounts will be made available for 2019/20 and 2020/21.
- Due to the lack of information at the current time over the Welsh future budgets we are recommending sensitivity analysis of 2.5% and 5% in recurrent funding, including any Work Based Learning income.

2.21 Higher education & post-16 learner support, including student loans resourcing

Details of the HEFCW allocation, including details of any hypothecated funding to be allocated to HEFCW, such as for Global Wales II, research, pensions (if any) etc. (degree apprenticeships are addressed below).
2.21.1 The final HEFCW allocation for 2019-20 was set as £152.745m. In line with projections included in my remit letter to HEFCW for the financial year, the allocation has increased to £178.247m. Whilst HEFCW’s funding is not hypothecated, I have allocated the funding council funding for the following activities:

- £5m to support a scheme to encourage post-graduate study in Wales;
- £1.369m to support Global Wales II, the third year of a three year funding allocation.
- £0.105m to support the development of the WHEELP II programme for Higher Education and Further Education;
- £1.3m to support a postgraduate incentives scheme;
- £0.08m to support a bursary scheme for Masters students aged 60+.
- £10m capital funding for estate utilisation

2.21.2 In addition, as part of the Welsh Government response to the Diamond Review, I have also allocated money for the implementation in the following areas:

- Expansion of expensive subject premium (full time)
- Expansion of expensive subject premium (part time)
- Doctoral research scholarships
- Un-hypothecated funds
- Research and knowledge transfer

Details of any capital funding to be made available to HEFCW, including any restrictions to be placed on it by Welsh Government.

2.21.3 In 2020-21 capital funding of £10m has been made available. This is the third year of a three year funding commitment to provide funding to support institutions in reducing their financial risks associated with estates and realising efficiencies in the management of their estates and operations

A table showing the 2019-20 outturn, and forecast expenditure over the following four years on:

- Full-time undergraduate (FTUG) Tuition Fee Grant (broken down by students in Wales and elsewhere in the UK)
- FTUG Maintenance Grant (broken down by students in Wales and elsewhere in the UK)
- Part-time undergraduate (PTUG) Maintenance Grant (broken down by students in Wales and elsewhere in the UK)
- Masters Finance grant element (broken down by students in Wales and elsewhere in the UK)
- Education Maintenance Allowance (EMA)
- Welsh Government Learning Grant (Further Education) (WGLG(FE))
- Targeted grants and allowances (by students in Wales and elsewhere in the UK)
- Any other funding items within the Post-16 learner support action (the student loan resource provision is addressed below).

2.21.4 See Annex I for Tables 1 to 3.
2.21.5 Table 1 provides a breakdown of forecast out-turn expenditure for 2019-20 and forecasted expenditure for 4 years for non-repayable student support (grants) only. It should be noted that support for doctoral studies is provided as a loan only product.

2.21.6 Tables 2 and 3 splits expenditure according to where the student choose to study. Table 2 also provides a breakdown of support provided to students who are ordinarily resident in Wales who study at Welsh Universities; and

2.21.7 Table 3 provides a breakdown of support provided to students who are ordinarily resident in Wales who study at universities in England, Scotland or Northern Ireland.

**Student loans provision broken down by:**
- **DEL and AME for both revenue and capital, all split by fiscal and non-fiscal amounts, including a commentary explaining any movements compared to the First Supplementary 2019-20 budget.**

<table>
<thead>
<tr>
<th>Budget Line</th>
<th>Budget Boundary</th>
<th>BEL</th>
<th>2019-20 1st Supp £000</th>
<th>Difference £000</th>
<th>2020-21 Draft £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAB Charge</td>
<td>Non-fiscal Resource</td>
<td>4707</td>
<td>106,849</td>
<td>-</td>
<td>106,849</td>
</tr>
<tr>
<td><strong>Total Non-fiscal Resource</strong></td>
<td></td>
<td></td>
<td>106,849</td>
<td>-</td>
<td>106,849</td>
</tr>
<tr>
<td>Effective Interest</td>
<td>AME - Resource</td>
<td>4713</td>
<td>-123,844</td>
<td>-555</td>
<td>-124,399</td>
</tr>
<tr>
<td>Repayments</td>
<td>AME - Capital</td>
<td>4713</td>
<td>-99,872</td>
<td>-14,195</td>
<td>-114,067</td>
</tr>
<tr>
<td>Advances</td>
<td>AME - Capital</td>
<td>4713</td>
<td>702,171</td>
<td>92,548</td>
<td>794,719</td>
</tr>
<tr>
<td>Capitalised Interest</td>
<td>AME - Capital</td>
<td>4713</td>
<td>172,003</td>
<td>38,733</td>
<td>210,736</td>
</tr>
<tr>
<td><strong>Total AME</strong></td>
<td></td>
<td></td>
<td>650,458</td>
<td>116,531</td>
<td>766,989</td>
</tr>
</tbody>
</table>

The above variances reflect the forecasts submitted to HMT in September 2019, based upon the latest available economic data and student demographics.

**Forecast student loans provision broken down by amounts for:**
- **FTUG tuition fee and maintenance loan outlay and Resource Accounting and Budgeting (RAB) charge**
- **PTUG tuition fee and maintenance loan outlay and RAB charge**
- **Masters Finance loan element outlay and RAB charge**
- **Doctoral loan outlay and RAB charge**
- **Full-time undergraduate loans in the 2019-20 Financial Year**

2.21.8 Included within **Annex I** as Table 4.

**An outline of any impact the ONS December 2018 decision on the treatment of student loans in the public sector finances has had on Wales / Welsh Government policy.**
2.21.9 The ONS decision has had no impact on the treatment of student loans for the Welsh Government, impacting on the public finance treatment of Student Loans at a national level only.

2.21.10 We are in regular contact with HM Treasury and the Ministry of Education and will be involved on any discussion on the future treatment of Student Loans in the public finance arena.

Details of any 2020-21 allocation intended for the delivery of degree apprenticeships; and details of the funding that would be required to teach-out degree apprentices should the pilot not continue beyond the initial £20 million commitment.

2.21.11 £5m was previously transferred to HEFCW as part of the last budget setting process. It is anticipated that (up to) a further £7m will be transferred to HEFCW to support continuing a new Degree Level Apprenticeships during 2020-21.

2.22 Other post-16 education & Welsh in education

Details of post-16 specialist placements funding and its use, if not covered elsewhere.

2.22.1 This has been covered in our response under section 2.9.

Details of Personal Learning Account pilot funding.

2.22.2 The Employability Plan commits to piloting a Personal Learning Account. The account will provide funding for vocational retraining of employed people in industry sectors where there is a demonstrable skills shortage.

2.22.3 The programme is available to anyone who lives in Wales, is over the age of 19 and is in employment, but earning less than the Welsh Median income (£0.026m per year). It is being piloted by Coleg Gwent in the south east and Grwp Llandrillo Menai in the north. It offers employed people the chance to access free and flexible courses within Welsh Government’s priority sectors, initially within the engineering, construction and ICT sectors.

2.22.4 All of the courses are funded by the Welsh Government and dedicated careers advisers at Working Wales will help each individual to establish a workable plan that is manageable around their existing commitments to help them achieve their future career goals. The pilot programme will run for two years and will be monitored with the intention of additional courses becoming available across a wider variety of priority sectors, further opening up the opportunities for people to switch careers.
Details regarding funding for offender learning, and details of the provision this funds.

2.22.5 The Welsh Government funds (from monies provided to the Welsh Ministers specifically for this purpose by the UK government) the education and learning provision and prison libraries in Welsh public sector prisons through a joint Memorandum of Understanding with Her Majesty’s Prison and Probation Service (HMPPS).

2.22.6 HMPPS are responsible for commissioning all education and learning delivery in Welsh public sector prisons to achieve sustainable employment prospects. The public sector prisons in Wales include HMP Cardiff, Swansea, Usk, Prescoed and HMP Berwyn. With the exception of HMP Berwyn, learning and skills is delivered by in-house staff employed by the Ministry of Justice (MoJ). For HMP Berwyn, HMPPS has contracted out the learning and skills provision to Novus Cambria. HMP Parc is a private prison and all services are operated through G4S.

2.22.7 An annual budget of £3.328m is allocated to HMPPS to support the provision of prisoner learning and skills in South Wales Prisons. Since the opening of HMP Berwyn in February 2017, the Welsh Government have received in year transfers to fund the delivery of learning and skills there. The MoJ have confirmed that this funding is guaranteed for future years and will be proportionate in line with the funding released for learning and skills as prisons close in England.

2.22.8 The current arrangements enables the Welsh Government to improve further the quality and relevance of offender learning in the context of Welsh Government priorities. It supports a number of commitments within the Programme for Government: Taking Wales Forward, with a key focus on providing the support people need in order to access jobs. Through better education and providing skills for life, this will serve to break the cycle of disadvantage and inequality that many experience within this cohort over the longer term.

Details of the Welsh in Education budget including any allocation for the Coleg Cenedlaethol.

2.22.9 The Welsh in Education budget is £12.675m for 2020-21. The budget includes a transfer of funding of £1.650m within the MEG for Welsh Language practitioner training, due to the responsibility for the Sabbatical scheme and CYDAG now falling to the Teacher Development and Support BEL. In addition, £0.5m removed from the baseline in relation to funding allocated in the two year Plaid Cymru Budget agreement for bilingual education resources has been reinstated for 2020-21. This funding will ensure the continuation of the ongoing programme to commission Welsh-medium and bilingual teaching and learning resources in support of the new curriculum and post-16 vocational qualifications.
2.22.10 The overall funding for the Coleg Cymraeg Cenedlaethol is £5.88m. This includes £5.4m for the Coleg and £0.330m for its Welsh-medium scholarship scheme in HE, with £0.150m allocated in support of the Further Education and Apprenticeships Welsh-medium Action Plan.

The original Welsh in Education BEL in the 2019-20 Final Budget was £29.361 million. This BEL moved into the International Relations and Welsh Language (IRWL) MEG in January 2019. In June 2019 the First Supplementary Budget shows that the Action moved back to the Education MEG, but only £14.325 million transferred out of the IRWL MEG into the Welsh in Education BEL within the Education MEG – the balance moving as a transfer within the IRWL MEG into the Welsh Language BEL:

- Which activities associated with the funding transfers have moved from the IRWL MEG into the Education MEG, and which have remained within the IRWL MEG?
- What was the rationale for splitting the funding previously contained in the Welsh in Education BEL between two MEGs?

2.22.11 Following the First Minister’s appointment of his Cabinet in December 2018, responsibilities of each Cabinet Minister was published in January 2019. As a result of the change in ministerial responsibilities, a transfer of funding was required to the relevant MEGs in order to align with portfolio responsibilities. In the case of the Welsh Language, a transfer of funding took place in the First Supplementary Budget 2019-20 between the IR&WL MEG and the Education MEG, in line with the Ministerial responsibilities as set out below:

2.22.12 Minister for International Relations and Welsh Language:
- Welsh language, including oversight and coordination of general Welsh language policy;
- Ministerial functions emanating from the Welsh Language Measure 2011; and
- The Welsh Language Commissioner.

2.22.13 The Minister for Education:
- Welsh-medium and bilingual education;
- Further Education;
- Adult community learning; and
- Higher Education policy, strategy and funding.

2.22.14 A transfer of £15.036m was made from the Welsh in Education BEL to the Welsh Language BEL within the International Relations and Welsh Language (IRWL) MEG. The residual balance within the Welsh in Education BEL of £14.325m was transferred from the IRWL MEG to the Education MEG to reflect the portfolio responsibilities announced in January 2019.
2.22.15 Activities associated with the funding that has moved from the IRWL MEG into the Education MEG include: the development of Welsh-medium and bilingual early years provision; support for the development and implementation of the Welsh in Education Strategic Plans (WESPs); support for FE colleges and training providers with training to enable tutors and assessors to teach and train learners bilingually; and funding for Coleg Cymraeg Cenedlaethol to support the development of Welsh-medium HE provision and lead on post-16 development. Other activities include: training to develop school practitioners’ Welsh language skills and ability to work through the medium of Welsh; developing teaching and learning resources to support the teaching of Welsh; other subjects through the medium of Welsh; as well as bilingual resources to support the new curriculum.

2.22.16 Activities that remained within the IRWL MEG include Cymraeg for Kids which is designed to help increase the number of children in Welsh-medium education by supporting parents, prospective parents and other family members. Siarter Iaith supports and promotes the informal use of Welsh amongst primary school-aged children and Ysgol Gymraeg Llundain enabling those that have left Wales to continue to contribute to our community and wider society through the medium of Welsh. Other activities that remained within the IRWL MEG include Welsh for Adults which enables the National Centre for Learning Welsh to provide strategic leadership for the Welsh for Adults sector and the awarding of grant funding to key organisations that include the Mentrau Iaith, the Urdd, the Eisteddfod Genedlaethol, Young Farmers, Merched y Wawr and the Papurau Bro. Also supported within the MEG is the Welsh Business Helpline, Welsh language marketing activities, projects to develop Welsh language applications and Welsh language terminology projects.

2.23 Science and business innovation

Details regarding the support for:

- the Chief Scientific Advisor and their office, including any additional funding made available for strategic initiatives/implementing science policy

2.23.1 Total funding currently proposed for 2020-21 for the Chief Scientific Adviser and the Office for Science is broken down as follows:

<table>
<thead>
<tr>
<th>Office for Science budget</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>£000</td>
</tr>
<tr>
<td>Sêr Cymru I</td>
<td>764</td>
</tr>
<tr>
<td>Sêr Cymru II</td>
<td>1,600</td>
</tr>
<tr>
<td>Sêr Cymru II+</td>
<td>800</td>
</tr>
<tr>
<td>COFUND</td>
<td>362</td>
</tr>
<tr>
<td>Sêr Cymru III</td>
<td>1,348</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,874</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Project support &amp; facilitation</td>
<td>150</td>
</tr>
<tr>
<td>Trio Sci Cymru</td>
<td>898</td>
</tr>
<tr>
<td>Wellbeing &amp; Marketing inc Brexit support &amp; preparedness Funding (pending approval)</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,648</td>
</tr>
</tbody>
</table>
2.23.2 In September, a further £7.5m investment was announced extending to 2022-23 (£4.6m of which is EU Structural Funds) for the next phase of the Welsh Government Science Programme Sêr Cymru designed to help Universities to strengthen the links between academics and industry, purchase equipment and increase research capacity and capability.

2.23.3 This new funding will further enable Welsh researchers to compete for a greater share of new UK Research and Innovation funding and pave the way for a new, longer-term approach to research and innovation in Wales. The Sêr Cymru programme has, over the past 7 years, supported more than 340 PhD students and postdoctoral researchers in Wales, from 29 countries, with a total investment of £100m. The Sêr Cymru II+ line reflects the 2020/21 commitment to that phase.

- *research and innovation activity, in particular businesses innovation activity*

2.23.4 Total SMART Funding for Business Innovation Activity 2014-2020 (though individual projects can run to 2023):

<table>
<thead>
<tr>
<th>SMART Funding Available</th>
<th>Welsh Govt</th>
<th>ERDF</th>
<th>Private Sector</th>
<th>Total £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMART Innovation</td>
<td>7,500</td>
<td>11,000</td>
<td>0</td>
<td>18,500</td>
</tr>
<tr>
<td>SMART Cymru</td>
<td>0</td>
<td>27,300</td>
<td>36,100</td>
<td>63,400</td>
</tr>
<tr>
<td>SMART Expertise</td>
<td>1,300</td>
<td>30,300</td>
<td>19,700</td>
<td>51,300</td>
</tr>
<tr>
<td><strong>Total per Annum</strong></td>
<td><strong>1,200</strong></td>
<td><strong>9,800</strong></td>
<td><strong>8,000</strong></td>
<td><strong>51,000</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,700</strong></td>
<td><strong>68,600</strong></td>
<td><strong>55,700</strong></td>
<td><strong>133,100</strong></td>
</tr>
</tbody>
</table>

2.23.5 Total project commitments to date:

<table>
<thead>
<tr>
<th>SMART Funding to July 19</th>
<th>Welsh Govt</th>
<th>ERDF</th>
<th>Private Sector</th>
<th>Total £000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMART Innovation</td>
<td>2,400</td>
<td>3,600</td>
<td>0</td>
<td>5,900</td>
</tr>
<tr>
<td>SMART Cymru</td>
<td>0</td>
<td>15,900</td>
<td>20,000</td>
<td>35,900</td>
</tr>
<tr>
<td>SMART Expertise</td>
<td>600</td>
<td>6,200</td>
<td>6,400</td>
<td>13,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,000</strong></td>
<td><strong>25,700</strong></td>
<td><strong>26,300</strong></td>
<td><strong>55,000</strong></td>
</tr>
</tbody>
</table>
### SMART Performance to Date

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies Assisted</td>
<td>2,396</td>
</tr>
<tr>
<td>RD&amp;I Projects Assisted</td>
<td>1,266</td>
</tr>
<tr>
<td>Diagnostics Innovation</td>
<td>370</td>
</tr>
<tr>
<td>Diagnostics Manufacturing</td>
<td>219</td>
</tr>
<tr>
<td>Diagnostics Design</td>
<td>138</td>
</tr>
<tr>
<td>IP Audits</td>
<td>90</td>
</tr>
<tr>
<td>EC/EFF</td>
<td>86</td>
</tr>
<tr>
<td>SMART RD&amp;I Projects Funded</td>
<td>460</td>
</tr>
<tr>
<td>Collaborative Partners</td>
<td>146</td>
</tr>
<tr>
<td>Jobs Created</td>
<td>89</td>
</tr>
<tr>
<td>New or Improved Products / Processes / Services Launched or Implemented</td>
<td>406</td>
</tr>
<tr>
<td>Number of New or Improved Products / Processes / Services Registered</td>
<td>70</td>
</tr>
</tbody>
</table>

2.23.6 The SMART programmes support Welsh business by:

- **overcoming** barriers to Innovation and R&D. *SMART Innovation* - a field force of industry experts delivering advice and guidance on R&D, technical consultancy, advanced manufacturing, innovative design, open innovation and intellectual property.

- **sharing** the risk of their Innovation and R&D. *SMART Cymru* – co investment to encourage businesses to implement innovative processes and undertake R&D including technical feasibility, industrial research and experimental development.

- **supporting** industry led collaborative R&D to commercialise academic knowledge. *SMART Expertise* – supports industry led collaborative R&D projects between businesses & research organisations translating research into commercial solutions.

**Summary**

The Education MEG Draft Budget for 2020-21 is presented to the Committee for consideration.

Kirsty Williams AM
Minister for Education
Culture, Welsh Language and Communications Committee

Date: Wednesday 8 January 2020
Time: 10:30-11:30am
Title: Evidence paper to inform scrutiny of Draft Budget 2020-21 from the Culture, Welsh Language and Communications Committee

Purpose

1. To provide information in relation to the Welsh language budget proposals as outlined in the Draft Budget 2020-21 published on 16 December 2019. It also provides an update on specific areas of interest to the Committee.

Strategic Direction

2. In July 2017, we launched our Welsh language strategy: Cymraeg 2050 setting out our vision to reach a million Welsh speakers by 2050 and increase the percentage of the population who speak Welsh daily from 10% to 20% by 2050. The strategy has three main themes:

- Theme 1: Increasing the number of Welsh speakers
- Theme 2: Increasing the use of Welsh
- Theme 3: Creating favourable conditions – which entails securing the right infrastructure and context to enable themes 1 and 2 to happen.

3. Census results show that in 2011 there were approximately 562,000 Welsh speakers. During the process of drafting the Cymraeg 2050 strategy, the projection for the number of Welsh speakers by 2050 (i.e. the number of Welsh speakers that was predicted if the prevailing patterns and trends regarding the Welsh language and the population had continued until 2050, with no further intervention to increase the number of speakers), was 666,000.

4. Reaching a million speakers therefore necessitated a step-change in order to see the requisite increase. The approach in the strategy follows a vision to increase the number of speakers, increase use of the language, and improve the infrastructure using a life-course approach followed in other administrations with minority languages such as Catalonia.

5. Previous Welsh Government strategies for the language focussed on maintaining the number of speakers. However, the target of a million speakers is deliberately pioneering. Its aim is to change people’s mind sets and work towards a situation where the language is truly thriving and used in all aspects of the daily lives of fluent Welsh speakers, those who may be reluctant to use the language and new speakers.

6. The strategy provides a trajectory for the journey to a million speakers (a trajectory was developed alongside the strategy to demonstrate one possible path of reaching a million Welsh speakers by 2050, based on the policy intentions included in the strategy).
7. The *Cymraeg 2050: Work Programme 2017-21* published in tandem with the strategy, sets out what we will do during this Assembly to lay the foundations. We also publish annual action plans detailing our plans for the year ahead and annual reports detailing what we have achieved during the past year. More information on the milestones included in the Work Programme is included at paras 33-46. We are in the process of establishing Prosiect 2050 to give added impetus to efforts to deliver the *Cymraeg 2050* strategy. In July, the Committee published a report following its inquiry into ‘Supporting and Promoting the Welsh Language’, and provided recommendations as to the next steps. In August, I announced that funding had been agreed to employ experts to lead and advise Prosiect 2050, a new multi-disciplinary unit which will work with partners across Wales and beyond to help deliver our goals together. Prosiect 2050 will be tasked with:

- co-ordinating the planning for our route to a million speakers, from early years through Welsh-medium statutory education provision to post-compulsory education to Welsh for adults;
- doubling the use of Welsh by creating new initiatives, and evaluating current initiatives; and
- supporting policy areas across the Welsh Government to contribute to the maintenance of our Welsh-speaking communities and to the increased use of Welsh, in alignment with *Cymraeg 2050*.

8. The Welsh Government’s Programme for Government as well as the Well-being of Future Generations (Wales) Act 2015 support the vision in *Cymraeg 2050*.

**2020-21 Draft Budget Allocations**

9. The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital. The total Welsh Language budget is £37.216m: revenue £36.831m and capital £0.385m. To note that the Minister for Education has responsibility for Welsh medium and bilingual education which is supported with a revenue budget of £12.675m. The tables below provide an overview of the total Welsh Language budgets by portfolio:

<table>
<thead>
<tr>
<th>TABLE 1: Overview of the Revenue Budget – Total Welsh Language</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action</strong></td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>International Relations and Welsh Language MEG</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
10. Within the International Relations and Welsh Language MEG, additional funding has been provided to the Welsh Language Commissioner: revenue funding of £0.05m to support staffing costs and capital of £0.385m to implement a new IT system.

11. Within the Education MEG, the Welsh in Education budget is £12.675m for 2020-21. The budget includes a transfer of funding of £1.650m within the MEG for Welsh Language practitioner training, due to the responsibility for the Sabbatical scheme and CYDAG now falling to the Teacher Development and Support BEL. In addition, £0.5m removed from the baseline in relation to funding allocated in the Two Year Plaid Cymru Budget agreement for bilingual education resources has been reinstated for 2020-21. This funding will ensure the continuation of the ongoing programme to commission Welsh-medium and bilingual teaching and learning resources in support of the new curriculum and post-16 vocational qualifications.

12. The Welsh in Education budget for 2020-21 therefore includes continuation of additional £1.5m funding allocated in 2018-19 as a result of the two year Budget agreement with Plaid Cymru: £0.5m as stated above to improve provision of bilingual education resources and £1m for Mudiad Meithrin to increase Welsh-medium childcare provision.

13. The final outturn for 2018-19 for Welsh Language was £37.838m. In 2019-20 the forecast outturn is £38.431m in line with the allocated budget.

14. I must also note that the aim is to mainstream Cymraeg 2050 into all Welsh Government portfolio areas and there is expenditure on the language embedded in delivery within many other ministerial portfolios.
Part 1: Commentary on Budget Expenditure Line (BEL) allocations

Welsh Language BEL

15. The purpose of the Welsh language BEL is to support Cymraeg 2050 in relation to increasing the use of Welsh and securing the right infrastructure.

16. Funding within the Welsh Language BEL has been maintained at £20.949m for 2020-21. As outlined in the table above, the baseline for 2020-21 includes the continuation of £5m funding for Cymraeg Gwaith / Work Welsh initiative and promotion allocated in the Two Year Budget Agreement with Plaid Cymru. The budget primarily supports partnership activities including:

- **Cymraeg for Kids** – to support parents, prospective parents and other family members in using Welsh at home, transmit Welsh to their children, and to support children’s linguistic development in a social and educational context. Further detail is provided at para 37;
- The delivery of Welsh-language training through the **National Centre for Learning Welsh**. Further detail is provided at para 47.
- Delivering the **Welsh Language Technology Action Plan**;
- Increase **language use within communities** for example through providing grants to the Mentrau Iaith, Merched y Wawr and the Young Farmers;
- Delivery of the **Siarter Iaith / Welsh Language Charter** programme;
- Fund additional expertise in language planning as part of **Prosiect 2050**;
- Fund **Business Officers** within the community and the new **Welsh language helpline** for small businesses;
- Fund the **Welsh Language Tribunal**;
- **Research**, evaluation and marketing in respect of the Strategy.

Welsh Language Commissioner BEL

17. The budget supports the Welsh Language Commissioner who has wide ranging functions and powers which include:

- Working towards ensuring that the Welsh language is treated no less favourably than the English language;
- Implementing the Welsh language standards system;
- Conducting inquiries into matters relating to the Commissioner's functions;
- Investigating alleged interference with an individual’s freedom to communicate in Welsh;
- Promoting and facilitating the use of the Welsh language with a view to increasing language use – especially within the third and private sectors.

Welsh in Education BEL

18. The BEL supports actions related to Welsh-medium and Welsh language education within Cymraeg 2050, which includes:
- Funding for Mudiad Meithrin to increase Welsh-medium childcare provision as a pathway onto Welsh medium education;
- The planning of Welsh-medium education to include implementing recommendations made within the Rapid Review of the Welsh in Education Strategic Plans (WESPs) and developing new regulations;
- Commissioning of teaching and learning resources;
- Funding for the Coleg Cymraeg Cenedlaethol and the development of post-16 Welsh-medium provision.

**Part 2: Other information**

**Information on how the delivery of the Welsh Language portfolio and associated outcomes are monitored and evaluated to demonstrate value for money**

19. In terms of ensuring value for money, clarity over how we use our resources effectively is central to delivering the priorities set out in Taking Wales Forward and Prosperity for All. I have well-established processes in place to ensure that resources are used effectively for the purposes intended.

20. For this administration, progress in delivering the short term targets outlined in the *Cymraeg 2050 Work Programme for 2017-21* will be a measure of progress towards achieving the aims of *Cymraeg 2050*. Progress as a whole is monitored annually through a process which includes the publication of an annual Action Plan at the beginning of the financial year, followed by an Annual Report at year’s end to report back on the actions detailed in the Action Plan. Regular reviews to monitor expenditure and outcomes are undertaken to ensure that any available resources are reprioritised to deliver the strategy.

21. The Welsh Language Partnership Council plays a role in advising on progress towards the 2050 target and the efficacy of our programmes and interventions. Officials have also set up a Cymraeg 2050 Programme Board within the Welsh Government in order to mainstream the strategy in each of the Government’s policy areas, and to assess risks and identify steps to mitigate them.

22. Additionally, we are in the process of establishing Prosiect 2050 to give added impetus to efforts to deliver the *Cymraeg 2050* strategy as detailed above at paragraph 7. This is in line with the recommendations made in the report that the Committee published in July following its inquiry into ‘Supporting and Promoting the Welsh Language’.

23. In terms of evaluation, the findings of a research study published in 2017: *Welsh Language Transmission and Use in Families* are being used to inform the next stages of policy development. We will review the funding allocation to Welsh language transmission and use in families when we consult on the new language transmission policy in 2020.

24. The *Process Evaluation of Cymraeg for Kids: Final Report* was published in February 2019. The aim of the evaluation was to examine whether the
programme had been designed in a way that enabled its objectives to be met, and to assess how the programme was being implemented in its current form. Its findings and recommendations encompassed the programme’s aims and objectives, structures and processes, and partnership working. Since April this year, the report’s recommendations have fed into the process of further developing the programme. We will consider opportunities to further strengthen the programme in future to ensure that the support for families under the Cymraeg for Kids programme fully aligns with other developments in Welsh-medium education.

25. Two evaluations are currently under way: one of the Siarter Iaith / Welsh Language Charter, and one of the Welsh Language Sabbatical Schemes for education practitioners. The findings of the evaluation of the Siarter Iaith are intended to inform the design and delivery of a redesigned Siarter Iaith that is being developed by WG in collaboration with the four regional education consortia. The study is due to be completed in February 2020. The evaluation of the Welsh Language Sabbatical Scheme has two aims. The first is to examine how, and to what extent, the Sabbatical Scheme contributes to change in the way that Welsh is taught or used as a medium of teaching in schools. The second aim is to assess the contribution of the Sabbatical Scheme to professional development provision for practitioners to develop their Welsh language skills or to teach through the medium of Welsh. The evaluation findings will provide the basis for the strategic development of the Sabbatical Scheme and practitioner training in future. This evaluation is due to report in 2020.

26. In addition to these evaluations, a research study on the relationship between the Welsh language and the economy is currently nearing completion. The aim of this study is to provide an assessment of the evidence available on the relationship between language and the economy, and of the methods and approaches that have been used in these studies. It is intended for the findings of this review (to be published in the New Year) to inform future research activity.

27. Regarding preventative spend, we are investing in audience insight research to learn more about the public’s behaviours and attitudes towards the language. This will shape our marketing strategy, the way we target our audience, and ensure that we are engaging with the right audience with the right message. This will also mean that we will be spending our budget more effectively, driving better results, and will feed into partners' marketing strategies, with the aim of creating a ‘one voice’ approach to promote the Welsh language, thereby reducing duplication of work and spend on developing messages, branding and resources. The aim is that this work will also prepare the ground for other initiatives, making people more favourably disposed to campaigns such as encouraging parents to consider Welsh language education for their children, transmission in the family etc.

28. Furthermore, our target of increasing Welsh language early years provision by 40 nursery groups by 2021 has the potential to reduce spend on promotion among older age groups, as they help individuals establish robust language
practices at an early age. In this respect, Cylchoedd Meithrin contribute to nurturing the conditions which create new Welsh speakers by immersing children in the language and its culture, and by helping to feed Welsh-medium schools. This spend on the early years prepares the ground for further interventions in the shape of, for instance, the Siarter Iaith (which has the aim of establishing Welsh-language use among school children from an early age).

29. The digital landscape is also a game-changer for the Welsh language, several elements of which could be considered as preventative spend. Our Welsh Language Technology Action Plan is now a year old. The Plan involves ensuring Welsh language digital components are created and maintained so that they can be used and reused widely by all organisations and individuals. The spread of Welsh language technology is also essential for the normalisation of the Welsh language and enabling people to use it in their day to day lives.

30. The Plan was launched in an Oral Statement on 23 October 2018, and deals with three key areas:
   - **Welsh Language Speech Technology** – Welsh language speech to text recognition and text to speech synthesis;
   - **Computer-assisted translation** – sharing and reusing English<>Welsh text translations via ‘translation memory’ technology;
   - **Conversational Artificial Intelligence** – machines would understand the Welsh language (in addition to recognising it).

31. We will be working cross government and with our public sector partners to increase the use of Welsh language technology in order to make significant savings in relation to translation.

32. As a Government, we are committed to using the Well-being of Future Generations (Wales) Act to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we reflect the sustainable development principle and our spending plans aim to achieve a balance between short and long-term priorities.

*Information on allocations (and their location) in the International Relations and the Welsh Language portfolio to support the Cymraeg 2050 Welsh Language Strategy, in particular, allocations to achieve the ‘milestones’ as set out in the Work Programme 2017-2021.*

33. I have included some information on how allocations support *Cymraeg 2050* in previous sections of this paper. I will now refer specifically to the milestones included in the *Cymraeg 2050* Work Programme for 2017 – 2021.

34. Not all milestones fall within my portfolio. However in relation to each one, expenditure is allocated appropriately to drive an increase towards these milestones.
35. Information about individual milestones is set out below. Information about milestones that are within the Minister for Education’s portfolio are listed in the next section from paragraph 40-46.

36. I meet with the Minister for Education regularly to discuss the synergies and overlap between our portfolios where the Welsh language is concerned.

**Milestone: a small increase in language transmission rates in families by the 2021 Census, continuing the trend seen between 2001 and 2011**

37. To support this aim, we have invested £0.73m in the Cymraeg for Kids programme in 2019-20. This is the first of a four-year contract, and we aim to continue funding at the same level in 2020-21. The objectives of the programme are to support parents, prospective parents and other family members in introducing and using Welsh at home and transmitting Welsh to their children, and to support children’s linguistic development in a social and educational context.

**Milestone: Keeping a close eye on indicators of language use associated with the initial target of increasing daily use from 10 per cent of the population to 11 per cent by 2021**

38. All of the interventions in my portfolio, and therefore all corresponding budget allocations, ultimately have the aim of increasing the use of the language, and are evaluated and monitored to ensure that they are fit for this purpose. This is true of both the Welsh Language BEL (2020-21: £20.949m) and Welsh Language Commissioner BEL (2020-21: £3.592m). Under the new Memorandum of Understanding between the Welsh Government and Welsh Language Commissioner, as well as regulating the standards, the Commissioner has the role of increasing use of the language.

39. Projects and partners funded under the Welsh Language BEL to increase the use of the language include:

- The Mentrau Iaith;
- The National Eisteddfod;
- The Urdd;
- Young Farmers Clubs;
- Community projects (Cymdeithas Eisteddfodau Cymru and Merched y Wawr);
- Local Newspapers (Papurau Bro);
- A network of business officials to promote the Welsh language in the private sector;
- Bangor University’s ARFer project, to increase interpersonal communication and confidence in the use of Welsh in the workplace via behavioural pledges;
- A fund to promote the use of the Welsh language in the post-16 sector;
- A fund allocated to Welsh Education Consortia to promote the informal use of the Welsh language (Siarter Iaith);
As we are concerned at the possible impact that Brexit could have in particular on some of our heartland areas, we are determined to ensure that we give more support to provide opportunities to use Welsh in more social and workplace settings. The budget will be reviewed in year once we know the final Brexit outcome.

**Information on allocations (and their location) in the Minister for Education’s portfolio to support Cymraeg 2050, and in particular, to support and develop Welsh-medium education.**

40. Allocations for activities within the Minister for Education’s portfolio, that support *Cymraeg 2050*, sit within the Welsh in Education BEL, located in the Education MEG. As outlined in paragraph 11, the budget stands at £12.675m for 2020-21. The change is primarily due to a transfer of £1.650m within the MEG following the transfer of responsibility for the Sabbatical Scheme and CYDAG to the Teacher Development and Support BEL. CYDAG undertake a programme of activities to support the development of Welsh-medium education in support of the Welsh in Education Action Plan. The Welsh Language Sabbatical Scheme has a central role in continuing to develop the current workforce’s Welsh language skills and ability to teach through the medium of Welsh.

41. Activities funded from the allocation include the development of Welsh-medium and bilingual early years provision, the development and implementation of the Welsh in Education Strategic Plans (WESPs), support for FE colleges and training to enable tutors and assessors to teach and train learners bilingually, support the development of Welsh-medium HE provision and lead on post-16 development. Other activities include the development of teaching and learning resources to support the teaching of Welsh and other subjects through the medium of Welsh, as well as bilingual resources to support the new curriculum.

**Milestone: Aim to support the expansion of Welsh language early years by 40 new groups by 2021**

42. An additional £1m per year has been allocated to Mudiad Meithrin in 2018-19 and 2019-20 to enable it to undertake work specifically focussing on developing new early years settings in areas of Wales with a current lack of Welsh-medium provision as an access point to Welsh-medium education (see para 46-47 below for further details). This funding is being maintained for 2020-21.

**Milestone: Keeping an increase in the percentage of learners in Welsh-medium education, from 22 per cent (based on 7,700 seven-year-old learners in 2015/16) to 24 per cent (about 8,400) by 2021**
43. Funding of £100,000 from Welsh in Education BEL is allocated to support work on the Welsh in Education Strategic Plans (WESP). Under this work stream, *The Welsh in Education Strategic Plans (Wales) Regulations 2019* were laid on 5 December 2019 setting out new arrangements for the preparation and implementation of Welsh in Education Strategic Plans. New provisions include the introduction of longer term Plans (10 years) as well as Plans that are prepared on the basis of clear, ambitious targets. These targets have been calculated in such a way as to demonstrate the contribution every individual local authority needs to make in order to support the Welsh Government’s *Cymraeg 2050* education milestone targets. These Regulations will come into force on 1 January 2020.

44. Responses to consultation on the Welsh in Education Strategic Plans (Wales) Regulations (“the 2019 Regulations”) called for opportunities to discuss WESP implementation and good practice at a national level. The first ever national WESP conference is being planned for March 2020 and will be one for the first conferences to be held in Welsh Government’s new conference facility, “Yr Hafod” in Cardiff.

45. Furthermore, a review of school designations according to their provision of Welsh has been underway, in accordance with recommendations made by the WESP Advisory Board in May 2019. The aim is to consult on high level options to redefine school designations according to the provision of Welsh over the coming months. This may lead to revision of the School Organisation Code and potentially new guidance around school designations. The final report, with recommendations to improve the current system is due to be submitted by the end of December 2019. **Early indications suggest that we are on track to reach the 2021 milestone of 24% learners in Welsh-medium Education.**

**Milestone: support growth in the number of teachers in Wales who can teach Welsh or teach through the medium of Welsh by 2021 as follows:**

- 3,100 primary teachers who can teach through the medium of Welsh (from a baseline of 2,900 in 2015/16);
- 600 secondary teachers who can teach Welsh (from a baseline of 500 in 2015/16);
- 2,200 secondary teachers who can teach through the medium of Welsh (from a baseline of 1,800 in 2015/16).

46. The Welsh in Education: action plan 2017-21, published in December 2017, sets out our direction for the development of compulsory Welsh-medium and Welsh language education over the next four years, in line with the vision of *Cymraeg 2050* and *Our national mission*. The Minister for Education leads on the implementation of activities and actions in response to the education priorities identified within the action plan, for example increasing the number of teachers, curriculum development and support for learners with additional learning needs. The Education MEG will continue to provide support for these activities in 2020-21. I will shortly be publishing figures in relation to progress against this target in the *Cymraeg 2050* Annual Report for 2018-19.
Part 3: Specific areas

Updates on allocations in 2020-21 budget

Information on the allocation of £13.21m for the National Centre for Learning Welsh and associated projects.

47. A total of £13.21m was allocated from the Welsh Language BEL to the National Centre for Learning Welsh in 2019-20. This allocation was split £8.810m to fund the 11 providers who deliver the training courses, £2.5m for the Cymraeg Gwaith / Work Welsh initiative and £1.9m to maintain the running costs of the Centre. This funding has enabled the Centre to continue to offer opportunities for individuals to learn Welsh and develop their confidence in using their Welsh language skills. This includes:

- offering a wide range of opportunities across five levels for learners across Wales via the Centre’s network of 11 providers;
- working with partners, including S4C, BBC Radio Cymru and the Welsh Books Council, to strengthen support for learners;
- further develop the Cymraeg Gwaith / Work Welsh initiative, offering tailored training to build Welsh language skills in the workplace.

We are currently discussing opportunities to mainstream the Cymraeg Gwaith work across Welsh Government portfolio areas, as well as considering further efficiencies with the National Centre for Learning Welsh in order to release some funding for other priority areas, whilst maintaining opportunities for learners.

An update on the £3.22m allocated to develop Welsh-medium education and bilingual early years’ provision, and information on any evaluation or assessment made as a result.

48. Funding of £3.03m, which includes an additional £1m per year for 2018-19, 2019-20 and 2020-21, has been allocated from the Welsh in Education BEL to Mudiad Meithrin enabling it to strengthen its support for Welsh-medium early years provision as an access point into Welsh medium education. As well as supporting its existing membership, this funding has also allowed Mudiad Meithrin to establish a programme focusing specifically on creating new early years settings in areas of Wales with a current lack of Welsh-medium provision. Twelve new Cylochoedd Meithrin have been established in 2018-19, and a further 14 new Cylochoedd Meithrin are due to be established by March 2020.

49. As part of its monitoring processes, Mudiad Meithrin gathers data from each of its member settings regarding numbers of children attending as well as their progression to Welsh-medium education. This information is shared with local authorities to feed into planning cycles. According to the most recent data, 12,773 children attended its Cylch Meithrin and day nurseries. 88.1% of children transferring from these settings to education progressed to Welsh-
medium education – the highest proportion since this data began to be gathered – evidencing the importance of this work in increasing access to Welsh-medium education.

50. The remaining £0.19m has been provided to Cwlwm – a consortium of five leading organisations representing providers in the childcare and play sectors – to develop the use of Welsh in childcare and play settings. This has included working in collaboration with the National Centre for Learning Welsh to identify practitioners to participate in the ‘Camau’ Welsh language training programme and support their use of Welsh in delivering childcare and play services. We aim to ensure 600 practitioners across a wide range of settings will participate in this programme by March 2020.

Information on the allocation of £3.17m for the commissioning of bilingual learner resources and outcomes.

51. Funding of £3.17m is allocated from the Welsh in Education BEL to ensure the provision of:

- resources to support the teaching and learning of Welsh as a subject;
- resources to support the teaching and learning of other subjects through the medium of Welsh;
- bilingual resources to support qualifications and the new curriculum.

52. Work in ensuring Welsh-medium textbooks and revision books are available for all of the revised WJEC general qualifications at GCSE, AS and A level will continue. Budget will also be allocated to ensure provision of resources for vocational qualifications such as sports, business and childcare.

53. With the publication of a new curriculum in January 2021, we will continue to ensure that Welsh language and bilingual resources are available to support its delivery. Priority areas currently include computing / coding, Welsh oracy, Welsh dimension in particular in STEM subjects and Welsh writing in English.

54. Budget will be allocated to provide resources to support Welsh-medium apprenticeships in agriculture, construction, health and social care, and childcare.

55. To support practitioners and learners in Welsh–medium schools and further education colleges, funding will be provided to maintain and further develop the online terminology portal ‘Termiadur addysg’, ensuring that terminology for use in education and qualifications are up to date and standardised.

Details regarding the allocation of £0.73m for ‘Cymraeg for Kids’ and how it has been utilised.

56. The ‘Cymraeg for Kids’ programme, within the Welsh Language BEL, has continued to support families to use Welsh at home, transmit Welsh to their
children, and support children’s linguistic development in a social and educational context, with the aim of increasing the number of children in Welsh-medium childcare. Funding has been maintained in 2020-21.

57. A new contract for delivery of local activities and offering advice and support for the target audience at the heart of this programme commenced in April 2019. The £0.73m allocated to this contract in 2019-20 will aim to offer 3,000 activities, providing a platform for Cymraeg for Kids officers to hold 13,000 one-to-one discussions with parents and prospective parents during the year. Intensive support has been aligned to areas where new early years provision is being developed to provide a clear pathway from birth to Welsh-medium childcare and onwards to Welsh-medium education.

Allocations and commentary in respect of the budget allocation for the Welsh Language Commissioner in 2020-21.

58. The Welsh Language Commissioner’s revenue allocation for 2020-21 is £3.207m which allows the Commissioner to fulfil his duties. The Commissioner’s budget for 2019-20 was £3.157m. An additional £0.05m has been allocated to support the pay award.

59. In 2020-21, an additional capital allocation of £0.385m will support essential upgrades to the IT system. This will include adopting an IT model that uses a cloud rather than a physical structure and upgrading the wi-fi system and hardware to build resilience. These changes will take time to embed and implement, but I am confident that this investment will result in some revenue savings over time as the Commissioner will be able to reduce expenditure on IT contractors and licenses. I will also be asking the Commissioner to ensure that this investment results in efficiency savings, and that it reduces the body’s carbon footprint by reducing the need for travel between offices.

Capital expenditure in relation to the Welsh Medium Capital Grant: Progress relating to the £46m of capital expenditure allocated to support the growth of Welsh medium education, and additional capital of £5m allocated for the development of Pantycelyn Hall

60. To support the milestone of increasing the percentage of learners in Welsh-medium education, we are driving forward the delivery of capital projects funded through the combined Welsh medium Capital and Childcare offer Grant Fund of £46m announced during 2018-2019 (£32.81m from the Welsh Medium Capital Grant and £13.02m from the Early Years Capital Grant). This injection of grant funding is supporting 46 projects across 20 local authorities which will, when all projects are realised, lead to an additional 2,818 school and childcare places for Welsh-medium learners. This funding boost will go some way to support the increase in provision needed to respond to the Cymraeg 2050 ambition.

61. Funding of £5m was awarded to the Neuadd Pantycelyn development and £2.75m for the Urdd outdoor adventure camps, making a total of £53.75m to
support Welsh education. The Pantycelyn Project has £0.13m outstanding on its budget – it is anticipated that this funding will be claimed in January 2020 on completion of the project. Work on the Urdd’s outdoor adventure camp at Glanllyn has begun – to date, no funding has been claimed against this project.

62. These projects will provide a huge boost for the Welsh language in the areas concerned. For example:

- a third Welsh-medium school in Monmouthshire;
- new Welsh-medium primaries in Merthyr Tydfil and Torfaen (linked to a secondary school);
- expansion of existing Welsh-medium primary provision to cope with demand in e.g. Wrexham, Flintshire, Cardiff, Neath Port Talbot, Caerphilly;
- provision of Welsh-medium childcare to support early language acquisition and attract further learners to the Welsh-medium sector in e.g. Rhondda Cynon Taf, Bridgend, Conwy;
- innovative Welsh language centre in Denbighshire linked to childcare provision and support for Welsh second language learners;
- support for centres who work with incomers in Gwynedd and Carmarthenshire.

63. Two projects that were placed on the reserve list have now been approved, these being a seedling school in Tredegar, Blaenau Gwent and a seedling school at the Pillgwenlly site in Newport.
Children Young People & Education Committee

Date: 8th January 2020
Venue: Senedd, Cardiff Bay
Title: Scrutiny of CYP&E Draft Budget 2020-21

1. Purpose

The Committee’s Chair wrote to both the Minister for Health and Social Services and the Deputy Minister for Health and Social Services on 6th August, inviting them to give evidence on their Draft Budget proposals and asking them to provide a paper in relation to the Draft Budget.

Introduction

This paper provides information for the Children Young People & Education Committee (CYP&E) on the Health and Social Services MEG allocations as relevant to children and young people future budget proposals for 2020-21 and also provides an update on specific areas of interest to the Committee.

Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

The detailed Draft budget published on 16th December set out our spending plans for the HSS MEG by BEL. Figures for 2021-22 are not available at this time as the draft budget covers one year only.

Allocations within the Health and Social Services MEG

<table>
<thead>
<tr>
<th>SPA</th>
<th>Supporting Children</th>
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<tbody>
<tr>
<td>ACTION</td>
<td>Supporting Children</td>
</tr>
<tr>
<td>BEL</td>
<td>2019-20 First Supplementary Budget</td>
</tr>
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<td>£m</td>
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<tr>
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<td>Support for Families and Children</td>
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Changes to the **Supporting Children Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are due to:

- £20m in respect of the childcare offer
- £2.300m continuation of funding for vulnerable children, in relation to adoption services.
- £0.600m in respect of communication costs on the Abolition of Defence of Reasonable Punishment (Wales) bill.

No indicative revenue allocations have been set for 2021-22

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<tr>
<th>SPA ACTION</th>
<th>CAFCASS 2019-20 First Supplementary Budget</th>
<th>Change</th>
<th>CAFCASS 2020-21 Draft Budget</th>
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</table>

Changes to the **CAFCASS Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are due to increased staffing costs including 19-20 pay award and employer pension contributions.

No indicative revenue allocations have been set for 2021-22.

**BEL 0060 – A Healthier Wales**

In 20-21 there will be additional funding support children and early years, within the Healthier Wales BEL. Through the Early Years Transformation programme, we will be investing £3.5m in the Flying Start approach and the Whole Schools Approach £0.5m.

**2. Child’s Rights Impact Assessment and other cross-cutting considerations**

The Welsh Government’s budget process is shaped by discussions with all National Assembly Committees and a wide range of other key interests. As in 2019-20, our Strategic Integrated Impact Assessment includes a clear consideration of the impact of budgetary decisions on children’s rights.

An integrated approach enables us to understand better the overall impact of decisions on children and young people, including consideration of equalities and human rights, the Welsh language and socio-economic disadvantage in those young people’s lives. The Welsh Government intends to retain the publication of integrated impact assessments alongside the publication of the draft budget.
Moreover, the Welsh Government acknowledges that detailed impact assessments, including Children’s Rights Impact Assessment (CRIA), must be undertaken as part of our ongoing policy development and review. These assessments will continue to be used to inform budget decisions and the wider impact assessment of the budget. This approach, in the context of the budget allocations, ensures that evidence and understanding of impacts are considered from the outset and throughout the course of our budget preparations.

Our new integrated impact assessment tool still requires children’s rights to be considered, and where required, a full children’s rights impact assessment completed. The CRIA process puts children’s rights centre stage when we are developing legislation, new policies and programmes.

**Wellbeing of Future Generations (Wales) Act**

The Health and Social Services (HSS) portfolio supports our ambitions to improve the health and wellbeing of individuals, families and communities. This will be achieved through delivering the three objectives set out in Prosperity for All: quality health and care services fit for the future, promoting good health and wellbeing for everyone and building healthier communities and better environments. We have taken a long term approach in developing our spending plans for 2020-21, with an emphasis on delivering our vision of integrated seamless health and social care services for the future as set out in *A Healthier Wales, our Plan for Health and Social Care*.

The Health and Social Services MEG contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children. We continue to prioritise investment in the Welsh NHS and we are investing an extra £385m revenue funding in the health and social care system and £40m capital funding.

*A Healthier Wales* meets our commitment in *Prosperity for All* to publish a long term plan for health and social care in Wales in response to the report of the Parliamentary Review of the Long Term Future of Health and Social Care. The Plan builds on the philosophy of Prudent Healthcare to make an impact on health and wellbeing throughout life. There is an emphasis on preventing illness and supporting people to manage their own health and wellbeing, enabling people to live independently for as long as they can.

Our aim is to take significant steps to shift our approach from treatment to prevention. The vision we have established in *A Healthier Wales* is to place a greater focus on prevention and early intervention.

As well as significant investment in the NHS in 20-21 we are making specific investments in early years support for children and young people. There will be an additional £20m in the Childcare offer and a further £3.5m to expand the Flying Start approach as part of the Early Years Transformation programme. There will be additional funding from the HSS MEG of £0.5m to extend the whole schools approach and together with further funding from the Education MEG of £2m,
this will increase the provision of schools counselling and Child and Adolescent Mental Health Support in schools.

There is also further investment in preventative activities addressing the wider determinants of ill health, for example as part of the Healthy Weight: Healthy Wales strategy – further detail below.

In 2020-21 we will continue to frame our budget allocations in line with the widely accepted definitions of preventative spend described across primary, secondary, tertiary and acute areas.

**Primary Prevention**

**Healthy Weight: Healthy Wales strategy**

£5.5m will be allocated to support the Healthy Weight: Healthy Wales strategy which is the Welsh Government’s long term plan to prevent and reduce obesity across Wales. It sets out a 10 year plan to prioritise early intervention and behaviour change at all levels to change our habits and promote healthy activity. The strategy is a key commitment towards a cross-government approach to reducing obesity in Wales on a population scale. The strategy has been developed from evidence of what works. This has indicated the need for a new approach which combines individual behaviour change with environmental and system change. It will utilise a combination of funding, policies and legislation to develop approaches through our environment to place a strong focus upon prevention. It will also deploy targeted approaches in areas of deprivation and will assist those who are already overweight or obese through a range of prevention, early intervention and specialised services. In addition to the £5.5m of new funding being allocated from HSS in 20-21, the wider implementation work, commencing in 2020, will pull together programmes of work from across many portfolios which all have a direct contribution to the goals set out in the strategy. Details of specific actions relating to children, families and young people are included below in section 3.

**Immunisation**

By the end of 2019-20, we will have introduced a new vaccination programmes for HPV for boys. The HPV immunisation programme started in 2008, initially only for girls. Two of the HPV strains cause over 70% of cervical cancer in England and Wales. The large drop in the rates of infection with the two main cancer-causing HPV types have demonstrated the effectiveness of this programme. The expansion, in 2019-20, of the HPV vaccination programme to cover boys, will also help protect against oral and anal cancers.

**Flying Start and Early Years**

The core Flying Start funding sits within the Children and Communities Grant. The Flying Start programme straddles both primary and secondary preventative spend. To build on this, in 20-21 an additional £3.5m will be allocated from the HSS MEG to further develop the work of the Early Years Transformation programme that underpins our early years priority. This increases the allocation from the HSS MEG to £6.3m for 20-21. The additional funding represents the first step in a longer term expansion of early years’ support that will help to build a more preventative system that:
- Tackles the rising tide of poor health,
- Contributes to safely stemming the flow of children going into care and
- Tackles inequality in children’s outcomes.

**Dental**

We will continue to invest £3.7m in the Designed to Smile national child oral health improvement programme. The scheme involves a wide range of professionals, including health visitors and other early years services. The aims are to help start good habits early by giving advice to families with young children, providing toothbrushes and toothpaste, and encouraging going to a dental practice before a child’s first birthday.

**Secondary and Tertiary Prevention**

These programmes straddle both of these elements of preventative spend:

**Whole Schools approach**

An additional £0.5m will be allocated to extending the rollout of the whole school approach from the HSS MEG. This will increase the allocation from the HSS MEG in 20-21 to £3m. There will also be an allocation of an additional £2m from the Education MEG to support this area. These investments will support the extension of schools counselling to an additional school year (year 5) and further extend the existing in-reach pilots for the Child & Adolescent Mental Health Service for the whole of 20-21. These services are helping to prevent the escalation of more serious mental health and well-being issues within school aged children and the move to even earlier intervention will further support this approach.

**Adoption Services**

£2.3 million is being invested into the adoption service in Wales to strengthen and enhance existing services, for adopters, children and young people which will help local authorities to improve outcomes for children and build resilient adoptive families. Children who are placed for adoption are amongst the most vulnerable children in Wales. They are children for whom other alternatives have been exhausted and who would most likely remain ‘looked after’ for their entire childhoods if they were not adopted. It is important that adoption offers a child the best chance to flourish in a safe family environment where their fundamental needs are met and where they can enjoy the same opportunities as any other child. This funding will support new approaches to making quicker and stronger matches, giving more children the stability and nurture of an adoptive family. It will also ensure needs and strengths-based support is available throughout the whole adoption journey. This will ultimately support the prevention of adoption disruption, thus reducing the possibility of children re-entering the care system.

3. **Areas of General Interest**

**Childhood obesity**

- In line with established practice, any new funding transferred to Wales following an increase in spending on programmes in England is allocated to reflect Welsh priorities and needs.
One of the Welsh Government’s key priorities in Prosperity for All is to promote good health and well-being for everyone. We will support people to adopt healthy lifestyles, breaking down the barriers that ill-health place on employment and opportunity, and tackling the generational cycle of poor health and inactivity.

It is an important principle of devolution that funding we receive as a result of spending measures announced in England is not ring-fenced for specific purposes.

In line with established practice, the funding we received in relation to the soft drinks industry levy, was added to our reserves and allocated in subsequent budgets in line with our strategic priorities, including promoting good health and well-being for everyone.

**Anticipated allocations for Healthy Weight Healthy Wales: £5.5m**

- As detailed above, the delivery plan for 2020-22 will be published in early 2020. Within the investment, there will be funding to support a Clinical Obesity Pathway, along with a national clinical advisor who will provide support and drive a consistent approach to delivery across Wales. Funding will also be allocated for a Targeted Children and Families Intervention which will aim to support our most disadvantaged communities, targeted towards the highest proportion of children who are obese, based on the Child Measurement Programme. This will link with infrastructure through Flying Start and with social prescribing approaches. There will also be funding allocated for a Weight Management in Pregnancy programme which will take forward a national delivery model to roll out best practice, with expertise and support provided for each Local Health Board.

- Liaison with the National Governing Bodies in order to develop proposals to develop programmes targeted at children and families within communities to increase participation will be another mechanism to support delivery. This would place a particular focus on sedentary behaviour and health inequalities in order to develop pilots to test new ways of working.

- Further funding will be allocated to essential posts which will support the delivery of Healthy Weight: Healthy Wales and for a dynamic evaluation and research approach which would inform the strategy development and ensure that we can develop robust data and analysis to support delivery.

**Neonatal Services**

**Allocations to deliver the All Wales Neonatal Standards;**

- The Wales Neonatal Network, currently hosted by the NHS Wales Health Collaborative, has historically provided evidence-based timely advice to Health Boards, Welsh Health Specialised Services Committee (WHSSC) and Welsh Government in relation to neonatal services. However, in 2019, the Neonatal Network and Maternity Network amalgamated to form a new Maternity and Neonatal Network with revised governance arrangements. This merger brings opportunities to foster closer links across the clinical pathway for mother and baby and provide new areas for joint working.

- The Wales Neonatal Network ensures regular monitoring of progress to full compliance. The Neonatal Network revised the Neonatal standards with the
3rd Edition having been approved at Neonatal Network Steering Group in September 2017. The standards use the most up to date evidence and best practice guidelines to make them clinically and operationally relevant. They are influenced by neonatal developments across the United Kingdom and take into account recommendations by the British Association of Perinatal Medicine (BAPM), the National Neonatal Audit Programme (NNAP), the Royal College of Paediatric and Child Health (RCPCH), Bliss and other standards published in England and Scotland.

- The 3rd Edition standards aimed to continue to build on previous standards to improve services for babies and their families across Wales, incorporating the increasingly important role of the Neonatal Network and the Units working collaboratively in order to share the knowledge and skills required, to promote continuous service improvement.

- Each year the network requests that units undertake a self-assessment against the standards and more recently also provide an estimation of the cost implication to meet standards. This baseline assessment identifies any gaps in service provision across units and also areas of non-compliance at unit level.

- All neonatal units were requested to provide an updated self-assessment in March 2019, including costings, where appropriate. Most units were able to demonstrate clear improvement in many areas, with some of these improvements linked to the completion of capital schemes to improve the neonatal unit facilities and compliance with regulatory standards. Other improvements include:
  - Establishment of a funded therapy service for both Hywel Dda UHB and BCUHB
  - Pathway to psychological support at BCUHB with a physical unit presence every 2 weeks
  - Introduction of Family Integrated Care based on All Wales documentation
  - Improved transitional care facilities
  - Dedicated family facilities in units where capital developments have been completed or plans to deliver in the near future
  - Mortality review at both local and network level, based on the Perinatal Mortality Toolkit

- The Network has developed an All Wales Neonatal dashboard that provides oversight on activity and performance; provide assurance on the quality of neonatal services in Wales; provide a platform for monitoring the NNAP measures on an all Wales basis; support WHSSC and Welsh Government business requests for information on the provision of neonatal services.
Priorities for neonatal services

- Priorities for Neonatal services over the next 12 months include ongoing work to introduce a 24 hour transport, 7 day a week neonatal transport service across South Wales, and ensure that the correct critical care capacity with the appropriate workforce is in place across South Wales. The Welsh Government also expects health boards to continue to work with the Maternity and Neonatal Network to ensure their neonatal service plans are sufficiently robust to achieve the all Wales Neonatal Standards and improvements across the service.

- Going forward, the Neonatal Peer Review Programme, introduced in April 2019 will review compliance with the Standards as well as agreed performance measures, clinical guidelines and policies relevant at the time of review.

How budget allocation for 2020-21 will help to drive change / deliver performance improvement

- Health board neonatal services are funded through the annual discretionary revenue allocation and health boards will set out their local priorities with regards to neonatal services in their Integrated Medium Term Plans (IMTP). WHSSC manages the majority of the health boards' budget for commissioning Neonatal Intensive Care (Level 4) and Neonatal High Dependency (Level 3) services. The Special Care Baby Unit budget is managed by the Health Boards.

- Between 2015 and 2020, the Welsh Government has invested just under £110m in neonatal developments across Wales. The investment has been made across a number of key acute sites in Wales with the aim of reducing the number of transfers of mothers and babies through the provision of a specialist, space compliant environment to ensure that care for babies is safe and effective. The funding across this period comprises:-

  - £19m invested at the Sub Regional Neonatal Intensive Care Centre (SuRNICC) at Ysbyty Glan Clwyd which was opened by the First Minister in September 2018;
  - £37m allocated for the Phase II developments at the University Hospital in Cardiff which is due to complete in 2019;
  - £25m allocated for Phase II of the Women and Children’s scheme at Glangwili Hospital, Carmarthen which is due to complete in 2020;
  - £10m allocated for Neonatal and Post-Natal Capacity on the Singleton Hospital site which is due to complete in mid-2020;
  - £6m allocated for works on the neonatal unit at Prince Charles Hospital, Merthyr which were completed in 2018;
  - £2m invested in works on the neonatal unit at the Royal Gwent Hospital site, Newport which was opened in spring 2017
• £10m invested in phase I neonatal works at both the University Hospital of Wales and Glangwili to enable further investment to be made.

Costs of legislation

Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill

A regulatory impact assessment was published alongside the Bill at introduction in March, setting out the estimated potential costs and benefits of the proposed legislation. Some costs to organisations are unknown, because relevant data is not collected by those organisations to provide a baseline, and there is a lack of comparable data to provide the basis of an estimate of the potential increase in workload. However, we have committed to work with stakeholders to collect and monitor data both before and after commencement of the legislation, to help assess the impact of the legislation.

We have awarded a contract to support the awareness raising campaign for the Bill, and to support our Parenting - Give it Time campaign. In 2020-21, we have allocated up to £0.600m to specifically raise awareness of the Bill, and £0.325m to the Parenting - Give it Time campaign, which supports our policy of encouraging positive alternatives to physical punishment and provides information and advice on positive parenting techniques more widely. We will also allocate up to £0.030m for social research to track levels of awareness and opinions on the Bill, and up to £0.043m to support engagement with young people through Children in Wales.

Other costs relating to the Bill during 2020-21 are opportunity costs either for Welsh Government, or for organisations working with us on the effective implementation of the legislation.

Childcare Funding (Wales) Act 2019

A Regulatory Impact Assessment was completed for the Childcare Funding (Wales) Bill which set out the full costs and benefits of the preferred option for administering the applications and eligibility checks in respect of the Childcare Offer. The preferred option at the time the RIA was finalised (December 2018) was to use the existing Childcare Services system for Tax Free Childcare administered by HMRC. Further ‘Discovery’ work was completed between January-April 2019 to establish in more detail the costs and proposed delivery timelines for the use of the Childcare Services System.

Due consideration was given to the costs arising from the ‘Discovery’ work and related issues and concerns regarding the Welsh Language Standards, HMRC service levels, Local Authorities’ current views and Welsh Government policy review, leading to a recommendation of not using HMRC in the short-medium term. This recommendation was approved by Ministers on 17 July 2019 (MA-P-JM-0436-19). For the time being, local authorities are content to continue to manually check eligibility.

As a result, there are no anticipated costs associated with implementing the Childcare Funding (Wales) Act 2019 during 2020-21.
Flying Start

As detailed above, an additional £3.5m will be allocated in 20-21 to build on the work of the Early Years Transformation programme, enabling us to reach more children and families who need support in the early years.

From 1st April 2019, the Flying Start revenue grant became part of the Children and Communities Grant (CCG). The CCG consists of 7 programmes (Childcare and Play, Communities for Work Plus, Families First, Flying Start, Legacy Fund, Promoting Positive Engagement for young people at risk of offending (PPE), St David’s Day Fund), enabling LA’s to be more flexible in their approach in order to improve and integrate service delivery for early intervention. LAs have 100% flexibility to direct their CCG funding across these 7 programmes enabling them to ensure services are delivered in a more efficient and effective way. The Flying Start contribution within the new grant is unchanged from 2019-20, confirming our ongoing commitment to the prioritisation of intervention, prevention and support to provide children with the best start in life.

In recognition of the new flexibility in budgets allowed for by the CCG, Local Authorities now have the flexibility to allocate any of their overall CCG budget for outreach i.e. it is for local determination of need, and as requested by our stakeholders we have removed the barriers to this.

We want to build on the considerable achievements of the Flying Start programme and learn from what works well, not least in how we can deepen partnership, collaboration and multi-agency working arrangements across sectors in support of young children and their families. The budget for 2020-21 will provide an investment of £2.55m to explore what it would take to create an Early Years’ system, both locally and nationally. Our work on an integrated Early Years system is intended to ensure that all our programmes come together seamlessly to get the best value for parents and children, from the limited resources available. This work is building momentum and has developed a strong working partnerships across nine PSBs. In addition we will be investing £0.3m in speech language and communication provision for the early years.

Since its inception, Flying Start has invested more than £62.5 million capital developing the infrastructure needed across Wales to deliver the programme. This includes creating new childcare settings to provide around 9,000 high quality, part time places needed for 2-3 year olds and a significant investment in developing accommodation for the multi-agency teams who deliver the programme. The capital budget for 2020-21 is £4.529m and local authorities will continue to be encouraged to take a strategic approach to capital programme planning including 21st Century Schools, Welsh Language and the Childcare Offer to enable key priorities to be delivered in a more joined-up way.

Families First Programme

From 1st April 2019, the Families First revenue grant became part of the Children and Communities Grant. The Families First allocation within the new grant is
unchanged from 2019-20, (however, LAs can be flexible with this funding as part of CCG) and confirms our ongoing commitment to this important programme. This continuing investment is helping families create supportive and enriching environments for their children, and is helping to reduce incidence of adverse childhood experiences which impact on longer-term outcomes.

Child poverty

Poverty has been included as an additional priority in the budget planning process which has helped shape the way that budgets have been allocated. The Minister for Environment, Energy and Rural Affairs acted as advocate for poverty to ensure a focus on improving outcomes for low income households during the budget planning process.

It is widely recognised that every portfolio has a role to play in tackling poverty. Our cross government approach means that there is no specific poverty budget; instead, significant funding from across government is directed at actions which will help us to achieve our child poverty objectives.

This Budget has been developed against a backdrop of unprecedented and ongoing uncertainty. Years of austerity measures have resulted in depleted budgets and a dismantling of the social infrastructure that was built up over many years to support the most vulnerable in our society.

Every indication is that levels of child poverty will rise in Wales as a direct result of the UK Government’s tax and welfare reforms. Added to this, the repercussions of our withdrawal from the EU are likely to be significant and long lasting.

We are focussing our efforts on those areas where we can have the biggest impact with the levers we have available to help deliver the objectives of our Child Poverty Strategy.

We have made additional investment to support children to have the best start in life. Investment in the early years is crucially important for children’s long-term development and their achievements in later life. The Draft Budget contains the following allocations aimed at tackling child poverty:
<table>
<thead>
<tr>
<th>Investment Proposal</th>
<th>Cross Cutting Area</th>
<th>Allocation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period Poverty</strong></td>
<td>Poverty</td>
<td>£0.22m (CSA MEG)</td>
<td>Period poverty funding enables local authorities to provide sanitary products to women in financial difficulty.</td>
</tr>
<tr>
<td><strong>Period Dignity</strong></td>
<td>Poverty</td>
<td>£3.1m (CSA &amp; Education MEG)</td>
<td>Funding began in 2018-19 and continues into 2020-21. This includes funding to promote period dignity in the Further Education sector.</td>
</tr>
<tr>
<td><strong>Pupil Deprivation Grant (PDG) Access extension</strong></td>
<td>Poverty</td>
<td>£3.2m (Education MEG)</td>
<td>The purpose of the PDG is to improve outcomes for learners eligible for free school meals (eFSM) and Looked After Children (LAC) in Reception, Year 3, Year 7 and Year 10. It is intended to overcome the additional barriers that prevent learners from disadvantaged backgrounds achieving their full potential. The proposal is to extend PDG access to more year groups.</td>
</tr>
<tr>
<td><strong>£1 free breakfast allowance pilot for eFSM pupils in secondary schools</strong></td>
<td>Poverty</td>
<td>£0.45m (Education MEG)</td>
<td>The proposal is to support a feasibility study linked to a pilot starting in September 2020 over two financial years (£450k in 2020/21 and £150k in 2021/22). The aim is to develop, pilot and evaluate a variety of breakfast club models in a range of schools in the four regions of Wales, recognising the potential significant cost of national implementation.</td>
</tr>
<tr>
<td><strong>School Holiday Enrichment Programme expansion</strong></td>
<td>Poverty</td>
<td>£1.8m (Education MEG)</td>
<td>SHEP is aimed at addressing issues like holiday learning loss, social exclusion and food insecurity and has been joint funded by the Welsh Government and local authorities since 2017.</td>
</tr>
<tr>
<td><strong>Holiday hunger pilot extension to reach 10,000 children providing 200,000 meals</strong></td>
<td>Poverty</td>
<td>£1m (Education MEG)</td>
<td>The Holiday Hunger Playworks pilot enables existing playwork and community settings across Wales to provide food for children attending the play provision. Throughout the 2019 summer break food has been provided across wales in areas with high levels of deprivation to help tackle ‘holiday hunger’.</td>
</tr>
<tr>
<td><strong>Early Years Pupil Deprivation Grant (EYPDG) increase to bring all learners up to £1,150</strong></td>
<td>Poverty</td>
<td>£6.6m (Education MEG)</td>
<td>The Pupil Deprivation Grant is extra funding intended to overcome the additional barriers disadvantaged learners face which prevent them from achieving their full potential. An evaluation of the EYPDG, which has been in place since 2015/16, was published in 2018. One conclusion reached was that the main constraints of the grant related to the level of funding, its distribution to non-maintained settings and the methods for identification of eligible children.</td>
</tr>
</tbody>
</table>
Allocations from within the HSS MEG that will contribute to tackling child poverty in 20-21 include:

- **Healthy Start Vouchers, Nursery Milk Scheme and vitamins £6.9m** – vouchers for pregnant women, new mothers and children under four from low income households to purchase fruit and vegetables, milk and infant formula plus free multi-vitamin supplement. Nursery Milk Scheme provides a free drink of milk/infant formula for children under five in two or more hours of childcare.

- **Designed to Smile £3.7m** – helping to prevent tooth decay in children from birth to 5 years with preventative care being delivered to nurseries and schools in disadvantaged areas.

Going forward, the Minister for Housing and Local Government is leading a review of Welsh Government funding programmes to ensure they have maximum impact on the lives of children living in poverty.

**Childcare**

The delivery of the Childcare Offer (the Offer) supports working families of three and four-year-old children across Wales, helping parents to take up job offers and boost their employment choices, improving their family’s circumstances. Full roll out of the Offer was achieved in April 2019, a year ahead of schedule. Feedback from the first phase of implementation indicates it is having a positive impact by helping parents financially and enabling them to balance the demands of work and family life.

An additional £20m has been allocated in this budget to take the total funding up to £60m in 2020-21 in order to support the demand-led rolling programme. Take-up is expected to increase to 57%, with the aim of hitting the 65% target in the following year. It is possible that demand will exceed the increased budget level, but that will be monitored and managed in-year. We are also allocating up to £81m of capital funding over a number of years from 2018-19 to support the co-location of existing Foundation Phase provision with the new Childcare Offer provision on a single site, wherever possible, and to ensure there is sufficient childcare in the right areas, with a specific focus on developing new provision in areas that currently lack childcare services, in particular rural and disadvantaged areas.

The Offer has the potential to be a catalyst for a wider transformation in the childcare sector, increasing the accessibility, affordability and availability of childcare for all parents and children of all ages. This will build on the other support we currently provide for childcare and play sector including:

- Providing £1.43m per annum to the Cwlwm consortia, comprising the five main childcare organisations in Wales, to support the childcare sector and help us develop innovative flexible childcare solutions to meet the needs of families.

- Providing funding to Play Wales for: the provision of strategic support to Local Authorities and partners for implementation of the Play Sufficiency Duty; the development of an international centre of excellence around play; providing advice to Welsh Government in relation to all policy areas where there are links
to play; and providing advice to Welsh Government on development of play workforce.

- Providing funding to Social Care Wales (SCW) as a key delivery partner and the sector skills council for the childcare workforce. Funding will be allocated to Social Care Wales to support the implementation of the 10 year workforce plan which we published in December 2017, including a new suite of childcare qualifications which were launched in September 2019.

- Providing funding to Care Inspectorate Wales (CIW) as a key delivery partner in order to undertake specific work relating to childcare, including developing an online registration portal for childcare providers; undertaking a survey of providers and administering the Childcare at Home Approval (“nanny”) scheme.

- Under our Apprenticeship programme and utilising the European Social Fund we introduced our Progress for Success (PfS) programme to support existing practitioners to up-skill across levels 2 and 3. PfS has been successful in providing support and opportunities for over 950 existing practitioners to up-skill. We have been successful in gaining ESF funding to extend the programme until 2023 to continue to up-skill existing practitioners across levels 2, 3 and 4. Welsh Government will provide £715,000 for 2020/21 to offer similar provision within East Wales in order to facilitate a National Programme.

- We have also been working with the National Day Nursery Association on developing our Childcare Works project. It is a small employment pilot aimed at supporting those who are currently unemployed but who have the right skills and personal attributes to work with our youngest children. The project not only offers work experience, it provides bespoke introductory training to enable participants to pursue a career in the sector. Building on the successful outcomes of Phase 1, the second phase of the project will support 84 participants in Conwy, Wrexham, Gwynedd, Anglesey, Cardiff, Caerphilly, Newport, Torfaen, Swansea and Neath Port Talbot. It will run till December 2020 and intended to explore how this training pathway could be established as an introductory pathway into the sector.

**Parents, Childcare and Employment (PaCE)** is a £21.5m project jointly funded by the European Social Fund and Welsh Government, working in partnership with Department for Work and Pensions (DWP). PaCE started in West Wales in July 2015, and then rolled out across the rest of Wales from November 2015. Currently the programme is funded up to March 2023.

PaCE targets economically inactive parents aged 25 and over, and parents aged 16-24 who are Not in Education, Employment or Training (NEET). All parents enrolled onto PaCE will have childcare as their main barrier preventing them accessing education, employment or training opportunities.

There is a network of 45 PaCE advisers who work in community settings across Wales, helping parents overcome their childcare and other barriers, to help them move towards and into sustainable employment. PaCE builds upon services offered via Flying Start and Families First and operates outside of the most deprived areas, to complement other projects such as Communities for Work.
PaCE advisers offer individual and tailored support to parents who enrol onto the PaCE project, and can include paying for childcare costs whilst the parent, trains or get work experience to help them improve their employment prospects and subsequently help them find employment which is sustainable.

Up to 30 September 2019, PaCE has worked with over 4,500 parents, and over 1,700 of those have started work.

**Family Information Services**

Funding for the Family Information Services (FIS) is delivered via the Local Authority Revenue Support Grant (RSG). Whilst previously a grant or contract arrangement has been in place providing external support to the FIS network, Children and Families Division now provide direct support to the FIS Network to ensure there is an awareness of Welsh Government and UK Government policies and programmes which may impact on children and families and to enable the sharing of good practice across Wales.

**Parenting support**

In 2020-21, we have allocated up to £0.325m to support our Parenting - Give it Time campaign. The campaign supports our policy of encouraging positive alternatives to physical punishment as well as providing information and advice to parents and families on wider positive parenting techniques. We intend to extend the age range of the campaign during 2020-21. The campaign currently targets parents of 0 – 7 year olds, and we will extend to cover parents of 0 – 18 year olds.

We have also carried out a mapping exercise to assess the current availability of parenting support across Wales, and are considering with our Parenting Expert Action Group the extent to which additional parenting support and resources may need to be made available.

**Safeguarding**

Funding for Safeguarding primarily supports the implementation of the Social Services and Well-being (Wales) Act 2014 (The 2014 Act) and promotes a preventative agenda to improve well-being outcomes for children and adults at risk.

Safeguarding priorities fall under Taking Wales Forward which sets out that the Welsh Government will “work with and support the most vulnerable children and families in Wales.” Prosperity for All includes social care as a top 5 priority and recognises that there is a need to adopt a child-centred approach built on collaboration to meet the care and support needs of children, support them to stay with their families where it is safe to do so and to protect children from abuse and neglect.

In order to promote these aims funding supports Safeguarding Policy Development and Implementation. This includes in 2019-2020: the launch of Wales Safeguarding Procedures (WSP) and the development and delivery of aligned training; support for the 2019 Safeguarding Week and the development of safeguarding policy and
practice guidance, which promotes child-centred practice where children feel listened to and cared for.

In 2019-2020, this includes:

- the development and publication of Information Sharing to Safeguard Children guidance;
- a National Action Plan on preventing and responding to child sexual abuse and implementation of actions from that plan which fall within the financial period;
- policy development and consultation on statutory guidance to safeguard children from child sexual exploitation;

Safeguarding funding supports the work of the National Independent Safeguarding Board and the regional Safeguarding Boards so that measures are in place to support consistent evidence-based practice to safeguard children across agencies and across Wales. The Wales Safeguarding Procedures and aligned practice guides to be issued in November 2019 on a digital platform will further promote consistent good safeguarding practice.

In 2020-21 priorities will include continuation of support to Regional Safeguarding Boards to ensure the robust adoption into day-to-day practice of the Wales Safeguarding Procedures and accompanying practice guides across relevant workforces as well as funding for the National Independent Safeguarding Board which provides support to regional boards and advice to Ministers about the effectiveness of safeguarding arrangements in Wales. Funding for Safeguarding week will continue to be a priority in 2020-21 and this will contribute to both prevention and the protection of children at risk.

In 2020-21 funding will also support the implementation of the National Action Plan on preventing and responding to child sexual abuse set out for the financial period within the plan; training development and delivery to support the implementation of new statutory guidance on safeguarding children from child sexual exploitation and a new Reducing Restrictive Practices Framework. Policy development will include a Voluntary Code of Practice for bodies who are not currently relevant safeguarding partners and guidance on emerging safeguarding issues for children.

**Adoption Services including post-Adoption support**

Adopted children are amongst the most vulnerable children in Wales; children for whom other alternatives have been exhausted and who would most likely remain ‘looked after’ for their entire childhoods if they were not adopted. Improving support will ensure the investment already made in safeguarding these children leads to best outcomes and will encourage more families to consider adopting.

Local authorities are under a duty to assess the need for adoption support of their adoptive children. They now meet this requirement within the context of the National Adoption Service’s ‘Framework for Adoption Support’ services.
In 2019-20, £2.3 million was allocated to local authorities to enable them to strengthen their provision of adoption services. The funding allowed local authorities to allocate additional resources to adoption services which support the prevention of a breakdown or disruption of adoptions, thus reducing the possibility of children re-entering the care system, as far as possible. Local authorities will work regionally and nationally as appropriate to support potential adopters of children with complex needs and the resilience of adoptions. This grant will continue to be available in 2020-21.

The Welsh Government has worked closely with the National Adoption Service to develop the Wales Adoption Register and to procure a new database with up-to-date IT capacity. These new service improvements to the register ensure it provides a tailor-made database for adoption agencies (including voluntary adoption agencies) in Wales. It will provide much improved data to better evidence and drive improvement in adoption activity across Wales, particularly in respect of those children who are more difficult to place with prospective parents. The new system will also enhance adoption support arrangements by providing a ‘keeping in touch’ system for adopters and NAS. There is an ongoing cost associated with operating the Register.

 Adoption: Keys areas for investment during 2020-2021

There are currently around 350 children currently waiting to be placed for adoption across Wales. Continued funding will help to reduce the number of children waiting to exit care into adoption and the number of adoptive placement breakdowns.

National Adoption Service Framework:

Investment will continue to support the National Adoption Service Framework for Adoption Support which provides the improvement strategy for adoption support across Wales. This includes:

- universal support which is more than access to health and education; it is also getting expert adoption advice about the dilemmas that particularly affect adoptive families e.g. life history and contact with birth family as well as getting ‘adoption aware’ help from services such as health and education

- targeted and specialist support is help with specific ongoing issues which can be short or longer term

Life Journey work

Life Journey Work is designed to help a child make sense of their past and understand their current situation in order to help them move into the future. Funding will enable the continued improvement of this service to ensure that all adopted children have access to their life journey work.

TESSA

Investment to match fund monies available from the National Lottery Community fund for the recently established Therapeutic Education Support Service for Adoptive families (TESSA). The funding will enhance the current service by providing:
- A focus on early intervention and support as soon as post-settling in concerns are raised
- Professional psychological assessments for children, with information shared with parents and other support staff
- 6 sessions of therapeutic parenting support, delivered by teams consisting of a clinical psychologist and experienced adoptive parents (parent partners)
- Ongoing parent partner support.

**Marketing and Recruitment Support**
Investment will be directed towards an integrated marketing and recruitment plan to increase adopter recruitment. Part of this will be directed to the Adopting Together scheme which focuses on those children who wait longest for a placement (waiting for a match on the Wales Adoption Register for 12 months or more) and thus are children that cannot be placed by regions either with their own adopters or within the wider Wales pool of available adopters. The project is underpinned by early therapeutic services.

**Wales Adoption Register**
Continued investment will support the implementation of the recent alteration made to the Directions establishing the National Adoption Service. (These are the Adoption and Children Act 2002 (Joint Adoption Arrangements) (Wales) (Amendment) Directions 2019). All adoption agencies in Wales must now refer the details of prospective adopters once they are approved; and the details of children whom the local authority has been authorised to place for adoption to the Wales Adoption Register within one month, rather than three months as previously. This will speed up the matching of children with prospective adopters and will therefore reduce the length of time that children are waiting to be placed.

**Sibling Contact**
The Wales Adoption Cohort Study undertaken by the School of Psychology at Cardiff University identified that there is a clear obligation to ensure that, when appropriate, adopted children are provided with the opportunity to enjoy safe and meaningful contact with brothers and sisters living elsewhere and to make sure that adoptive families are fully supported in facilitating this when needed. Funding will be directed towards developing approaches for sibling contact arrangements across Wales.

**Advocacy services**
The NASA is a standardised approach to statutory advocacy services being delivered by the six Regional Social Services Collaboratives. It has been in place since June 2017, with Welsh Government providing up to £550k each year to support the implementation of this approach. The implementation of NASA is monitored by a Task and Finish Group established under the Ministerial Advisory Group. The NASA sets out shared national expectations on access and availability of independent professional advocacy. Underpinned by the National Standards and
Outcomes Framework, common components of a service specification and reporting template, the NASA reinforces and secures a consistent offer and experience for children and practitioners. The NASA further evidences and informs future delivery and improvement through quantitative and qualitative reporting at local, regional and national levels.

An active offer of advocacy forms part of the NASA and is provided in the following circumstances:

‘Children and young people are entitled to an active offer of advocacy from a statutory Independent Professional Advocate (IPA) when they become looked after or become subject of child protection enquiries leading to an Initial Child Protection Conference.’

The Children and family Court Advisory and Support Service
The CAFCASS budget has been increased by £0.414m for 20-21 to £12.152m. The budget covers staffing and running costs for the organisation, but also grant funding to support separated parents, when directed by the Family Court, to have contact with their children. The budget also funds the provision of the Working Together for Children programme which supports parents who have separated, or are separating, to better manage their own behaviour to ensure the emotional, practical and physical needs and best interest of their children are paramount.

Children and young people’s rights and entitlements, including Young Wales

Funding of up to £0.991m in 2020-21 will support Children in Wales to deliver against their agreed plan; this includes supporting participation through Young Wales. In addition this budget supports the following activity:

- Raising public awareness of the UNCRC. This includes funding for a training contract with the University of Wales Trinity St David to raise awareness of the UNCRC.
- Promoting and supporting participation by children and young people, including support for the Young People’s Website.
- Promoting children’s rights generally, and supporting the duty of due regard.

- An ‘Active Offer’ is a sharing of information about the statutory right and entitlement of a child or young person in particular circumstances to access support from an independent professional advocacy service. An Independent Professional Advocate makes the ‘Active Offer’ directly to the child or young person.

- The information shared includes an explanation about the role of the independent professional advocacy service, what it can and cannot do, how it operates based on a child or young person’s views, wishes and feelings, its independence and how it works solely for the child/young person, its policy on confidentiality and significant harm – it explains the statutory right of children and young people to be supported to express their views, wishes and feelings as well as their right to make a representation or complaint.
• It provides information for care experienced children on how to access the range of available advocacy services.

• The Task and Finish Group has reviewed the National Reporting Template developed as part of the National Approach and produced a revised template; this has been piloted for a period of six months.

• The pilot phase has enabled both advocacy providers and commissioners to review and comment on the revised template. During this time advocacy service providers have continued to produce local reports for each local authority area as well as regional reports for each of the six commissioning regions.

• The reporting template has been generally well received, however the intent is to modify to ensure information about outcomes for young people are more explicit.

• It is intended to include information from the pilot of the National reporting template in the MAG annual report.

• **Meic Helpline**: Meic is the national information, advice and advocacy helpline providing children and young people with a single point of contact via Freephone, instant messaging and text.
  Ð The Welsh Government does not deliver this activity directly but carries out regular monitoring contract meetings with Pro-Mo Cymru who were awarded a two year contract (plus option for additional 2 years) in April 2016 following public tender exercise in 2015.

  Ð Welsh Government, as per the terms of the contract, has with Ministerial authority utilised the option to extend the contract for an additional 2 years on an annually renewable basis.

  Ð MEIC is currently funded until March 2020 by the Welsh Government at the sum of £535,989 per annum (costs inclusive of VAT).

  Ð In October, the Minister and Deputy Minister for Health and Social Services agreed procurement options for the MEIC Services beyond March 2020. Welsh Government will shortly be advertising in Official Journal of the European Union (OJEU) a tender specification for the continuation of the service, which will be flexible to enable and ensure alignment with current and future Ministerial priorities.

**The Children’s Commissioner for Wales**
The Children’s Commissioner for Wales is an independent children’s rights institution established in 2001. The Commissioner’s principal aim, under the Care Standards Act 2000, is to safeguard and promote the rights and welfare of children. The Care Standards Act 2000 makes provision for the Welsh Ministers to fund the Children’s Commissioner and her office. The budget allocation of £1.580m covers the running costs of the Commissioner’s office for 2020-21 and the resources required in discharging her statutory functions.
Play Policy and services, including Play Wales – covered above.

Disabled children’s services
Core funding for local authorities to deliver services for disabled children is through the Revenue Support Grant (RSG).

As part of the allocation from the Healthier Wales funding allocated in 2019-20 we co-produced a new clinical pathway for augmentative and alternative communication (AAC) equipment. £0.5m has gone into funding extra speech and language therapists and support workers in health boards (and Velindre) and a small equipment budget, in order to provide a low technology services closer to home for both adults and children who need speech and language assessment, treatment and AAC equipment. We have also issued a new Welsh Health Circular to properly describe the new pathway. This should increase capacity and allow the national complex AAC service to meet needs better.

Also as part of the Healthier Wales funding, £0.5m has been allocated to introducing the provision of activity prostheses for children and young people up to 25 years (this is so it fits with our policy ages for supporting young people in education under the ALNET Act and Care leavers). The funding will also support the scaling up of the Health Disability Sport Partnership. This is an award winning pilot which increases children and young peoples (and adults) engagement in disability sport. It is run in partnership with disability sport wales. This funding will help roll it out across the whole of Wales in 20-21.

From the HSS MEG, we provide £89m of revenue funding to regional partnerships boards via the Integrated Care Fund to support integration and prevention in health and social care. A proportion of this in 2020-21 will support children with complex needs. See further description in section on ICF.

Through the Sustainable Social Services Third Sector Grant, £8.2m will be provided to third sector organisations supporting the principles of the Social Services and Well-being (Wales) Act and A Healthier Wales. Around 30% of this grant will be supporting schemes involving children and young people, with some specific support for disabled children. An announcement on successful projects will be made around the time of the Draft Budget.

Areas for focused scrutiny

4. Children and Young People’s Mental Health and Emotional Well-being

The £7.1m, announced in 19-20, in relation to Mind Over Matter comprises of £6m (BEL 0030 A Health Wales Funding) and £1.1m (BEL 0030 Older Persons and Mental Health Budge). This is broken down further into:

- £2.5m to support the Whole School Approach; plus an additional £0.5m in 20-21 (see below).
- £3.2m additional support for CAMHS and early intervention; (allocated to health boards through the ‘service improvement funding’ from 2019-20)
- £1.4m additional support for community based low level preventative and early intervention routed through Regional Partnership Boards (RPBs).
As detailed above, a further £0.5m will be allocated in 20-21, to BEL 0030 A Health Wales, to support the further rollout of schools counselling and CAMHs in-reach pilots as part of the whole schools approach. This will increase the total investment from the HSS MEG to £3m in 20-21. A further £2m extra will be invested in the ‘whole school’ approach from the Education MEG in 20-21. There are no further changes to the funding priorities / allocations for 2020-21.

Further objectives and monitoring arrangements for the other elements include:

- **CAMHS and early interventions £3.2m**
  It has been made clear to the health boards that it is expected that this funding will support achievement of waiting time targets for primary and secondary care CAMHS on a sustainable basis. This includes compliance with all five functions of Part 1 of the Measure and ensuring that systems are in place to support a smooth pathway and flow through primary care CAMHS and, where required, into Specialist CAMHS. For primary care CAMHS, funding is supporting improvement for health boards in response to the assurance review by the NHS Delivery Unit. All health boards were requested to develop improvement plans which were subsequently reviewed both by officials and the NHS Delivery Unit to ensure that the actions align with the recommendations in the individual report received by health boards. The funding also included conditions for health boards to strengthen links between CAMHS and the Whole School Approach programme of work.

  The impact of this funding against the stated objectives will be monitored through the monitoring arrangements agreed for the Together for Mental Health delivery plan 2019-2022.

- **Community based low level preventative / early interventions £1.4m**
  £200,000 has been made available to each Regional Partnership Board to build regional capacity in a way that will tangibly improve access for children and young people in need of low level intervention and prevention activity. Proposals look to further develop multi-agency capacity and co-ordination at a primary mental health level which will provide a bridge between preventative services (i.e. the whole school approach) and specialist CAMHS.

  As the money is managed at a RPB level the monitoring of this funding will be undertaken through Integrated Care Fund mechanisms, which includes six monthly reports on activity progress.

**Mental Health Transformation Fund:**
The £7m mental health transformation fund, which commenced in 2018/19 was allocated to health boards on a population basis. As per the table below:

<table>
<thead>
<tr>
<th>Health Board</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swansea Bay University Health Board *</td>
<td>0.902</td>
</tr>
<tr>
<td>Aneurin Bevan Health Board</td>
<td>1.339</td>
</tr>
<tr>
<td>Betsi Cadwaladr University Health Board</td>
<td>1.488</td>
</tr>
</tbody>
</table>
Cardiff and Vale University Health Board | 1.007
Cwm Taf Morgannwg Health Board * | 1.130
Hywel Dda Health Board | 0.849
Powys Health Board | 0.285
**Total** | **7.000**

*Contains a notional allocation adjustment for the move of Bridgend from ABM to Cwm Taf.*

Health boards were asked to develop proposals against the following priority areas:

- To extend and standardise the delivery of crisis and out of hours services, including meeting the expectations of the crisis care concordat.
- Increasing capacity in perinatal mental health teams to cope with increasing demand
- Ensuring delivery of the Early Intervention in Psychosis 48 hour requirement, by offering a range of timely and appropriate interventions
- Building capacity of Local Primary Mental Health Support Services to ensure equity of access for children and increasing the range of support available / building better links with schools.
- Delivery against the Mental Health Duty to Review Recommendations (including the consistent reporting of outcomes and how we can support clinicians in using tools in their day to day practice).

This funding is now within the health board allocations, but progress against these areas will be monitored through the agreed arrangements for the Together for Mental Health delivery plan 2019-2022.

Similarly, through the service improvement fund, which commenced in 2019/20, health boards again had flexibility to determine where their funding was allocated against predetermined priority areas, including children and adolescent mental health services.

Health boards were asked to develop proposals to take forward the recommendations made by the NHS Delivery Units following the assurance review of primary care CAMHS and aim to achieve waiting time targets for primary and secondary care CAMHS on a sustainable basis. Bids were asked to include actions/activity, to:

- to strengthen compliance with all five functions of Part 1 of the Measure
- ensure that systems are in place to support a smooth pathway and flow through primary care CAMHS and where required into SCAMHS
- Support staff in primary care CAMHS to work more effectively through better use of mobile communications
- Focus on earlier intervention, including how services will link to the **whole school approach** to emotional wellbeing which is being led by the Joint Ministerial Task and Finish group.
- Improvements in access to crisis, out of hours and psychological services.
This resulted in health boards being allocated the following amounts from the service improvement funding for support services for children and young people’s mental health and emotional well-being in Wales.

<table>
<thead>
<tr>
<th>Health Board</th>
<th>2019-20 £000</th>
<th>2020-21 onwards £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aneurin Bevan</td>
<td>510</td>
<td>528</td>
</tr>
<tr>
<td>Betsi Cadwaladr</td>
<td>926</td>
<td>2,300</td>
</tr>
<tr>
<td>Cardiff and Vale</td>
<td>462</td>
<td>700</td>
</tr>
<tr>
<td>Cwm Taf Morgannwg</td>
<td>565</td>
<td>593</td>
</tr>
<tr>
<td>Hywel Dda</td>
<td>412</td>
<td>638</td>
</tr>
<tr>
<td>Powys</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Swansea Bay</td>
<td>260</td>
<td>365</td>
</tr>
</tbody>
</table>

In addition to the £7.1m funding outlined in the section above, following the agreement of all LHBs wider mental health investment plans, a further £1m has been allocated through the service improvement funding to support our children and young people. This is significant and meaningful investment that demonstrates the continued commitment to ensure that the mental health and well-being of children and young people remains a priority.

The impact of this funding will also be monitored through the agreed arrangements for the Together for Mental Health delivery plan 2019-2022.

**Transformation Fund (A Healthier Wales).**

A number of proposals within the Transformation Programme explicitly include changing how Mental Health services work and include children and young people. Mental Health projects have been approved by region and are described in the tables at Annex 1.

Summaries of announced proposals are available on the following link: [https://gov.wales/health-and-social-services-transformation-fund-projects](https://gov.wales/health-and-social-services-transformation-fund-projects)

It should be recognised that the figures in the tables at Annex 1 are those approved by the Minister for Health and Social Services for each proposal (so these include the Mental Health projects approved but are unable to be separated out at this stage).

**Integrated Care Funding**

The Integrated Care Fund has historically made funds available for key populations groups such as older people, people with learning disabilities, carers and children with complex needs. However funding for these groups (apart from older people) was not ring-fenced and as such regional partnership boards (RPBs) were able to invest their ICF in line with their own local priorities as determined by their population needs assessment and Area Plans.
It is important to note that, to date, children with complex needs have been officially defined as ‘children with complex needs due to disability or illness,’ although some regions have taken a broader approach and included other groups of children with complex needs, such as those who are care experienced, in their ICF project investment plans. The Minister will consider the Children’s Commissioner’s call to broaden the definition of children with complex needs to include children with other needs and will reflect any revisions to the definition in the amended Part 9 guidance of the Social Services and Wellbeing Act, which is currently being drafted.

In 2019-20 RPB’s were invited to submit two year investment plans. For 2019-2020, an additional £15m was allocated to the Integrated Care Fund to specifically fund projects aimed at preventing children at the edge of care becoming looked after and offering emotional and wellbeing support to children who are care experienced or adopted.

In addition to this, RPB’s have been investing funds to support projects and services for children with learning disabilities, children with complex needs and young carers. One excellent example is the ‘Young Carers in Schools Programme’ which Powys RPB is currently piloting. This programme is running in 10 schools (primary and secondary) across the region and is helping to raise staff and pupil awareness of young carers and their responsibilities. The project has provided contact and support for young carers and is developing a toolkit of resources for staff to use in helping support young carer pupils.

We are already seeing locally determined increases in expenditure form the ICF allocations to support children. In 2018-19 £4.8million was spent on projects to specifically support children with complex needs. In 2019-20 this figure has risen to £7.1million, an increase of some 48%.

As the 2019 ICF guidance invited two year investment plans from RPB’s and although many RPB’s have yet to finalise their 2020-21 commitments it is anticipated that the current project and service patterns funded through the ICF will continue for another year. This is likely to mean that of the total £89m ICF revenue fund more than £22m will be used to fund services and projects that directly support children and young people, many of which will be specifically promoting good emotional health and wellbeing for children and young people.

In terms of learning lessons, RPB’s have been given strong challenge from officials in relation to developing regional projects and approaches as opposed to separate local authority proposals which was the case in some areas. As children’s services have not been strongly connected in to all RPB’s historically some of the regional approaches appear slightly less well developed, although in other regions they are strong.

Regional Partnership Boards (RPBs)
The funding allocations provided in 2019-20 for the ICF (see below) will be repeated again in 2020-21 to support the delivery of the 2 year ICF investment plans developed by regions.
Within the overall allocations, Regional Partnership Boards have been provided a ring-fenced amount of £15m to deliver projects for children at risk or becoming looked after. As well as this, an allocation of £20m has been provided to fund projects for people with learning disabilities (children and adults), children with complex needs and carers (including young carers) which regions can choose to invest in services specifically for children and young people. The £35m can be broken down as follows by the seven regions:

- Cardiff and Vale - £5.038m
- Cwm Taf – £5.625m
- Gwent - £6.696m
- North Wales – 7.44m
- Powys - £1.424m
- West Glamorgan – 4.532m
- West Wales – 4.245m

£0.2m will also be made available to each Regional Partnership Board to build regional capacity in a way that will tangibly improve access for children and young people in need of low level intervention and prevention activity. Proposals look to
further develop multi-agency capacity and co-ordination at a primary mental health level which will provide a bridge between preventative services (i.e. the whole school approach) and specialist CAMHS.

The Welsh Government determines the allocation of funding/ additional investment to individual Health Boards based on a population share utilising the most up to date statistics available.

The Together for Children and Young People NHS Programme was due to end on 31 October 2019. The programme has driven significant progress in improving services over the last 3 years. A final proposal was submitted to the Minister from the Programme at the beginning of November and includes contributions from the T4CYP Expert Reference Group and the wider Programme Board.

A further update on the continuing, refocussed programme has been submitted to the committee in our letter dated December 9th 2019.

There are no formal transfers between Health and Social Services MEG and Education MEG to deliver the Whole School Approach and CAMHS In-reach Pilots. The funding supporting the initiatives will remain in the Health and Social Services MEG.

5. Perinatal Mental Health

We do not have a specific figure allocated for the specialist unit yet, as we are waiting on the finalisation of expected costs, however this is a priority area and we have formally committed to establish a unit and to provide the necessary capital funding to do so.

The original investment for perinatal mental health services to health boards was made in 2015-16 and was £1.435m

Through the mental health transformation fund, which commenced in 2018/19, health boards had flexibility to determine where their funding was allocated against a number of predetermined priority areas. This resulted in some, but not all, health boards allocating additional funding to perinatal mental health community services.

Similarly through the service improvement fund, which commenced in 2019-20, health boards again had flexibility to determine where their funding was allocated against predetermined priority areas. This also resulted in some health boards allocating further amounts to perinatal mental health community services.

The following table shows the cumulative funding allocations which will form part of the Mental Health ring-fence within the main Health Board Allocation for 20-21.
The impact of this funding will be monitored through the agreed arrangements for the Together for Mental Health delivery plan 2019-2022. We have made it clear through the award of the service improvement funding the expectation that this will include adherence to the All Wales Perinatal Mental Health Standards by March 2020 and the Royal College of Psychiatrist’s Perinatal Community Standards by March 2021. This expectation is the same for health boards who did not choose to allocate their money for this priority area and this has also been made clear to them.

6. Looked after children

Overview

The statutory responsibility for delivery of social services rests with local authorities. Welsh Government provides these bodies with funding through the Revenue Support Grant. The vast majority of the funding provided by the Welsh Government to local authorities is provided as un-hypothecated funding – over 80%. Local authorities may determine how they use this funding, alongside other income streams, to fulfil their statutory duties and meet local needs and priorities.

Local authorities, as autonomous and democratically accountable bodies, are statutorily responsible for managing their financial affairs. Therefore, the Welsh Government offers considerable flexibility to authorities to exercise autonomy and responsibility in managing their finances. The pressures on budgets mean it is more important than ever that authorities engage local people in decisions about how local resources are prioritised and spent. In particular, authorities need to engage residents in difficult decisions about where any cuts might be made.

Beyond this core investment through the Revenue Support Grant, the Welsh Government has a central budget to support the social care sector and related areas. This budget is within the Health and Social Services MEG. Funding within the HSS MEG is allocated mainly on the basis of the people we are seeking to support and for many budgets is not split into “children’s” funding.

This response includes updates on the letter Welsh Government provided in response to correspondence from the Public Accounts Committee in 2016.

Revenue Support Grant (RSG) - Core Funding for Local Authorities
In total in 2018-19, £659m was spent on all children’s and families’ services by local authorities. Of this, almost half (£311m) was spent on care experienced children. The majority is spent on the more expensive end of the spectrum rather than on preventative services. Fostering services accounted for around £127m, whilst £95m was spent on residential care.

Core funding that the Welsh Government provides to local authorities through the RSG and redistributed non-domestic rates is only part of the picture. Local authorities also have other sources of funding. These include specific grants from Welsh Government, some of which relate to social services, and their own, locally raised income such as from Council Tax, fees and charges.

Where local authorities have told us about where the greatest pressures lie, we have provided additional funding. So, for the 2019-20 Local Government Settlement we added £20m to the RSG in recognition of the pressures on social services.

The distribution formula for this un-hypothecated funding uses indicators of need which influence rates of looked after children, such as dependent children in out-of-work families.

RSG spend on local authority Children’s Services
Welsh Government published statistics show that spend on local authority children’s services has increased year on year\(^1\). In 2010-11, spend was £424m, rising to £659m in 2018-19.

£15m Integrated Care Fund (ICF)
See detailed description of ICF above.

Since 2019-20, an additional £15m of ICF funding has been allocated to Regional Partnership Boards to help strengthen integrated arrangements between local authorities, health boards and the third sector, in relation to better prevention and earlier intervention with children and their families.

The funding will help address some of the concerns of the Children’s Commissioner and Heads of Services about the need for a stronger focus on the children’s agenda at regional partnership board level.

Regional partnership boards, which administer the fund across Wales, have now submitted their two year revenue Investment Plans setting out how they intend to utilise their ICF funding. All Plans have been reviewed to ensure consistency with the ICF guidance published in February 2019 and individual feedback provided to each region.

Overall, projects to support children at risk of becoming looked after are in keeping with Welsh Government policy objectives. However the extent to which these are being developed on a regional level needs further exploration. The plans could also be stronger in

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terms of the role the third sector can play in delivering services and how they integrate with health services.

An additional £1m was also provided to children’s services in 2018-19 to pump prime activity to be undertaken in 2019-20 to reduce the need for children to be taken into care, in particular focusing on family group conferences and an increased emphasis on family reunification, where it is in the child’s best interests and is safe to do so.

The intention is for this funding to be available to local authorities on a recurrent basis.

£2.3m funding for Adoption Support Services in Wales
As detailed above, £2.3m will be allocated to local authorities in 20-21 to enable them to strengthen their provision of adoption services.

Five collective bids were received from all the Regional Adoption collaboratives plus a central bid from the National Adoption Service. Analysis showed that the adoption collaboratives intend to use part of the funding to appoint a ‘TESSA’ co-ordinator within each of their respective regions so that they can provide adopters and their families with specialist counselling services to help prevent points of crisis and potential adoption disruptions or breakdowns.

£9.5m Recurrent Funding for Children’s Services (from 2017-18)
During 2017-18, an additional £9m recurrent funding was distributed as a grant to local authorities. All funding with the exception of the St David’s Day Fund transferred to the RSG in 2018-19. The St David’s Day Fund has become part of the Children and Communities Grant.

St David’s Day Fund - £1m
This fund supports young people who are or have been in local authority care aged 16-25 to access opportunities that lead them towards independent and successful lives. It was doubled in 2019-20 to strengthen the availability of direct financial support to care leavers to support them to transition and sustain independent living. In 2017-18, the latest year for which figures are available, over 1,900 care experienced young people across Wales received support via this Fund.

Personal Advisers - £1m
Local authorities received £1m additional funding to extend personal adviser support for care leavers aged 21-25. Personal adviser support and advice is essential in helping care leavers to successfully transition from care to independent living and adulthood. In 2017-18, the latest year for which figures are available, an additional 20 Personal Advisers were recruited across Wales, resulting in over 500 care leavers taking up the extended offer of support up to age 25.

Traineeships and Work Placements - £0.625m
We have provided funding to local authorities to expand or enhance their traineeships and work placements specifically to young care leavers aged between 16 and 18 years. By doing this, local authorities are fulfilling part of their corporate parenting responsibilities by offering a ‘family business’ type approach to work experience for care leavers. In 2017-18, the latest year for which figures are
available, 70 young people participated in a local authority work placement or traineeship. Case studies highlight the range of opportunities that have been offered, for example, working in local authority schools, care settings, youth services and regeneration activities.

Expansion of Edge of Care Services - £5m
Edge of care services are intended to provide additional support to vulnerable families with young children to try and prevent those children from entering the care system. In 2017/18, local authorities received funding to establish or enhance existing edge of care services. Interventions focus on building capacity and resilience through restorative approaches which enable families to achieve behavioural change.

The funding was allocated in recognition of the varying types of edge of care services being delivered across Wales and the different starting points for each local authority. Over 3,600 children were supported by edge of care services to remain within the family unit, across more than 2,000 families. All local authorities either expanded their existing or established new edge of care teams.

Reflect - £0.850m
The Reflect project is a key preventative work strand within the Improving Outcomes for Children Ministerial Advisory Group work programme. Reflect has been developed to engage and support women who have experienced the compulsory removal of a child to the care system to help prevent further incidences. We know recurrent care proceedings have a significant human cost on the mothers, their children and their families.

Reflect has worked with the seven regional leads to develop and support its roll out. Where regions already had established models these were built on. There are now Reflect services operating in all regions across Wales. The total number up of families supported up to March 2019 is over 244.

National Fostering Framework
Welsh Government provided a £0.400m grant in 2017-18 to help begin implementation of the National Fostering Framework (NFF) for Wales. It enabled each of the regions to appoint a co-ordinator and draw up regional work plans, and helped take forward some of the national elements of the NFF. This includes scoping work to harmonise fostering fees and allowances, and development of a new Foster Wales brand to support local authority recruitment and marketing.

In 2018-19 and 2019-20 local government agreed to top-slice £400k a year from the RSG to support the second and third year of implementation. This year’s sum includes a 0.2% settlement uplift. This has helped embed regional collaboration, and build up the national elements of the NFF.

Wales Adoption Register - £0.179m
The Welsh Government has worked closely with the National Adoption Service to develop the Wales Adoption Register and to procure a new database with up-to-date IT capacity. These new service improvements to the register ensure it provides a tailor-made database for adoption agencies (including voluntary adoption agencies)
in Wales. It will provide much improved data to better evidence and drive improvement in adoption activity across Wales, particularly in respect of those children who are more difficult to place with prospective parents. The new system will also enhance adoption support arrangements by providing a ‘keeping in touch’ system for adopters and NAS. There is an ongoing cost associated with operating the Register.

Continued investment will support the implementation of the recent alteration made to the Directions establishing the National Adoption Service. (These are the Adoption and Children Act 2002 (Joint Adoption Arrangements) (Wales) (Amendment) Directions 2019.) All adoption agencies in Wales must now refer the details of prospective adopters once they are approved; and the details of children whom the local authority has been authorised to place for adoption to the Wales Adoption Register within one month, rather than three months as previously. This will speed up the matching of children with prospective adopters and will therefore reduce the length of time that children are waiting to be placed.

Improving Outcomes for Looked after Children work programme - £0.500m

The Improving Outcomes for Children work programme is taking forward a wide ranging work programme to help reduce the need for children to enter care, improve outcomes for children in care and for care leavers.

Other Funding

Sustainable Social Services Third Sector Grant
In 2020-21 we will be commencing a new cycle of the three year Sustainable Social Services Third Sector Grant. There is an additional £1.2m being added to the grant for 20-21 and, over the next three years, we will be increasing the total commitment on this grant by £4.9m, bringing the total investment up to £25.9m. A key requirement of the schemes that will be funded, is that they deliver early intervention and preventative actions that address care and support needs in line with the priorities of Taking Wales Forward, Prosperity for All and A Healthier Wales. The funded projects will support the well-being goals and principles that underpin the Well-being of Future Generations (Wales) Act 2015. The funded schemes will support carers, children and young people, physical or sensory disabilities, learning disabilities and older people.

National Approach to Statutory Advocacy for Children and Young People - £0.550m

As noted above, the National Approach to Statutory Advocacy (NASA) is a standardised approach to statutory advocacy services being delivered by the six Regional Social Services Collaboratives. It has been in place since June 2017, with Welsh Government providing up to £550k each year to support the implementation of this approach. The implementation of NASA is monitored by a Task and Finish Group established under the Improving Outcomes for Children Ministerial Advisory Group. An active offer of advocacy forms part of the NASA and is provided in the following circumstances: ‘Children and young people are entitled to an active offer of advocacy from a statutory Independent Professional Advocate (IPA) when they become looked after or become subject of child protection enquiries leading to an Initial Child Protection Conference.’

MEIC - information and advice service for children and young people up to the age of 25 in Wales - £0.536m
As noted above, MEIC is delivered under contract to Welsh Government by ProMo Cymru. It provides a free, bilingual single point of contact information and signposting service to children and young people.

Pupil Development Grant (PDG) – Looked After Children
Our three year joint education and social services plan published in 2016, Raising the ambitions and educational attainment of children who are looked after in Wales has come to an end. A multi-agency approach was taken to deliver the actions in the plan. Collectively we have achieved much over the last three years and moving forward, we want to ensure the education of looked after children continues to be high priority for education and social services departments alike, with the continued aim to strengthen arrangements to support the education of children who are looked after and supported by PDG funding.

Since April 2015, the looked after children element of the Pupil Development Grant (PDG) has been delegated to the four Regional Education Consortia to support a more strategic, regional approach to improving outcomes for looked after and adopted learners. Working with their local authorities and schools, the consortia has responsibility for how PDG for looked after children is invested. Allocations to consortia are calculated on the basis of numbers of looked after children within their area which means they are in receipt of a sufficient quantum of resource to be able to commission services strategically, thereby achieving economies of scale and value for money.

Regional coordinators work closely with the Welsh Government to ensure the PDG delivers an agreed, strategic programme of work based on local and regional priorities. The independent evaluation of the implementation of the PDG for looked after children was published on 24 January. The evaluation plus other factors have resulted in Welsh Government establishing new, strengthened arrangements for this grant. The new arrangements, which came in to use from April 2019, are intended to enable greater national consistency to deliver the best educational outcomes for these children.

A total of 4,803 looked after learners are eligible for PDG in 2019/20. The total funding available specifically for looked after children increased to £5.04m in 2019/20.

Council Tax
Since April 2019, all care leavers are now exempt from paying Council Tax across the whole of Wales.

Care leavers and homelessness
Tackling youth homelessness is a priority area for action and in 2019-20, an additional £10m was invested in a range of activities to support this. This has been baselined for 20-21 and detailed allocations are currently being considered in collaboration with other Ministers.

In relation to looked after children, an innovation fund was set up in 19-20 and is concerned with suitable housing provision and support. This is an area where bids
were encouraged in respect of improving the options available for those leaving care and we will be looking to learn lessons from these particular projects.

Cross-Cutting Exercise – Social Care – Looked After Children
Social care funding has been one of the eight cross-cutting priority areas that have shaped the preparations for the 2020-21 Draft Budget. As part of these preparations, in the summer of 2019, social services officials led and coordinated work across portfolios including HSS (mental health and substance misuse), housing, education, children and families policy and youth justice; to identify cross-government policy areas and budgets which impact on services for care experienced children and young people. The purpose of the exercise was to take a whole system approach to all areas of policy and spend which have the potential for delivering positive action and outcomes for care experienced children. We considered spend in relation to how much funding is used for care experienced children; the success and effectiveness of delivery of the spending areas; how much is used for prevention and early intervention work; and what can be identified as therapeutic work. The exercise also entailed an analysis of the provision of therapeutic services for children as a means of helping reducing the number becoming looked-after or improving outcomes for at-risk children.

The work also looked at whether there are gaps in provision which could be filled by redirecting existing budgets or allocating new funding to a more effective approach and to inform future funding proposals, based on a cross-government and cross-sector way of working.

In 2019-20, £30m was allocated via a special grant from the HSS MEG to local authorities, to address pressures in social care, we are increasing the grant in 20-21 to £40m.

There will also be £0.9m in 2020-21 to take forward exploratory work on an integrated approach to supporting looked after children in education. As part of this, there will a scoping exercise to further explore integrated models, Virtual Schools and whole system approaches, as a basis for a Welsh approach.

Aligned with our priority of early years we are also exploring Social Impact Bonds as an outcomes-based investment model to reduce entry into care for Looked After Children, working with the Future Generation Commissioner’s Office.
## Annex 1

**Proposals within the Transformation Programme relating to Mental Health and Wellbeing of Children and Young People.**

<table>
<thead>
<tr>
<th>Proposal title</th>
<th>Mental health</th>
</tr>
</thead>
</table>
| 1. Cardiff and Vale RPB/20180803 - ME, MY HOME, MY COMMUNITY - approved - 2018 09 25 | Resilience Team would allocate a lead worker for each Cluster but the resource would be flexed to meet demand. The intention is that each of the Workers would also have a lead role eg Peer Support, Volunteering, Welsh language.  
It is intended that the Mental Health Foundation would work our Partnership to provide project management and evaluation support.  
Approved 18-19 £0.365m  
Approved 19-20 £4.715m  
Approved 20-1 £1.867m |
The chosen areas have been considered on a population needs basis with children and adolescent mental health the first, and older frail adults the second. Both proposals outline a new model of service delivery, predicated on integration, a seamless system, the voice of the patient and their families and higher value in terms of cost, outcomes and experience.  
Approved 18-19 £1.447m  
Approved 19-20 £9.982m  
Approved 20-21 £2.030m |
| 3. North Wales RPB/20180914 - NORTH WALES — PEOPLE WITH LEARNING DISABILITIES - approved 2018 10 17 | Implicit – there is a separate, specific MH project (see below) which has been approved as part of the NW portfolio of projects but has not yet been announced.  
Approved 18-190 £0.100m |
<table>
<thead>
<tr>
<th>Proposal title</th>
<th>Mental health</th>
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| **Approved 19-20 £1.590m**  
**Approved 20-21 £0** | New models have been developed: The Cwmtawe Medical Group formed by the planned merger of three separate GP practices, has a wide range of professionals working within the practice. This includes access to 11 doctors, 2 nurse practitioners, 10 nurses, a mental health liaison worker, a paramedic, and physiotherapist, audiologist, and practice pharmacists. The Cwmtawe Medical Group covers approximately 27,000 patients (60% population cluster) and is now the largest practice in Wales.  
…a review of children and young people’s mental health counselling is underway to inform future service provision.  
**Approved 18-19 £0.100m**  
**Approved 19-20 £1.165m**  
**Approved 20-21 £0.466m** |
| **5. North Wales – Community Services** | Implicit  
**Approved 18-19 £0.231m**  
**Approved 19-0 £3.732m**  
**Approved 20-21 £2.041m** |
| **6. North Wales**  
**RPB/20180914 - NORTH WALES TOGETHER MH** - approved - 2018 11 19 | New strategy is known as Together for Mental Health in North Wales, it is a system-wide strategy setting out our goals for improving mental health and mental health services across North Wales. It is our first integrated Mental Health Strategy in North Wales that covers all ages; children and young people, adults of working age and older people.  
The project aim is to ensure an integrated urgent care system for people experience mental health crisis or requiring immediate support to prevent crisis in the community. It is a critical element of |
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<th>Proposal title</th>
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<tr>
<td></td>
<td>our prevention and early intervention agenda aiming to support people achieve independence and outcomes that matter to them. The project applies to people of all ages: children and young people; adults of working age; older people.</td>
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<td></td>
<td>Prevent-Respond-Educate approach</td>
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<td></td>
<td>Residency based support: Combined crisis and drop in:</td>
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<td></td>
<td>Education and awareness-raising, self-management, reducing prejudice</td>
</tr>
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<td></td>
<td>Approved 18-19 £0.120m</td>
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<td></td>
<td>Approved 19-20 £1.962m</td>
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<td></td>
<td>Approved 20-21 £0.238m</td>
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<td>7. Western Bay – 7 Clusters</td>
<td>Llwchwr cluster: There has been recent success in trialling provision for low-level Mental Health population needs for both adults and children and young people, and in ensuring delivery of community based physiotherapy. It has been a flagship cluster for the engagement of the public and patients and now has a fully constitutionalised Patient Carer Forum. Llwchwr also contributes significantly to the evaluation of programmes such as community based physiotherapy and mental health services.</td>
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<td></td>
<td>Bay Health cluster: Improve Adolescent Mental Health, 14 – 25 year olds; Delivery of Social prescribing for the older population</td>
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<td></td>
<td>Penderi: Improving access to mental health services</td>
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<td></td>
<td>The ABMUHB Mental Health &amp; Learning Disability Strategy was also approved which systematically addresses the shift from a hospital bed-based service to a community home-based service, with improved primary care mental health support and dementia services.</td>
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</tbody>
</table>
Indicators include: Strengthening the ability for prompt assessment of mental health problems and enhancing the ability to provide speedy low intensity interventions as a preventative approach.

Primary Mental Health prevention and Wellbeing services are a priority for ABMU Health Board. The developments around social prescribing and community development align well with Mental Health Strategy along with the development of 3rd sector services across a cluster based population. This increased 3rd sector support will provide drop in support to enable those with emerging and/or common Mental Health problems to remain well without escalating levels of intervention.

For Older persons Mental Health the Whole systems model provides an opportunity to align the memory assessment services with the cluster and create pathways from a Wellbeing perspective through to Mental Health Interventions (from primary and secondary services).

Adult Mental Health service developments within the whole system approach will see the strengthening of links with the Primary Mental Health workers and the clusters.

In addition, it is proposed to explore with partners areas to strengthen social care capacity (within the existing integrated teams), end of life care and services for those with dementia.

Approved 18-19 £0
Approved 19-20 £2.956m
Approved 20-21 £5.927m

8. Western Bay
RPB/20180927 - WB - OUR NEIGHBOURHOOD APPROACH - approved - 2018 11 19

Referenced / implicit in parts of the model
Approved 18-19 £0
Approved 19-20 £4.631m
<table>
<thead>
<tr>
<th>Proposal title</th>
<th>Mental health</th>
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<td>Approved 20-21 £1.290m</td>
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<tr>
<td>9. West Wales RPB – A Healthy Caring West Wales</td>
<td>The UHB and three local authorities have committed to the integration of health and social care, based on a social model of health and well-being. This will involve strengthening the RPB and establishing shared line management at regional, county and locality level. Implementation of these integrated structures will begin for older people in early 2019. They will then be extended to mental health, learning disabilities and children’s services under the strategic direction of the Regional Partnership Board. (includes: testing proactive social prescribing including time-banking; transforming early years / adverse childhood experiences: Recruiting into specialist roles that will have the protected time to address the long-term impact of perinatal/maternal mental health on health outcomes; Developing a referral pathway to incorporate primary mental health services) Approved 18-19 £0 Approved 19-20 £8.480m Approved 20-21 £3.486m</td>
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Introduction

The Draft Budget includes spending plans for 2020-21. This paper provides evidence to the Committee on the future programme budget proposals in relation to Local Government, Communities, Equalities and Housing and Regeneration as outlined in the Draft Budget which was laid on 16 December 2019.

Annex A provides a breakdown of the relevant Draft Budget figures for the Housing and Local Government Main Expenditure Group (MEG) and extracts from the Central Services and Administration MEG in relation to equalities by Spending Programme Area, Action and Budget Expenditure Line (BEL).

Financial Tables

The specific elements for the Equality, Local Government and Communities Committee are Local Government, Communities, Equality, Housing, Regeneration and Community Safety. The budgets for those elements are summarised in the tables below.

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Budget Overview

This is the fourth budget of the Fifth Assembly. This budget was prepared following the UK Government’s one year Spending Round and not following a Spending Review as had originally been anticipated.

Despite being able to set revenue and capital plans for one year only, they reflect this Government’s continued commitment to protect public services; provide the financial stability needed and invest in Wales to nurture economic growth and support our priorities. The continuing pressure on public finances and, more specifically, on the level of funding available means we are under no illusions about the challenges we and partners face and we, and they, continue to make hard choices.

The budget setting process for 2020-21 has focussed on eight cross-cutting themes as agreed by Cabinet which are Housing, Employability & Skills, Early Years, Better Mental Health, Social Care, Poverty, Biodiversity and Decarbonisation. The budget process provided an opportunity to push forward Cabinet’s combined efforts to maximise the use of our resources to improve outcomes in the cross-cutting priority areas and evidence on priorities in these areas has driven spending on local government, housing and equalities.

These budget proposals also reflect our continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. In making spending decisions we have not only considered how best to meet the current demand for services but we have also focused on supporting interventions that are able to prevent problems arising in the future. This preventative approach is an important part of our planning for public services.

The decision for the UK to leave the European Union has caused uncertainty. The Welsh Government established a specific team to coordinate the work arising from European Transition; this team is working closely with the existing team in Brussels and policy departments.

The Welsh Government established a £50m EU Transition Fund to help businesses, the third sector, and public services plan and prepare for Brexit. This builds on £5m allocated for Brexit preparedness over 2018-19 and 2019-20 as part of the two-year Budget agreement with Plaid Cymru. The EU Transition Fund has been designed in collaboration with the organisations and businesses it is intended to help.

Local Government

Revenue budgets within the Housing and Local Government MEG were baselined at the first supplementary budget 2019-20. The Housing and Local Government MEG received specific allocations to provide an improved settlement for local government, as well as a general revenue uplift of £4m to be utilised across the MEG. The general revenue uplift was used to provide additional funding to support the transformation of local government, to provide much needed support in the area of building safety and to provide an uplift to National Parks revenue funding to return funding to its 2018-19 level.
Indicative capital budgets for 2020-21 were published as part of the 2019-20 draft budget, a general capital uplift of £15m was provided to the MEG which has been allocated for local authorities.

Local Government Revenue Settlement

The Welsh Government and local authorities agree that strong local government is essential to the effective delivery of good quality, integrated public services to communities across Wales. We recognise that the strength of the Welsh Government and local government is the democratic accountability which reflects the needs, aspirations and cultures of Wales. We also need effective, successful organisations which are fit-for-purpose and representative of the communities they serve.

Local Government revenue funding has increased by £198.013m which includes a £125.282m increase to the Revenue Support Grant, transfers in of previous specific grants of £1.481m and a 95% share, £71.25m, of an increase of £75m in the non-domestic rates distributable amount (the remaining 5% supports police funding). On a like for like basis compared to 2019-20 this is a £184m increase to the local government settlement.

Prolonged austerity has inevitably had a substantial impact on the resources available to public services and we recognise the very difficult decisions that local authorities have had to make in order to maintain critical services with reducing real terms budgets. Local authorities in Wales have managed those tough choices in reducing expenditure and generating efficiencies so as to maintain the quality of key services and balancing local choices on the levels of council tax increases.

We supported local authorities as part of the draft and final and first supplementary 2019-20 budgets with a package of additional specific grants to complement the revenue support grant. This included funding to meet the costs imposed by the UK Government through the technical changes they have made to several public sector pension schemes which particularly impacted teacher’s pension schemes. We supported local authorities with 100% of the costs despite only receiving an 85% contribution from the UK Government. We also provided specific funding to meet the UK Government decisions on teachers’ pay awards prior to its devolution. Some of these funding streams are now subsumed into the revenue support grant on an ongoing basis, such as pay and pensions funding, others continue into 2020-21 as specific grants unless specifically detailed as time limited funding.

The funding provided through the Local Government Revenue Settlement including the baselined funding is unhypothecated and it is for each local authority to determine its own priorities. However, a significant factor in the Government’s decision on increases to the funding for the local government revenue settlement has been the intention to recognise the impact of teachers’ pay and pensions for the remainder of the current academic year, to provide funding beyond this to recognise the future impacts of teachers’ pay awards which will come into effect from September 2020 and to support other services where there are also some significant pressures. Local authorities deliver many services that are of a primary or secondary preventative nature. The additional funding available to local government is part of our commitment to support them in continuing to deliver such preventative services. In making decisions on the use of this unhypothecated funding local authorities will undertake their own assessments, including those required under
equalit y legislation, of the impacts of their proposals on different groups and communities.

**Allocation of £3m to strengthen and support local government transformation**

The Local Government and Elections (Wales) Bill was introduced into the National Assembly for Wales on 18 November 2019. It is anticipated it will receive Royal Assent in mid-2020. The Transformation and Legislation Budget will, in part, be used to take forward the implementation of this legislation which will deliver a major package of reforms including: a new performance framework and sector led improvement approach, a new approach to regional working amongst local authorities and a number of measures aimed at improving the openness and transparency of principal council decision making. A full regulatory impact assessment has been completed and has been published alongside the Bill. Welsh Language, Equalities and Children’s Rights Impact assessments have also been completed. These identified a number of anticipated positive impacts including:

- a more diverse, representative, transparent local government, which positively and openly involves all members of the community through the expansion of the electoral franchise, a duty on local authorities to encourage local people to participate in local government and increased flexibility for councillors through provisions such as remote attendance and updated family absence provisions.
- Reducing the voting age to include 16 year olds resulting in earlier engagement in the democratic process which could lead to a greater interest in democratic politics more generally, including standing as a candidate.

As well as supporting the implementation of the Bill, the enhanced funding is intended to support actions, including working closely with the WLGA, in the areas of workforce partnership, leadership development, digital transformation, evidence and modelling of funding reforms, decarbonisation and other transformative activities.

**Children and Communities Grant**

Funding for the Children and Communities Grant in 2020-21 will be maintained at 2019-20 levels. This will enable all the individual schemes within the Children and Communities Grant, including the Communities First Work Plus, Flying Start and Legacy Fund, to continue to maintain the same level of service to vulnerable individuals and communities in 2020-21. This funding is preventative in nature, it has a long term focus and supports collaborative working amongst the public and third sector.

The Children and Communities Grant seeks to address the support needs of the most vulnerable children and adults in our communities through a range of early intervention, prevention and support mechanisms. It seeks to mitigate or remove disadvantage to vulnerable people to enable them to have the same life chances as others, and therefore contribute to a more equal Wales. The development of the Flexible Funding approach has been done with close involvement of local authorities, working collaboratively with each other and the Welsh Government.

Funding Alignment provides greater freedom and flexibility to local authorities to deliver public services which benefit from grant funding in a more collaborative and integrated way. Local authorities are able to consider new ways to jointly commission services, and to better align and design services to meet the needs of people in their areas. Some local authorities are starting to tie the Well-being Goals in their Outcomes.
Frameworks to their Corporate Priorities and Social Services and Wellbeing Act outcomes.

**Allocation of £15m to Local Government General Capital**

The Local Government General Capital Fund is a key source of funding, alongside borrowing and significant specific grants for investment in local infrastructure. A three-year additional general capital funding package of £100m was announced alongside the 2019-20 final budget with £50m allocated for 2018-19, £30m for 2019-20 and £20m for 2020-21. This additional £15m takes additional funding for 2020-21 to £35m. This helps smooth the funding profile and supports stable capital programme planning. The additional funding, although modest, allows the acceleration of some capital plans or facilitates lower borrowing by local authorities, which has a positive effect on authorities’ revenue position by reducing servicing costs.

Total local government general capital funding for 2020-21 will therefore be £197.8m (made up of £109m general capital grant and £88.8m unhypothecated supported borrowing).

General capital funding is used by local authorities to support their contribution to the 21st Century Schools Programme; local roads networks and services such as housing, development and social services as well as essential capital maintenance works across local government estates. The funding is unhypothecated and local authorities are responsible for utilising it in the most effective and efficient way for their local area. Decarbonisation will need to be an increasingly important factor in decision making.

Funding can support the local economy through local procurement of contracts and while local authorities are responsible for their contracts Welsh Government have been working with them through the Code of Practice on Ethical Employment in Supply Chains and the “Two Tier” Code to remove unfair working practices and secure other benefits.

Local authorities are key partners in the Wales Biodiversity Partnership, which brings together key players from the public, private and voluntary sectors to promote and monitor biodiversity and ecosystem action in Wales. Its Implementation Group provides the overall direction of activity for the Nature Recovery Action Plan for Wales which provides a focus for delivering the sustainable management of natural resources at the local level as well as contributing to many of the Well-being of Future Generations goals. Each local authority has a biodiversity plan which should be considered as part of any capital planning.

**Well-being of Future Generations Act**

The Well-being of Future Generations Act drives how Welsh Government, local government and other public bodies in Wales make decisions. Local authorities are required to set and publish well-being objectives to show how they will work to achieve all seven of the well-being goals for Wales. As a Government we understand that essential services through local government from social care to
education, advice and support or active travel deliver the wider health and wellbeing of people in Wales.

Local authorities tell us that the areas where they are facing the greatest pressures are education and social care. The additional £198.013m of funding flowing through the settlement will be a significant contribution to respond to those pressures. This source of funding is unhypothecated; local government is best placed to understand local needs and deliver services in the most efficient and effective way.

While the majority of funding from the Welsh Government to local government goes through the local government settlement – some £4.5 billion – there is also a significant amount of specific grant funding, around £1bn supporting local services. Local authorities also have further streams of funding through their council tax raising powers and through local fees and charges.

With financial pressures in education and social care highlighted, the increased settlement, and continuing specific grant funding, is expected to particularly support the goals of a Prosperous Wales and a More Equal Wales through developing a well-educated population where everyone can fulfil their potential whatever their background; and a Healthier Wales where a person’s social care enables them to participate in society and maximise their physical and mental well-being.

Over the past year the way that we work with local government through the Finance Sub Group of the Partnership Council for Wales has evolved with additional meetings held to increase communication with local government leaders and Ministers from across Welsh Government attending to discuss policy areas with local government leaders and the WLGA. This more collaborative approach has been welcomed by local government leaders and ministers.

**Spending on preventative actions**

Local authorities are of course a key deliverer of preventative services, for example through schools education giving children and young people the opportunity to thrive and meet their potential, to social and other services that ensure that people are able to be part of their communities, which can reduce the call on other public services such as the NHS. We recognise the challenges that local authorities face with increasing demand for reactive services putting pressure on preventative services. By working together between authorities, with Welsh Government, through Public Service Boards and other collaborative approaches authorities and other partners explore the best way of delivering services to make the best use of every pound that we have.

Fire and Rescue Authorities (FRAs) derive the great majority of their budgets from local authorities rather than directly from the Welsh Government. However, we provide an additional £848,000 revenue and £670,000 capital to augment their work on fire safety and prevention. This focuses in particular on preventing dwelling fires and deliberately-set fires, and has contributed to the sustained decline in fire across Wales in recent years.
How evidence is driving Welsh Government priority setting and budget allocations

Local authorities are responsible for carrying out their own impact assessments as part of their decisions on local budgets. The WLGA and local government generally have provided evidence to Committee and to Welsh Government which has focussed on the significant pressures in education social care, from workforce costs and from high cost interventions.

By providing additional funding we anticipate that it will primarily be used in these areas reflecting some of the specific pressures local authorities face. Additional funding in education will mean that schools services can be maintained and teachers supported to deliver against our national mission for education. Without this additional funding in support of those and other pressures local authorities would be faced with the need to reduce services or raise income from other sources. It is expected that the biggest impact could fall on those children and young people who have the lowest educational outcomes – those from lower income families and certain ethnic minorities. The Well-being of Wales report 2019 shows that qualification levels amongst the population levels continue to increase, although there remain large differences in attainment at school for different population groups. Skills and qualifications are the biggest single influence on people’s chance of being in employment and on their incomes. Children from deprived backgrounds continue to have poorer outcomes than other groups. The “capped nine points score” is the national indicator on secondary school performance. The score for pupils who are eligible for free school meals was 77.4 points lower than the score for other pupils. This is equivalent to almost two fewer GCSEs at grade C on average per pupil. From a gender point of view girls continue to achieve better educational outcomes than boys; in 2019 the gap for those achieving the Level 2 inclusive threshold at Key Stage 4 fell to 10.1 percentage points. Latest data continues to show some differences in educational attainment between ethnic groups, with a higher proportion of children from Asian, Chinese and mixed ethnicities reaching expected levels of attainment than those from a White background. Educational attainment remains low for gypsy traveller children.

Funding will also support social care services, where demand is increasing and local authorities are seeking to modernise and transform services. Local authorities have cited in particular the increased demands in children’s services. Increased funding will support disabled children and young people recognising their diversity, supporting their independence and choices, providing empowerment and respecting their rights. In the area of older people’s social care it supports those on lower incomes and also those coping with physical and mental difficulties that can be faced as citizens age. The Wellbeing of Wales report says recent analysis (based on 2015-2017) shows that the gap in healthy life expectancy between the most and least deprived has remained stable – but is 18.1 years for men and 19.4 years for women.

Expenditure on local authority services has been shown to be particularly important in supporting women. The Women’s Budget Group commissioned UK research\(^1\) shows women have been disproportionately impacted by changes to taxes, benefits and public spending, with BAME women and disabled women hardest hit. The Equality and Human Rights Commission and Landman economics also published research in 2018 - “The cumulative impact of tax and welfare reforms”. The analysis shows that the reforms have a disproportionately negative impact on several protected groups, including disabled people, certain ethnic groups, and women. Women are more likely than men

\(^1\) https://wbg.org.uk/analysis/women-and-the-spending-review/
to need public services, more likely to work in the public sector and more likely to have to increase their unpaid work when services are cut. Many of the services provided by local government are disproportionately provided by women and to women and children, including social care, transport and housing, directly for themselves or indirectly for others for whom they care. These services are vital in affording women the opportunity to participate fully in the economy.

**Housing and Regeneration**

With MEG allocations maintained at their 2019-20 levels (first supplementary budget stage), we have been able to stabilise key budgets at the 2019-20 position, including homelessness budgets and the Housing Support Grant. We have also provided an additional allocation of £0.5m to support the important work underway to improve building safety.

Indicative capital budgets for 2020-21 were published as part of the 2019-20 draft budget. Additional general and financial transactions capital allocations have been made to build on this baseline.

Housing is a priority area in Prosperity for All. The document recognises that “living well is a good quality, affordable home which brings a wide range of benefits to health, learning and prosperity.” The Welsh Government is committed to increasing the supply of affordable housing, having set affordable housing targets in both this and the previous government (currently 20,000). The Welsh Government supports the supply of affordable housing through its Social Housing Grant, Housing Finance Grant and Innovative Housing Programme which deliver both social and intermediate housing. We are committed to increasing the supply of affordable housing especially social housing to minimise the pressures on local authority budgets and on homelessness services including hostels and bed and breakfast accommodation.

Investment in housing also provides support to the Welsh economy in terms of maintaining and supporting jobs in the construction industry and the associated supply chain. This contributes to the tackling poverty agenda in terms of providing employment and training opportunities. We are also committed to ensuring that housing organisations maximise the community benefits generated from their procurement as part of our wider commitment towards ensuring the maximum local impact from our investment across Wales.

Jobs created by housing development lift many of the unemployed construction workforce into employment with all the benefits that brings as well as reducing benefit expenditure and boosting opportunities for apprenticeships and training.

The funding works towards the seven well-being goals and Welsh Government’s well-being objectives. Specifically, decent and affordable housing can help achieve more equal, prosperous, healthier and more cohesive communities, contributing towards a healthy and more equal Wales. This is demonstrated by the clear health benefits of having a good quality home which is affordable and located in a safe environment. Investing public money in building and refurbishing homes contributes to national and local economies, creating and supporting jobs and training opportunities as well as improving people’s health, wellbeing and quality of life. £1
spent on adaptations prior to hospital discharge is estimated to generate £7.50 of cost savings for health and social care.

Grant funded affordable housing is built to Welsh Government Development Quality Requirements (DQR) which includes building to lifetime homes standards. Homes built to these standards are more readily adapted to allow older and vulnerable tenants to remain in their homes for longer. Investing in existing and new housing with improved energy efficiency will help reduce fuel poverty and reliance on benefits. Every £1 spent on improving warmth in vulnerable households results in £4 of health benefits.

The Decarbonisation Advisory Group report published on 18 July 2019 recommends that no later than 2025, all new homes in Wales must be built to be zero carbon, energy and water efficient and climate resilient. Independent checks should be made to ensure these higher standards are delivered. This will prevent the challenge to retrofit homes becoming larger and more expensive. All homes built with public funds should meet these standards no later than 2021.

Energy efficiency is also now a feature of the Help to Buy scheme in Wales. 95% of all new build homes sold through the scheme are rated EPC B. As part of the affordability assessment for applicants, energy costs are taken into account based on the EPC rating of the house to be purchased. This has helped to raise the issue of energy efficiency with prospective applicants, as was intended by the ‘LENDERS’ project, which developed this methodology.

Housing Support Grant

We are pleased to have been able to maintain the Housing Support Grant in 2020-21 with a budget of £126.8m as was the case this year.

The Housing Support Grant makes an important contribution to the health and wellbeing of vulnerable people by providing the support, skills and confidence they need to stay in their own homes and so prevent homelessness or a requirement to enter an institutional setting. It delivers important health, employment and community cohesion outcomes by assisting people to a stable housing situation, addressing chaotic lifestyles and the mental health, substance misuse and offending issues that may underlie them. The grant also supports older people and those with a learning disability to maintain their independence and lives in the community.

We have worked hard to revise the arrangements for the new Housing Support Grant in a co-productive way with stakeholders. The extensive engagement this has involved has been designed to ensure that our policy integrates the role of good housing alongside health, social care, Criminal Justice and employment interventions, with clearly defined roles for all parties in joint-planning arrangements.

The Housing Support Grant continues to support a range of interventions that aim to ensure that homelessness is prevented and, where it can’t be, ensure it is rare, brief and non-recurrent. The preventative nature of the grant is highlighted by the reduction it generates in the future pressures on the NHS and social care.

Over time we have built a strong evidence base to evaluate the success of the constituent grants that make up the HSG (Supporting People, Homelessness Prevention and Rent Smart Wales enforcement). For example, our work with
Swansea University’s SAIL database has linked housing and health data and is beginning to show the impact which housing support can have in reducing the use of health services. The single outcomes framework we are developing to include both Housing Support Grant and Children and Community Grant outcomes will also improve our ability to align grant programmes and demonstrate value for money.

**Homelessness**

Prosperity for All sets out the Welsh Government’s commitment to end all forms of homelessness; it has therefore been important to maintain our homelessness budget at the same level it enjoyed in 2019-20 (£17.9m).

The Homelessness Prevention Grant supports the delivery of services aimed at preventing homelessness, and where it cannot be prevented ensuring it is rare, brief and un-repeated. As such this funding can help to reduce negative impacts for individuals and households and reduce the future burden on the public purse which increasing homelessness would otherwise generate.

It funds a mixture of primary to acute activity. As set out in our strategic statement on homelessness prevention, published on 8 October 2019, currently much of the focus of activity is at the acute end. If we are to achieve our vision of ending homelessness, then our approach has to both support those currently homeless into accommodation, whilst also significantly reducing the flow of individuals and families falling into homelessness by investing more in primary, secondary and tertiary prevention. This funding will therefore support the delivery of our evolving policy approach, which is seeking to shift the focus of resources to earlier prevention so that in the long term we maintain a system in which homelessness is rare, brief and un-repeated.

Homelessness prevention is a wider public services issue and as such this funding supports a range of collaborative projects involving partners in local government, health, social services, education and crime and justice. Welsh Government has recently published a revised strategic approach to tackling homelessness and this funding is an essential component in delivering against that strategy.

**Independent Living**

Housing adaptations play an essential role helping older and disabled people to live independently and safely. Up-front investment in housing adaptations reduces demand on NHS and social care services through preventing the need for admission to hospital and speeding up discharge. The continuing support for Care and Repair services and housing adaptations provided through this funding is very much in line with the principles of Healthier Wales, the Well-being of Future Generations Act, and the approach set out in Prosperity for All.

A key aspect of our work in this area is to streamline the arrangements for delivering these services in order that they are better understood by individuals and families. We have, for example, published new housing adaptations service standards to promote greater consistency of services across Wales regardless of a person’s tenure or where they live. We have also commissioned research to analyse current allocation arrangements. The intention is that the results will be used to inform options for simplifying funding systems and promoting more equitable access to adaptations.
**Building Safety Programme**

The Building Safety Programme is responding to recommendations outlined in the Building Safety Expert Group’s ‘Road map to safer buildings in Wales’ produced in response to the Grenfell disaster. The work of the programme focuses on reforms to ensure that the safety of high rise residential buildings in Wales is improved. The evidence generated since the Grenfell disaster has only served to re-emphasise the need for action to be taken in this area. This new funding stream (£0.5m revenue in 2020-21) will allow us to make progress in responding to these issues. The funding will allow us to work with local authorities and the fire and rescue service to establish a task force that will be able to reinforce and accelerate the regulatory and enforcement work already underway.

The budget will be targeted at primary and secondary prevention, working with other public sector bodies (through regulation and enforcement) to promote and take action where necessary to minimise the risk of death and/or injury as a result of fire.

Initial work over the next 12-18 months focuses on piloting new ways of working, promoting a greater focus on building safety and policy development. Subsequently, following a white Paper it is proposed that legislative reforms are brought forward.

The initial focus of this work will target those involved in the management and regulation of high rise residential buildings (18m/7 storeys +), as well as those who reside in or own flats within high rise buildings.

**Housing Loans**

The allocation of £50m financial transaction capital enables us to provide loans at submarket rates to Registered Social Landlords to assist with funding their ambitious development plans for new social housing. If it is agreed that these loans can be made at nil interest rate over a 25 years, they could decrease the level of capital grant needed to make the social housing schemes viable mitigating some of the demands upon the existing Social Housing Grants programme.

Funding will help alleviate the pressure on the Social Housing Grant budget which encompasses grant funding made available by the Welsh Government to build new homes which helps to improve the experiences of people living in social housing in Wales.

**Help to Buy Wales**

Help to Buy Wales is a shared equity scheme, providing support to people who would like to own their own home but are constrained in doing so. The scheme has been running successfully since January 2014. The allocation of £35m financial transactions capital will enable the scheme to continue as planned throughout 2020-21. The scheme forms an important part of the delivery of the Welsh Government commitment to provide an additional 20,000 affordable homes during this term of government. The current phase of the scheme has a target of 6,000 homes towards the 20,000.
Building with Modular

Building more social and affordable homes is a key priority in both Prosperity for All and Taking Wales Forward; and we are pleased to be able to allocated £10m financial transactions capital towards this priority in 2020-21.

The First Minister has made a commitment to embrace Modern Methods of Construction (MMC) to realise the benefits modular building can deliver. In particular, more modular homes can eliminate fuel poverty for tenants, be built to zero/near zero carbon standards thus not adding to the decarbonisation challenge as well as providing jobs training and apprenticeships with SME modular providers in areas of Wales affected by industrial decline.

Enabling Welsh based SME modular builders to improve their cash flow management will directly impact their ability to make more affordable homes, more quickly to a high standard than relying on traditional building methods. Simply the more new homes built using thoughtful Modern Methods of Construction approaches by indigenous Welsh SMEs, the less investment will be required in future to retrofit homes as technology becomes available to decarbonise homes of all tenure in Wales. Every new home built using modular now, will prevent expensive decarbonisation retrofit of the future.

The fund is part of a mitigation in the event of an adverse effect on the economy post BREXIT. Supporting indigenous Welsh SMEs to address financial constraints of the modular housebuilding model will be key for creating additional capacity in the system to build at pace and scale.

The fund will provide an opportunity for MMC producers to consolidate their manufacturing capability, safeguarding jobs and create new job opportunities in those companies as a direct result of an increased order pipeline for MMC social homes. Most of the existing MMC SMEs are family run firms, operating in areas where job market can be difficult as a result of declining traditional industries. Employing mainly local labour, supporting business through cash flow products protects and promotes jobs and training and apprenticeship in deprived communities.

Increasing the capacity of modular builders to build more homes in a factory setting, rather than on a construction site has a major impact on workers’ health and safety. Construction is the 4th most dangerous industry in the UK for serious injury and fatalities. Studies demonstrate RIDDOR accidents making modular building is 1 in 4600 hours compared to 1 in 1500 hours for buildings constructed traditionally.

The more homes built with Modern Methods of Construction, the easier it will be to meet climate change targets. In line with the ambitions of the Programme for Government, Modern Methods of Construction also offers the opportunity to introduce and integrate cleaner technologies and more energy efficient home building solutions through its ‘fabric first’ approach. In terms of the circular economy, waste from producing homes by manufacturing in a factory is reduced 70-90%, compared with traditional build.

Building homes using MMC opens up the construction industry to a wider prospective labour pool. Current modular providers operating in the UK have a more diverse workforce, actively recruiting underrepresented groups into what is perceived as a traditionally male-dominated construction employment. This has resulted in
more women undertaking such roles, both in finishing and skills elements of house production and also in a business management roles such as supervisory and quality assurance.

Cylch Caron Integrated Resource Centre – allocation of £2m financial transactions capital

We have allocated £2m financial transactions capital to the Cylch Caron Integrated Resource Centre. The allocation comprises a loan of £2m over 25 years at 2% interest to complete the financing of Cylch Caron, a strategic health, housing and social services project. The scheme has received ICF capital (£1m) and a Welsh Government health grant of £0.727m to purchase the site. Subject to approval of the Final Business Case, the scheme will receive Social Housing Grant (£4.442m), NHS capital (£2.115), a contribution from Ceredigion County Council and Hywel Dda UHB (£0.680m) and a £2.106m commercial loan by Mid Wales Housing Association. The FTC loan is required to compensate for higher construction costs in a deep rural area (following two OJEU procedures) and low levels of rent.

The development includes a new Health Centre with GP practice, pharmacy, outpatient clinics, community nursing and social care. It will provide an additional 34 extra care units and six step-up/step-down units for intermediate care and rehabilitation.

The scheme fulfils a number of Prosperity for All commitments: to plan our capital investment decisions so they can have a big impact on the economy; to help different organisations to deliver their services in a single place, and minimise the individual’s need to travel; to co-locate services by integrating the way that we make our investment decisions; to deliver a tangible shift in the provision of health and care services into communities, and away from hospitals; and to co-ordinate housing, health and social care capital programmes to provide innovative, affordable, accommodation and nursing care building on the Integrated Care Fund approach.

This collaboration between health, care and housing partners applies the five ways of working in the Well-being of Future Generations Act, by working in an integrated way to prevent problems occurring or becoming worse and to consider longer term needs.

The scheme will also contribute to decarbonisation by replacing a number of old and inefficient buildings and reducing the need to travel.

Social Housing Grant

An additional allocation of £48.1m has been made to the Social Housing Grant Programme in 2020-21. The programme works collaboratively with Local Authorities and Registered Social Landlords in order to maximise the number of homes built for the grant available.

Up to date estimates on housing need indicate that we are not delivering enough affordable housing to meet the need which exists in Wales. Investment through the
Social Housing Grant aims to reduce the level of unmet need and is a key driver in our investment decisions.

Investment in social housing developments can also support older people and those with additional care requirements to avoid dependence on residential or long term care and thereby reduce the risk of people being isolated or lonely. Grant funded affordable housing is built to Welsh Government Development Quality Requirements (DQR) which includes building to Lifetime Homes Standards. Homes built to these standards are easier and cheaper to adapt for adaptations which allow tenants to remain in their homes for longer.

The Welsh Government continues to prioritise investment in social housing rather than other forms of tenure because occupants of social housing are the most likely in society to be in poverty and socially disadvantaged. Decent and affordable housing can significantly improve people’s physical and mental health, meaning they are more likely to be able to access education and employment. For example 25% of children in bad housing gain no GCSEs compared with around 10% not living in bad housing. In addition, children living in acutely bad housing are 20% more likely to attend hospital A&E departments than other children. Investment in good quality homes therefore has a direct impact on the health of those living in them.

For all age groups those in social housing were more likely to have a limiting long-term illness, disability or infirmity than owner occupiers and those privately renting. In addition evidence indicates that 58% of people from a non-white background live in owner-occupied homes compared with 75% of people from a white ethnic background. 33% of people from a non-white ethnic group live in privately rented accommodation compared with 10% of people from a white ethnic group. Increasing our investment in social housing allows us to target those who are most in need across all ethnic groups in Wales.

**Innovative Housing Programme – allocation of £25m general capital**

Decarbonising the housing stock in Wales is a priority for the First Minister, and we are delighted to be able to allocate an additional £25m general capital to this priority in 2020-21.

In my response to the Affordable Housing review on 9 July 2019, I made clear my expectation that affordable housing leads the way in terms of housing tenure to build new homes which are zero carbon and decarbonise the existing housing stock. Our ambition has to be that all homes built whether publicly or privately funded in Wales should be built to this zero carbon standard. In addition, I have responded to the review’s recommendations on decarbonising the existing affordable housing stock, by agreeing to examine the funding of a significant retrofit programme of works, and testing what is possible now and in the future to make this happen.

This project aims to develop and extend the Innovative Housing Programme (a three year £90m programme) to a fourth year to maximise the return on investment we can derive from the previous funding rounds. Evidence emerging from the programme suggests that utilising modular and other modern methods of home construction are a highly effective mechanism to deliver near zero carbon homes.

This additional £25m funding, will look to build on the themes that were introduced in the third year of the programme and look to push the boundaries of innovation in the
key themes of crossover to retrofit, phasing out gas heating solutions and homelessness.

As well as building near zero carbon new homes, there is an urgent need to understand how the technologies and approaches being tested in the current Innovative Housing Programme can be retrofitted to existing affordable homes. This is key as around 80% of home carbon emissions in Wales come from the existing housing stock. Furthermore, Wales has some of the oldest and most challenging stock to make zero carbon in the UK, with 45% being built before 1950.

Last year the Independent Steering Group looking at this issue recognised the scale of this challenge. The group identified the importance of investigating technologies currently deployed specifically for new home building to address the far more complex issues surrounding improving the carbon performance of existing homes.

Two of the three themes are directly linked to decarbonisation of both new build homes and existing house stock. Increasing the amount of new homes produced with a modular approach makes homes low or zero carbon. A high proportion of homes of the future will be built in a modular style.

The Well-being of Future Generations (Wales) Act 2015 provides a framework for how applicants can demonstrate not only the innovation they plan to deliver, but how their scheme delivers broader Welsh Government policy objectives. The programme aligns with the seven goals enshrined in the Well-being of Future Generations Act and the five ways of working; with schemes looking to harness opportunities to deliver jobs, skills and develop local industry. We are also proposing to make wider links to the broader circular economy agenda. We expect to make a greater use of timber in their construction, with timber being the only sustainable, Carbon neutral building material of the 21st Century.

Regenerating Town Centres

We continue to support our town centres with funding of £36m in 2020-21 for regionally prioritised projects under the Targeted Regeneration Investment Programme which promote economic regeneration and well-being of our towns and communities. This will be supplemented by the following additional allocations:

Town Centre Loans

Making the best possible use of existing properties and development opportunities within Welsh town centres is fundamental to addressing the downturn and deterioration that has and continues to occur. In light of this we have made an allocation of £10m financial transactions capital to enable the extension of the Town Centre Loans scheme. Empty and underutilised properties can be used to accommodate people and furnish business needs whilst unlocking development sites, bringing economic benefit through the construction industry, as well as jobs, skills and growth and increased housing offers to the areas.

Continuing reductions in public expenditure together with uncertain economic forecasts continue to have important effects on the cost and availability of suitable town centre properties for both business and living accommodation. Restricted access to finance to building owners and occupants has resulted in a large reduction
in spending on unlocking town centre sites for development, renovation or refurbishment of buildings.

The loan scheme enables short to medium term loan finance to be provided to those owners and developers of sub-standard properties with underutilised or vacant spaces, to bring them back into beneficial use for the communities in which they are situated. Projects can also deliver enhanced energy efficiency, reducing energy costs, addressing fuel poverty and reducing carbon emissions. The loans will also be expected to lever in investment from the private sector.

The loan scheme already supports 32 towns across Wales, with 15 LAs acting as the intermediary to deliver the loan funding to third parties who actively deliver the scheme. The recognised benefits include supporting job creation and economic growth through the provision of modern business space and allowing local and new business to grow and develop in our town centres. This additional funding will allow the scheme to be extended to additional towns and authorities.

**Town Centre Green Infrastructure and Biodiversity Programme – allocation of £5m general capital in 2020-21**

£5m general capital has been allocated in 2020-21 to the Town Centre Green Infrastructure and Biodiversity Programme. The programme supports the implementation of Environment schemes and reflects Well-Being of Future Generations Act principles through the sustainable introduction of Green Infrastructure into town centres in ways which deliver economic and social benefits for local communities.

Urban green infrastructure directly supports the First Minister’s commitment for a ‘focus on small things which can create local, accessible green spaces’. Urban green infrastructure consists of many small actions to form a multifunctional network:

- all our open spaces and network of habitat, parks, playing fields, allotments, private gardens, ponds, rivers, canals, woodland, street and garden trees, and hedges.
- it includes all green space as urban areas can contain substantial amounts of semi-natural habitat.
- can be engineered to form green roofs and walls, sustainable drainage or as street trees.
- can be part of our transport links, for example, when wild flowers are planted into grass verges along our road and rail networks and at roundabouts and on top of bus shelters to encourage nature. It can be a key part of our active travel networks.
- includes the links between our urban areas and their surroundings so they ‘join up’.

We will ensure that biodiversity is built into each element so that each project helps to build resilient ecological networks.

Green infrastructure planting is a proven process to sequester environmental carbon. Planting on town centre buildings can for example help retain water, provide shade and reduce the need for heat cooling. My intention is that the programme should act as a town centre green infrastructure demonstrator project and outcomes will therefore be monitored to ensure that there is a lasting impact that can be replicated in future town centre regeneration programmes.
We will ensure that infrastructure improvements will be delivered in accordance with industry best practice, such as the Green Roof Organisation (GRO) Code for green roofs. Our aim must be to ensure that all projects are truly sustainable as well as delivering wider public benefits. The resources deployed for this work will make a real contribution to help mitigate the effects of climate change within our town and city centre. Green infrastructure has been proven to help cool town and city centres, contribute significantly to the well-being of residents and visitors and help instil a sense of place. We are also proposing that Sustainable Urban Drainage Systems (SUDS) related planting should be supported to help mitigate the effects of flood related surface flooding. Improvements will be delivered in collaboration with other Welsh Government departments, local authorities, local communities, local interest groups and private sector partners.

The implementation of Green Infrastructure in our town centre urban environment specifically helps deliver a ‘sense of place’ with specific and targeted interventions. For example, a green roof will be specific to a building type and design. The implementation of greening schemes has a significant effect in helping restore civic pride in our communities.

**Equalities**

Revenue budgets across the Equalities portfolio were again baselined at the first supplementary budget 2019-20. To build on this baseline, the Deputy Minister and Chief Whip received specific allocations totalling £1.86m in 2020-21 from the European Transition Fund to fund specific actions as a result of the UK’s preparations to exit the European Union. The Deputy Minister and Chief Whip also received a general uplift of £1.5m to apply across her portfolio. This has been targeted as follows:

- £0.09m for the Blueprints for youth justice and female offending
- £0.39m for the Women’s Pathfinder
- £0.14m for the next stages of the Rapid Review on Gender Equality
- £0.05m for legal advice for destitute asylum seekers
- £0.05m for the initial implementation work for the Socio-economic duty
- £0.07m for research in relation to equality and human rights in Wales
- £0.04m for Windrush Day 2020 celebrations
- £0.25m for additional funding through the VAWDASV Grant
- £0.05m for LGBT training across Wales
- £0.25m for additional support for equality organisations
- £0.12m for additional support in relation to race policy development and engagement with race organisations

This recognises the important part that equalities plays in achieving government priorities and the national well-being goals.

Indicative Capital budgets for 2020-21 were published as part of the 2019-20 draft budget. To build on this baseline, two specific capital allocations totalling £2.2m were received.
European Transition Funding

The following allocations were made in 2020-21 from the European Transition Fund, these build on allocations made in the 2019-20 financial year:
- £0.76m to the Strengthening Community Cohesion project;
- £0.6m to the Tackling Hate Crime & Community Cohesion Action; and.
- £0.5m to the EU Citizens Rights project.

These projects seek to embed the five ways of working, with a strong emphasis on the involvement of groups with protected characteristics under the Equality Act 2010 and providing interventions which seek to prevent harmful impacts and promote integration.

The expanded Strengthening Community Cohesion programme supports local authorities to work more closely with community members, through the provision of two full time equivalent cohesion officers in each region of Wales. This supplements the work of existing Regional Community Cohesion Co-ordinators to involve those affected by cohesion issues, encourage collaboration with key services in the local area and encourage the integration of services to ensure more cohesive communities. This approach seeks to prevent harmful outcomes such as segregation, social exclusion and hate crime.

The Tackling Hate Crime and Community Cohesion projects seek to involve ethnic minority and minority faith communities who are at risk of being victims of hate crime. This has been achieved by funding eight organisations who support these communities through the Hate Crime Minority Communities Grant and involving hate crime victims in the design of our hate crime communications campaign. The project also expands the capacity of the National Hate Crime Report and Support Centre to ensure all victims of hate crime receive one to one support from Victim Support Cymru. Each aspect of this project has been designed to work collaboratively with the organisations who are best placed to support victims or potential victims of hate crime, to prevent long-term harmful effects.

The EU Citizens Rights Project involves collaboration between organisations; Citizens Advice Cymru (experts in advice provision), EYST (with expertise in undertaking outreach to support minority communities in Wales) and Settled (a grassroots volunteering offshoot of the 3 million EU citizen advocacy group). The project seeks to ensure EU Citizens get access to good advice to support them to apply for Settled Status, to challenge inequalities in access to services, and protection from exploitation in the workplace. This advice aims to support our communities for the long-term by ensuring EU citizens can stay and thrive as members of Welsh society. Spending on these projects supports the Well-being Goals of a more equal Wales and a Wales of cohesive communities.

The principle of preventative action is fundamental to the work undertaken through these projects, with the “upstream” work of the Regional Community Cohesion Co-ordinators (Strengthening Community Cohesion Programme) in reducing local tensions, fostering respects and understanding between different groups and building cohesive communities, reducing the likelihood of more serious problems such as extremism, hate crime and terrorism occurring “downstream” (Tackling Hate Crime and Community Cohesion Project). Many stakeholders including the police, local authorities and third sector partners have warmly acknowledged the valuable contribution of their local Cohesion Coordinators in these ways.
The support for the EU Citizens Rights Project seeks to ensure these members of our community understand what actions they need to take to regularise their status and prevent potentially harmful situations such as homelessness, unemployment or deportation over time.

These projects allow the Welsh Government to put in place additional action in the context of EU withdrawal to do everything possible to monitor and reduce community tensions, foster community cohesion, and prevent development of serious disorder. Enlarged regional teams will have more capacity to engage both with public services and local communities on these issues.

**Increase to Equality budgets**

In addition to maintaining revenue budgets at the 2019-20 levels, we are pleased to see an additional £0.77m increase in the Equality and Inclusion budget. This additional budget will be allocated to support the following activity.

**Review on gender equality**
The Gender Equality Review began in March 2018 with a rapid review resulting in a Phase 1 report of 31 recommendation. Phase 2 concluded in July 2019 with the delivery of the ‘Deeds not Words’ report and a Roadmap focusing on specific policy areas with 81 recommendations approved by Cabinet. The funding will support the next phase of work which focuses on implementation.

**Legal advice for destitute asylum seekers**
This funding will safeguard the support provided to people seeking sanctuary in Wales. Funded legal advice is crucially important because of its specialist nature and the complex nature of applying for asylum.

**Socio-economic duty**
This funding will support work to commence the socio-economic duty in Wales, in line with the First Minister’s manifesto. This activity will enable initial implementation work required in relation to the duty.

**Equality and human rights research**
Commissioning of research on the wider options to strengthen and advance equality and human rights in Wales, which, among other things, will consider the possible incorporation of UN conventions into Welsh law and whether there may be a need for fresh legislation, such as a Human Rights Bill for Wales. This research is expected to report by the end of 2020.

**Windrush Day 2020 celebrations**
Welsh Government provided funding to organisations across Wales to celebrate Windrush Day 2019. This support will be continued through a Windrush Day 2020 grant scheme to be launched in early 2020 for Windrush Day which is celebrated in June each year.

**LGBT training across Wales**
This funding will support the development of a training package to be delivered across Wales in line with the First Minister’s manifesto.
Additional support for equality organisations
This funding will supplement the work being delivered under the Equality and Inclusion Programme. It will focus on specific priority work in each area and support delivery of actions under the new Strategic Equality Plan 2020-2024.

Additional support in relation to race policy
This funding will help support further development and engagement with race organisations across Wales.

Disability Confident Scheme
In addition to the above, a further £0.2m is being allocated to develop a Welsh disability award scheme for employers which will build on the Disability Confident scheme to encourage employers to aspire to be more supportive of disabled people.

The scheme will work with disability and voluntary organisations to explore the specific needs of Wales in developing the scheme, maximising existing levers to encourage employers to take action through the Economic Contract.

Funding enables delivery of objectives which aim to:
- assist Welsh Government in achieving the Equality Objectives; and
- work with people from the protected groups.

Delivery therefore aims to promote equality of opportunity. The specific objectives taking this forward are objective 1 (involving protected groups in planning of services and providing disabled people with voice, choice and control over their lives), objective 2 (through accessible advice), objective 3 (addressing factors related to employment, skills and pay inequalities by addressing the causes and promote equality of opportunity), objective 5 (supporting protected groups to have the same opportunity to take part in public life and public appointments) and objective 7 (tackling poverty and inequality for protected groups).

The new funding proposals will build on the work we have already undertaken over the last three years and help us continue to mainstream equality across all our work and tackle the areas of inequality which matter most to the people of Wales.

Violence against Women and Domestic Abuse
As well as maintaining revenue and capital budgets at their 2019-20 levels, we are pleased to see an additional £250k of revenue and £1.2 million capital funding allocated to violence against women, domestic abuse and sexual violence.

The Welsh Government has publicly committed to making Wales the safest place in Europe for women, and significant work has been undertaken since the introduction of the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015. As the UK introduced its Domestic Abuse Bill it looked to Wales to learn lessons, and our National Advisers have provided evidence to the Joint Parliamentary Committee scrutinising the Bill.

The Wales Audit published its report progress in implementing the Bill on 21st November 2019. This showed that, while the Act is driving improvements, services are still inconsistent, complex and short term. The Welsh Government is working with the sector to develop a preventative and long term, needs-led approach. The additional
£250k will allow previously unfunded work to be progressed to amplify delivery of key priorities as set out in the National Strategy 2016-2021.

**Dispersed safe accommodation for families fleeing domestic abuse**

The additional capital allocation of £1.2m which will support third sector providers to buy dispersed community-based units with flexibility to meet the needs of families which can't be met by refuges, or to enable move on from refuges. Women are more likely to be affected by domestic abuse than men and more likely to flee their homes. As women are predominately the care-givers in society they are more likely to flee with children. In addition, there may also be a requirement for men fleeing domestic abuse, particularly as they are less likely to seek or accept refuge accommodation and may feel more secure in dispersed units.

The scheme will meet a number of the wellbeing objectives, in particular, “united and connected goal” by improving, in the short term the employment and earning potential of the head of the household being supported in dispersed accommodation, and in the future, long term potential of children of that household under “ambitious and learning” goal. It will also contribute towards the goal of “a more resilient Wales” by supporting families to flee violence and keeping them together, their resilience is developed and physical, mental and emotional wellbeing is safeguarded. “A more equal Wales” and “a Wales of cohesive communities” will also be met by allowing families to play a full part in their new communities, rather than being trapped by fear and violence in their current homes and by providing services to increase their security such as guidance on maintaining a tenancy.

**Community Asset Loan Fund**

An allocation of £1m financial transaction capital has been made in 2020-21 to the Wales Council for Voluntary Action’s Community Asset Loan Fund. The fund aims to provide community groups taking on community assets with loans of up to £500k to purchase and/or improve these assets for the benefit of the local community.

The Loan Fund will contribute to the delivery of the Prosperity for All commitment to help local communities take ownership of community assets which bring people together. The fund will provide another option for communities where there is a risk they may lose valuable assets. It will do this by offering loan finance to those community groups who are mature enough to move away from grant funding, but not yet in a position to borrow from commercial lenders.

The fund will contribute to the empowerment, resilience, wellbeing and cohesion of communities. It will help to prevent the loss of services where community groups are able to take on the running of much needed community buildings with the assistance of the fund.

The third sector is well used to working in a collaborative and integrated way. Community groups who take on the running of community buildings must work with partners to develop sustainable proposals for the operation of the building. This can include other community groups who may share, rent or utilise the space and local authorities and other public bodies who may deliver services from the venues.
This approach protects a valued public service for the longer term, using an alternative delivery model which allows the local authority to save money and the community to protect and develop an important asset and vital service.

The transfer of assets to the community empowers that community as they engage people in local decision-making, seeking their views on the development of the asset. Community ownership of valued and well used buildings can provide a focus for cohesion and build community resilience. The services on offer will provide opportunities for individual community members to learn, socialise, volunteer and work.

Community owned buildings provide services which can prevent problems occurring. The opportunities to socialise and volunteer help to prevent loneliness and isolation. Protecting local access to services such as libraries, training opportunities and local health services helps to build resilience. Community buildings are places where people can find help and support ranging from a foodbank, debt and benefit advice or an exercise class or weight loss group. These activities can often prevent problems developing or worsening. This helps to avoid the need for more acute interventions.

The Loan Fund will help community groups to improve these buildings, many of which, especially those which may have been in public sector ownership, have maintenance backlogs. These improvements could include better insulation, more efficient heating, new technology such as solar panels, triple glazing, rainwater harvesting systems. These improvements help the decarbonisation agenda and provide environmentally and financially sustainable community buildings for the long term.

**Blueprints for Youth Justice and Female Offending**

Work has been undertaken to develop proposals on how a distinct and different justice system would operate in Wales. The Female Offending blueprint was developed jointly by HM Prison and Probation Service (HMPPS) and Welsh Government, predicated on the basis of early intervention and prevention; considering how we can further divert people away from crime in the first place, but where we do have to work with offenders, that we do so in a holistic and rehabilitative way. A separate blueprint for Youth Justice was jointly developed between officials and the Youth Justice Board Cymru, building on the key themes of the Charlie Taylor Review of the Youth Justice System of England and Wales, but focusing on the system as it stands within Wales. The Police and Crime Commissioners in Wales and the Home Office are also key partners in this work.

Both blueprints are intentionally ambitious and set out a number of recommendations, many of which will have an impact for devolved services within various ministerial portfolios (health, social services, education, and housing). The intention is that the recommendations set out in the blueprints will be aligned to the existing priorities within respective portfolios in order to provide a coherent and collaborative approach to justice policy that meets the needs of Wales. At this stage of development, the budget and funding required to implement the aspirations of both Blueprints is not fully known but elements will be picked up in the respective portfolio budgets of health, housing etc. Work is underway to identify potential methodologies in which to deliver the Implementation Plans of both blueprints. This will be achieved via cross portfolio working within Welsh Government, and also on a cross departmental level with HMPPS and the Ministry of Justice.

Both Blueprints contribute to the cross-cutting priorities in the national strategy Prosperity for All by focussing on prevention and early intervention in order to reduce
the instances of crime and to divert people from entering the criminal justice system, thereby reducing the risk of crime on communities, individuals and their families. By ensuring that the emerging whole system approach includes the appropriate levels of wraparound support, including substance misuses and mental health support to those who have experienced trauma which may lead to offending, we are also able to support the Health and Active priority. The Ambitious and Learning priority is also addressed with the provision of appropriate levels of education and learning for those within the education system in all settings (including non-mainstream settings) to reduce school exclusions which could leave young people vulnerable and at risk of entering the criminal justice system.

The five ways of working set out in the Well-being of Future Generations (Wales) Act are also addressed. The blueprints have a long term focus by breaking intergenerational cycles of crime, creating a fairer society with more equal outcomes for all. The safeguarding of women and children, tackling root causes of offending behaviour is preventative in nature with a collaborative approach entrenched to deliver transformative services. We have worked hard to understand the links across policy areas and how this approach can improve the social, economic, environmental and cultural well-being of our communities and have developed our approach to delivering effective services by involving those affected (victims, women, children and communities).

**Women’s Pathfinder - Whole System Approach Business Proposal 2018-2022**

Wales has been one of the leading areas of good practice in working with women in the Criminal Justice System, with one of the main drivers of this work has been the Women’s Pathfinder Programme which is a key feature of the Female Offending Blueprint. The aim of the programme has been to design and deliver a women-specific, integrated, multi-agency approach to working with women who come into contact with the Criminal Justice Service in Wales by delivering a women specific, integrated, multi-agency approach – A Whole System Approach. The need for such an approach has been well documented and supported in principle since the Corston Report (https://webarchive.nationalarchives.gov.uk/20180207155341/http://www.justice.gov.uk/publications/docs/corston-report-march-2007.pdf) in 2007.

The Women’s Pathfinder, originally received Ministerial approval for £370,205 over three years (19-20, 20-21 & 21-22).

A business case for ‘Visiting Mum’s’ programme which is linked to a specific recommendation included in the Female Offending Blueprint (Establish services for Welsh women in custody to improve and maintain links with children and families) has been prepared and at an approximate cost of £176k per annum. Welsh Government has been approached by HMPPS for a 50% contribution. This has been factored into the draft budget and will be subject to further development as part of the wider Blueprint work programme.
Tackling Poverty

Poverty Cross-cutting theme

The work which was led by the Minister for Environment, Energy and Rural Affairs identified a number of policy areas aimed at reducing poverty across Welsh Government portfolios which could potentially be extended. As well as existing activity the work also looked at alternative initiatives to consider whether or not these could be adopted.

All of the options were documented and fed into the budget setting process, along with the other cross cutting pieces of work identified as priorities for the 2020-21 budget. Key in deciding which of the tackling poverty measures would be funded was the evidence supporting the effectiveness of the measures which were identified.

The measures which are included in the Draft Budget include:

<table>
<thead>
<tr>
<th>Investment Proposal</th>
<th>Cross Cutting Area</th>
<th>Allocation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Poverty</td>
<td>Poverty</td>
<td>£0.22m (CSA MEG)</td>
<td>Period poverty funding enables local authorities to provide sanitary products to women in financial difficulty.</td>
</tr>
<tr>
<td>Period Dignity</td>
<td>Poverty</td>
<td>£2.3m (CSA MEG)</td>
<td>Funding was provided for this from 2018-19 and this funding is to continue this provision into 2020-21.</td>
</tr>
<tr>
<td>Period Dignity</td>
<td>Poverty</td>
<td>£0.845m (Education MEG)</td>
<td>A similar proposal to promote period dignity extended to the Further Education sector.</td>
</tr>
<tr>
<td>Discretionary</td>
<td>Poverty</td>
<td>£1m (HLG MEG)</td>
<td>DAF provides those in need with two types of grant that don’t need to be paid back. The Emergency Assistance Payment helps with essential costs after an emergency or disaster and to meet the immediate cost of living, covering the cost of food and fuel for those who are facing severe financial hardship. An Individual Assistance Payment helps those requiring care to live independently rather than enter or remain in an institution such as a care home or hospital.</td>
</tr>
<tr>
<td>Assistance Fund</td>
<td>Poverty</td>
<td>£0.5m (total £1.5m over 3 years) (CSA MEG)</td>
<td>Working with a delivery partner, this funding will consolidate a number of smaller activities into a more ambitious, national programme.</td>
</tr>
<tr>
<td>Pupil Development</td>
<td>Poverty</td>
<td>£3.2m (Education MEG)</td>
<td>The purpose of the PDG is to improve outcomes for learners eligible for free school meals (eFSM) and Looked After Children (LAC) in Reception, Year 3, Year 7 and Year 10. It is intended to overcome the additional barriers that prevent learners from disadvantaged backgrounds achieving their full</td>
</tr>
<tr>
<td>Proposal</td>
<td>Poverty</td>
<td>Cost</td>
<td>Description</td>
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<tr>
<td><strong>£1 free breakfast allowance pilot for eFSM pupils in secondary schools</strong></td>
<td>Poverty</td>
<td>£0.45m (Education MEG)</td>
<td>The proposal is to support a feasibility study linked to a pilot starting in September 2020 over two financial years (£450k in 2020/21 and £150k in 2021/22). The aim is to develop, pilot and evaluate a variety of breakfast club models in a range of schools in the four regions of Wales, recognising the potential significant cost of national implementation.</td>
</tr>
<tr>
<td><strong>School Holiday Enrichment Programme expansion</strong></td>
<td>Poverty</td>
<td>£1.8m (Education MEG)</td>
<td>SHEP is aimed at addressing issues like holiday learning loss, social exclusion and food insecurity and has been joint funded by the Welsh Government and local authorities since 2017.</td>
</tr>
<tr>
<td><strong>Holiday hunger pilot extension to reach 10,000 children providing 200,000 meals</strong></td>
<td>Poverty</td>
<td>£1m (Education MEG)</td>
<td>The Holiday Hunger Playworks pilot enables existing playwork and community settings across Wales to provide food for children attending the play provision. Throughout the 2019 summer break food has been provided across wales in areas with high levels of deprivation to help tackle ‘holiday hunger’.</td>
</tr>
<tr>
<td><strong>Early Years Pupil Deprivation Grant (EYPDG) increase to bring all learners up to £1,150</strong></td>
<td>Poverty</td>
<td>£6.6m (Education MEG)</td>
<td>The Pupil Deprivation Grant is extra funding intended to overcome the additional barriers disadvantaged learners face which prevent them from achieving their full potential. An evaluation of the EYPDG, which has been in place since 2015/16, was published in 2018. One conclusion reached was that the main constraints of the grant related to the level of funding, its distribution to non-maintained settings and the methods for identification of eligible children.</td>
</tr>
<tr>
<td><strong>Home energy advice and tackling fuel poverty support services provision</strong></td>
<td>Poverty</td>
<td>£0.4m (EERA MEG)</td>
<td>An option for how to better provide home energy advice and tackle fuel poverty in Wales is to consider the role of an Energy Mutual. A 12 month programme of three pilot areas under existing Nest Scheme arrangements or advice services action plan in 2020-21 has been proposed to better inform potential costs and benefits arising from improved advice and support available to low income homes. It would involve the deployment of five case workers delivering intensive advice and support to lower income families.</td>
</tr>
</tbody>
</table>
Promoting Economic Growth

Prosperity for All: the National Strategy provides a framework for our whole-government approach to prosperity for all and addressing the root causes of poverty in a more effective, joined-up way. The strategy will be driven by a focus on raising skills levels, ensuring sustainable employment and spreading the benefits of economic growth as widely as possible.

Period Dignity

Over the past two financial years, £0.2m revenue funding has been provided each year to Local Authorities to support period dignity in communities.

In addition to this, in 2019, £2.3m revenue funding was provided to Local Authorities to make period products available to learners in all schools across Wales free of charge.

This same level of funding is being allocated to Local Authorities for these purposes in 2020-21 from the poverty cross cutting theme budget.

This funding will enable action to support women and girls in a way which promotes the Welsh Government’s commitment to reduce inequalities and mitigate the impact of poverty.

This action contributes towards:

- Continuing our work with all protected groups to counter discrimination and ensure opportunities for all; and
- Supporting every learner to overcome the barriers to reaching their full potential.

Action to tackle period poverty contributes to a more equal Wales and will help to deliver a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

Tackling period poverty is particularly relevant to objective 7 of the strategic equality plan which aims to reduce poverty, mitigate the impacts of poverty and improve living conditions for those groups most at risk of living in low income households, particularly disabled people, lone parents, certain ethnic minority groups, and families with disabled children by providing support to those families who are most in need.

Financial Inclusion

Financial exclusion remains a key issue within Wales and the activities funded in the BEL to deliver against the financial inclusion agenda are key to helping reduce poverty. In 2020-21 the Discretionary Assistance Fund budget will increase by £1m to meet the increasing demand on the Fund. DAF provides those in need with two types of grant that don’t need to be paid back. The Emergency Assistance Payment helps with essential costs after an emergency or disaster such as a flood or fire in the home and to meet the immediate cost of living, covering the cost of food and fuel for those who are...
facing severe financial hardship. An Individual Assistance Payment helps those requiring care to live independently rather than enter or remain in an institution such as a care home or hospital.

Ensuring that financial inclusion is at the forefront of the Welsh Government’s spending plans will support individuals to improve their financial situation and general well-being, preventing more costly interventions to the public purse.

Financial inclusion makes a vital contribution to the skills and employability, mental health and housing priorities set out in Prosperity for All. Debt and poor money management can impact on a person’s ability to sustain employment and there are established links that debt, housing and welfare issues can lead to mental ill-health. Our financial inclusion work supports citizens to participate fully in society, to prepare for and sustain employment and diminishes the risk of adverse experiences of children by mitigating a range of individual, relational, community and societal factors for parents/carers.

The Financial Inclusion work supports the Well-being of Future Generations Act. The Fund contributes towards many of the goals, including a “more equal Wales” and “a healthier Wales” Support provided helps those who are financially excluded have access to financial products they may not be able to access elsewhere, contributing to a more equal, prosperous, resilient and healthier Wales. It also is preventative, with credit unions encouraging a savings habit and promoting access to ethical loans, to people who, without the service of a credit union, are likely to use high-interest lenders.

**Time Credits Programme**

In 2020-21 we have allocated £0.5m (£1.5m over 3 years) to the Time Credits Programme. Time Credits are a currency which is earned for voluntarily giving time to a number of community based projects. They can be spent in a range of places, known as spend partners, on the whole these are social experiences such as cinemas, play areas and attractions. The current situation in Wales is around 13 projects across various Local Authority and Local Health Board areas that operate in pockets, e.g. In the Vale of Glamorgan the Housing Department is running a Time Credits project with housing tenants and in Cardiff and Vale UHB there is a programme linked to substance misuse. In total Tempo has attracted approximately £300k in funding, all of which is due to come to an end in March 2020.

Following a commitment in the Leadership Manifesto to use Time Credits as a means of increasing citizen engagement in Government activity, in particular consultation officials have explored the opportunity of a national programme. The national proposal will:

- seek to establish 24 Time Credits Hubs across Wales,
- increase community cohesion through increased volunteering opportunities,
- increase citizen engagement with Government activity – consultation,
- increase opportunities for people in poverty (social, wellbeing)
- explore opportunities with spend partners such as transport, energy and food.

Built in to the programme is a comprehensive evaluation, which will focus on 2 key themes – reducing loneliness and isolation and increasing community capacity. In addition to working with organisations such as Local Authorities, Health Boards etc. to establish community activity and increasing the breadth of spend partners, we will develop a digital currency and ensure the entire programme is bi-lingual. This is a three
year programme which includes a plan to explore sustainability at the end of the programme, in particular self-funding.

Individual projects, such as the Vale of Glamorgan housing project, have been found to increase community participation in volunteering events in their area e.g. community garden, litter clearance and local maintenance. They have also used time credits as a means to increase attendance at community engagement events. Engagement has also taken place with Future Generations Commissioner’s office, who are keen to collaborate on the programme.

Welfare Reform

The Department for Work and Pensions (DWP) is in the process of migrating claimants from legacy benefits to Universal Credit. This started in July 2019 and is currently expected to be completed by December 2023. DWP statistics show that there were around 131,060 people on Universal Credit in Wales in October 2019, and around 106,170 households on Universal Credit in Wales in August 2019, compared to an estimated 400,000 households once Universal Credit is fully rolled out.

As a result of the continued roll out of Universal Credit, in April 2019 we introduced an annualised net earned income threshold of £7,400 for Universal Credit claimants who want to claim free school meals for their children. We are also providing transitional protection, which means that pupils who were eligible for free school meals because their families received Universal Credit or qualifying legacy benefits when the threshold was introduced, or any new claimants who gain free school meals during the rollout of Universal Credit, are protected against losing free school meals whilst Universal Credit is rolled out across Wales, even if their eligibility changes. Once Universal Credit is fully rolled out, any existing claimants who no longer meet the eligibility criteria (because they are earning above the threshold) will continue to receive protection until the end of the pupil’s current phase of education (for example, until they finish the primary phase or the secondary phase).

We made an additional £7million available through the Settlement in 2019-20 to fund the estimated increase in the number of children eligible for free school meals and the transitional protection offer. This is in addition to funding of £5million we provided to local authorities in 2018-19, as a specific grant within the Education MEG, to meet the additional free school meal costs associated with the rollout of Universal Credit.

Through the Single Advice Fund, £8.04m of grant funding has been made available for the provision of information and advice services during the period 1st January 2020 to 31st December 2020. The available funding has been allocated between six regions and a national remote advice service.

Strategic Integrated Impact Assessment

The Strategic Integrated Impact Assessment reflects the impact assessments considered by policy areas.
Putting gender at the forefront of policy making

The Gender Review has provided a valuable opportunity to consider how Welsh Government can put a gender perspective at the heart of decision-making, resource and budget allocation.

The Gender Equality Review concluded in July 2019 and Chwarae Teg’s *Deeds not Words* report and Roadmap, together with a number of complementary reports, were published on 24 September 2019. Welsh Government issued a Written Statement on 26 November 2019.

Already as part of the 2020-21 draft budget preparations a gender budgeting approach is being explored as part of the new Personal Learning Account pilot that was launched in September.

The Welsh Government has committed to using its new tax raising powers in a way which will benefit people and businesses in Wales fairly. Our 2017 Tax Policy Framework set out our strategic approach to tax and the principles for developing and managing Welsh taxes. This includes specific assessments of the impact on households, groups and individuals in Wales undertaken as necessary.

As the Welsh Government continues to explore new tax measures in four priority areas, we are committed to providing opportunities for people to become involved in order that the widest possible views are taken into account in developing tax policy proposals, this includes our annual tax conference, project reference groups and the Tax Advisory Group chaired by the Minister for Finance and Trefnydd.

Our current work exploring the feasibility of new tax measures to help fund future social care provision in Wales is taking full account of the need for fairness and progressivity. Evidence indicates that carers are primarily women. This means women are more likely to be unpaid informal carers or in relatively low-wage employment as support workers. As a result, we will be considering carefully the impact on carers in developing our proposals. The funding options for social care will consider also wider workforce aspects, including improving retention and recruitment.

Joint Work of ELGC, Finance and Children, Young People and Education Committee

This year we have published a Budget Improvement Plan which sets out how we intend to change and improve the way we allocate funding for a more equal, prosperous, and greener Wales.

The Budget Improvement Plan outlines our vision, including short-term and medium-term ambitions over the next 5 years, to improve our budget and tax processes. The Plan also acknowledges the steps we have taken in our journey, and how we have built, or plan to build on this work in future years.

We have engaged with a range of stakeholders to considered how we might improve the way we allocate resources over the longer term, including our approach to how we assess the impact of our budget decisions.
The Minister for Finance and Trefnydd also met with each of our four statutory Commissioners and the Equality and Human Rights Commission to hear their views on priority areas for the Budget.

Following engagement with the Equality and Human Rights Commission we are taking forward the development of distributional impact assessment approach to understand the impact of public spending decisions on households in different parts of the income distribution.

We have worked with Chwarae Teg and the Wales Centre for Public Policy as they considered phase 2 of the Gender Review. As a result we are taking forward a gender budgeting approach as part of the two year personal learning account pilot.

We are currently carrying out a comprehensive review of the Integrated Impact tool focused on driving better policy-making and greater transparency. It will also include engagement with a number of external stakeholders including the statutory Commissioners and members of the Budget Advisory Group for Equality.

**Legislation**

Assessing the costs of legislation and the impact on those it affects is an essential part of the policy development process. There cannot be a blank cheque for legislation and every new commitment will have to be paid for by a cutback somewhere else.

This is why every bill is subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders in the development of the regulatory impact assessments prepared for Government Bills. This is to ensure our decisions are informed by the people who will be affected by them.

Steps are being taken to improve the clarity and consistency of RIAs but changes to the bill during scrutiny and other factors will inevitably result in some variances between estimated costs at the published RIA stage and actual costs during implementation. In accordance with the commitment given to the Finance Committee, a year on year table showing the cost of legislation falling to the Welsh Government was provided at Annex F of the departmental budget proposals published on 16 December.
## Annex A

### Extract from Housing and Local Government Main Expenditure Group (MEG)

#### Resource Budget £000s

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<tr>
<th>Action</th>
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<th>Changes</th>
<th>New Plans 2020-21 Draft Budget</th>
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** Previously 'Independent Living'
## EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)

### CAPITAL BUDGET

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<th>Action</th>
<th>BEL</th>
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<th>Plans as per 2019-20 Final Budget</th>
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<th>2020-21 New Plans Draft Budget</th>
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**EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MEG - TOTAL CAPITAL BUDGET**

653,095 513,675 195,234 708,909

*Previously ‘Independent Living’
### EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MAIN EXPENDITURE GROUP (MEG)

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<tr>
<td><strong>Total Advocacy Services</strong></td>
<td></td>
<td>8,901</td>
</tr>
<tr>
<td><strong>Support for the Voluntary Sector</strong></td>
<td>Support for the Voluntary Sector and Volunteering</td>
<td>6,230</td>
</tr>
<tr>
<td><strong>Total Support for the Voluntary Sector</strong></td>
<td></td>
<td>6,625</td>
</tr>
<tr>
<td><strong>Community Support Officers</strong></td>
<td>Community Support Officers</td>
<td>16,787</td>
</tr>
<tr>
<td><strong>Total Community Support Officers</strong></td>
<td></td>
<td>16,787</td>
</tr>
<tr>
<td><strong>Female Offending and Youth Justice Blueprints</strong></td>
<td>Female Offending and Youth Justice Blueprints</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Female Offending and Youth Justice Blueprints</strong></td>
<td></td>
<td>575</td>
</tr>
<tr>
<td><strong>External Bodies &amp; Services</strong></td>
<td>Chwarae Teg</td>
<td>360</td>
</tr>
<tr>
<td><strong>Total External Bodies &amp; Services</strong></td>
<td></td>
<td>360</td>
</tr>
<tr>
<td><strong>EXTRACT FROM CENTRAL SERVICES &amp; ADMINISTRATION MEG - TOTAL REVENUE BUDGET</strong></td>
<td></td>
<td>41,539</td>
</tr>
<tr>
<td>Action</td>
<td>BEL</td>
<td>2019-20 1st Supplementary Budget</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Violence against Women, Domestic Abuse and Sexual Violence</td>
<td>Violence against Womend, Domestic Abuse and Sexual Violence</td>
<td>969</td>
</tr>
<tr>
<td>Total Violence against Women, Domestic Abuse and Sexual Violence</td>
<td></td>
<td>969</td>
</tr>
<tr>
<td>Gypsy Traveller Sites</td>
<td>Gypsy Traveller Sites</td>
<td>8,300</td>
</tr>
<tr>
<td>Total Financial Inclusion and Third Sector</td>
<td></td>
<td>8,300</td>
</tr>
<tr>
<td>Community Facilities Programme*</td>
<td>Community Facilities Programme*</td>
<td>5,034</td>
</tr>
<tr>
<td>Total Financial Inclusion and Third Sector</td>
<td></td>
<td>5,034</td>
</tr>
</tbody>
</table>

*Budget was transferred in to CSA to align with Ministerial portfolio at 1st supp, was not included in the baseline at Draft Budget.
## EXTRACT FROM HOUSING AND LOCAL GOVERNMENT AND CENTRAL SERVICES AND ADMINISTRATION MAIN EXPENDITURE GROUP (MEG)

### FINANCIAL TRANSACTIONS

<table>
<thead>
<tr>
<th>Action</th>
<th>BEL</th>
<th>Financial Transactions</th>
<th>Plans as per 2019-20 Final Budget</th>
<th>Changes</th>
<th>2020-21 New Plans Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Inclusion and Third Sector</td>
<td>Financial Inclusion</td>
<td>Credit Unions</td>
<td>-5</td>
<td>0</td>
<td>-5</td>
</tr>
<tr>
<td><strong>Total Financial Inclusion and Third Sector</strong></td>
<td></td>
<td></td>
<td>-5</td>
<td>0</td>
<td>-5</td>
</tr>
<tr>
<td>Integrated Care Fund</td>
<td>Integrated Care Fund</td>
<td>Clych Caron Integrated Rescue Centre</td>
<td>0</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total Integrated Care Fund</strong></td>
<td></td>
<td></td>
<td>0</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Increase the Supply and Choice of Affordable Housing</td>
<td>Social Housing Grants (SHG)</td>
<td>Building with Modular and Housing Loans</td>
<td>0</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>Land for Housing</td>
<td>Land for Housing</td>
<td>10,000</td>
<td>0</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Increase the Supply and Choice of Affordable Housing</strong></td>
<td></td>
<td></td>
<td>10,000</td>
<td>60,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Increase the Supply and Choice of Market Housing</td>
<td>Help to Buy Wales Fund and Other Schemes</td>
<td>Help to Buy</td>
<td>33,510</td>
<td>35,000</td>
<td>68,510</td>
</tr>
<tr>
<td><strong>Total Increase the Supply and Choice of Market Housing</strong></td>
<td></td>
<td></td>
<td>33,510</td>
<td>35,000</td>
<td>68,510</td>
</tr>
<tr>
<td>Regeneration</td>
<td>Regeneration</td>
<td>Town Centre Loans</td>
<td>0</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Regeneration</strong></td>
<td></td>
<td></td>
<td>0</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Community Facilities Programme</td>
<td>Community Facilities Programme</td>
<td>Community Asset Loan Fund</td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>EXTRACT FROM HOUSING AND LOCAL GOVERNMENT &amp; CENTRAL SERVICES AND ADMINISTRATION MEG</strong></td>
<td></td>
<td></td>
<td>43,505</td>
<td>108,000</td>
<td>151,505</td>
</tr>
</tbody>
</table>
1.0 Introduction

This paper provides information on the Economy & Transport (E&T) budget proposals as outlined in the 2020-21 Draft Budget published on 16 December 2019. It also provides an update on specific areas of interest to the Committee.

2.0 Strategic Context

Aligned to Prosperity for All and the Well Being and Future Generations Act, the Economic Action Plan is the guiding policy and strategy document for all of Welsh Government’s activities. The 2020-21 plan builds on the considerable progress in implementing and embedding key elements of the plan, involving engagement with a range of stakeholders, particularly the business community and social partners.

The new Wales Transport strategy, which will replace One Wales: Connecting the Nation, will set out the vision to empower people in Wales to move around affordably and conveniently and in ways that impacts positively on their health and their environment, by providing a transport network fit for the future. In 2020-21 the funding decisions will progress Welsh Government’s ambitions for a more equal Wales, a more prosperous Wales and a greener Wales. The 100 policies and proposals set out in Prosperity for All: A Low Carbon Wales have also shaped the additional investment. Our longer term plan will deliver a truly sustainable transport system that protects and improves health and well-being.

Our Employability Delivery Plan for Wales will continue to reshape employability support both for people who are job-ready and those who are furthest from the labour market. Working, whether paid or unpaid, is good for our health and wellbeing. We will continue our investment in our flagship Apprenticeship programme to deliver a minimum of 100,000 high quality all aged apprenticeships over this Assembly term.

In line with the Well-being and Future Generations Act, the 2020-21 plan has also focussed on the eight cross-cutting priority areas of early years, social care, housing, skills and employability, better mental health, decarbonisation, poverty and biodiversity as the areas where resources can achieve the greatest impact.

3.0 Summary of Budget Changes

The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital.

The tables below provide an overview of the planned revenue and capital expenditure for E&T activities. The total revenue budget for 2020-21 is £540.06m (excluding Non Cash and Annually Managed Expenditure (AME)). In overall terms, the revenue budget has increased by £27.681m when compared to the revised baseline, in addition, there has been a change of £2.4m to the non-cash budget and a change of £32.912m to the AME budget as shown in Table 1 below:
TABLE 1: Overview of the Revenue Budget

<table>
<thead>
<tr>
<th></th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>38,946</td>
<td>(1,018)</td>
<td>37,928</td>
<td>755</td>
<td>38,683</td>
</tr>
<tr>
<td>Transport</td>
<td>314,909</td>
<td>(3,223)</td>
<td>311,686</td>
<td>16,150</td>
<td>327,836</td>
</tr>
<tr>
<td>Skills</td>
<td>165,915</td>
<td>(3,150)</td>
<td>162,765</td>
<td>10,776</td>
<td>173,541</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>519,770</td>
<td>(7,391)</td>
<td>512,379</td>
<td>27,681</td>
<td>540,060</td>
</tr>
<tr>
<td>Non Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>1,309</td>
<td>0</td>
<td>1,309</td>
<td>1,000</td>
<td>2,309</td>
</tr>
<tr>
<td>Transport</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
</tr>
<tr>
<td>Skills</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,400</td>
<td>1,400</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>190,000</td>
<td>0</td>
<td>190,000</td>
<td>2,400</td>
<td>192,400</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>709,770</td>
<td>(7,391)</td>
<td>702,379</td>
<td>30,081</td>
<td>732,460</td>
</tr>
<tr>
<td>AME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AME</td>
<td>62,437</td>
<td>0</td>
<td>62,437</td>
<td>(32,912)</td>
<td>29,525</td>
</tr>
</tbody>
</table>

Over the period 2020-21 the total capital budget is £785.726m. The summary budgets are shown in Table 2 below:

TABLE 2: Overview of the Capital Budget

<table>
<thead>
<tr>
<th></th>
<th>2019-20 First Supp Budget £'000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>97,134</td>
<td>81,652</td>
<td>20,862</td>
<td>102,514</td>
</tr>
<tr>
<td>Transport</td>
<td>450,683</td>
<td>516,452</td>
<td>81,500</td>
<td>597,952</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>547,817</td>
<td>598,104</td>
<td>102,362</td>
<td>700,466</td>
</tr>
<tr>
<td>Financial Transactions (FT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>32,150</td>
<td>10,900</td>
<td>62,060</td>
<td>72,960</td>
</tr>
<tr>
<td>Transport</td>
<td>1,200</td>
<td>0</td>
<td>12,300</td>
<td>12,300</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>33,350</td>
<td>10,900</td>
<td>74,360</td>
<td>85,260</td>
</tr>
<tr>
<td><strong>Total Traditional Capital &amp; FT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>129,284</td>
<td>92,552</td>
<td>82,922</td>
<td>175,474</td>
</tr>
<tr>
<td>Transport</td>
<td>451,883</td>
<td>516,452</td>
<td>93,800</td>
<td>610,252</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>581,167</td>
<td>609,004</td>
<td>176,722</td>
<td>785,726</td>
</tr>
</tbody>
</table>

3.1 Revenue

There is a movement in revenue of £30.081m, including £2.4m non cash as summarised in Table 3 below:
### TABLE 3: Revenue Budget Movements

<table>
<thead>
<tr>
<th>Project</th>
<th>Economy £'000</th>
<th>Transport £'000</th>
<th>Skills £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional Allocations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EU Transition Funding</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brexit Resilience Fund - Collective Capacity Building</td>
<td>150</td>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brexit Resilience Fund - Grants</td>
<td>830</td>
<td>830</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>Airbus &amp; regionally important automotive manufacturers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>980</td>
<td>1,600</td>
<td>2,580</td>
<td></td>
</tr>
<tr>
<td>Innovative Finance - A465</td>
<td>-</td>
<td>650</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>Disability Champions</td>
<td>275</td>
<td>275</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail Franchise</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprenticeships</td>
<td>9,000</td>
<td>9,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,255</td>
<td>15,650</td>
<td>10,600</td>
<td>27,505</td>
</tr>
<tr>
<td><strong>Reprioritisation &amp; Realignment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Economic Development</td>
<td>(2,763)</td>
<td>(2,763)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidate Business &amp; Regional Economic Development</td>
<td>513</td>
<td>513</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Valleys</td>
<td>2,250</td>
<td>2,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from ICT Infrastructure</td>
<td>(500)</td>
<td>(500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations to Smartcards to consolidate Smart Ticketing within Public Transport Delivery</td>
<td>500</td>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Transport for Wales to Rail Ancillary for services outside the TfW contract.</td>
<td>(850)</td>
<td>(850)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(500)</td>
<td>500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other Movements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Education MEG to ensure alignment of budgets</td>
<td>0</td>
<td>0</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0</td>
<td>0</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td><strong>Non Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fibrespeed depreciation</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Careers Wales depreciation</td>
<td>1,400</td>
<td>1,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Non Cash</strong></td>
<td>1,000</td>
<td>0</td>
<td>1,400</td>
<td>2,400</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,755</td>
<td>16,150</td>
<td>12,176</td>
<td>30,081</td>
</tr>
</tbody>
</table>

### 3.2 Capital

The total additional traditional capital and financial transactions allocations of £176.722m are summarised in Table 4 below, along with changes as a result of reprioritisation and realignment:

### TABLE 4: Capital Budget – Additional Allocations/Changes

<table>
<thead>
<tr>
<th>Project</th>
<th>Economy £'000</th>
<th>Transport £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Action Plan Delivery</td>
<td>20,862</td>
<td>20,862</td>
<td></td>
</tr>
<tr>
<td>Roads Maintenance</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>North Wales Metro</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Roads Resilience</td>
<td>25,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Electric Vehicle Transformation</td>
<td>21,500</td>
<td>21,500</td>
<td></td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>20,862</td>
<td>81,500</td>
<td>102,362</td>
</tr>
</tbody>
</table>
The BELS that provide a full breakdown of the portfolio’s revenue and capital budgets are detailed by Action in sections 5, 7 and 9.

The E&T MEG also includes a budget allocation for AME, which provides cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, joint ventures, investments and the roads network. There is a decrease in the provision of £32.912m for the roads network and property impairments.

4.0 **Equality, Sustainability, Welsh Language and Demographic Considerations**

In formulating our plans, the following key demographics trends from the recent report, produced by the Office for National Statistics (ONS), on [national population projections 2018](https://www.ons.gov.uk) have been considered which suggest that:

- The population of Wales is projected to increase by 0.6% to 3.16 million by 2028, but decrease by 0.9% to 3.11 million by 2043. This is the first time a longer-term population decrease has been projected for Wales in recent times.
- The number of children aged under 16 is projected to decrease by 6.8% to 524,300 between 2018 and 2028.
- The number of people aged 16-64 is projected to decrease by 1.7% to 1,890,400 between 2018 and 2028.
- The number of people aged 65 and over and 75 and over is projected to increase by 13.8% to 742,200 and by 29.0% to 377,300 respectively between 2018 and 2028.
According to the [Relative Income Poverty](#) for year ended 2018:

- 24% of all people in Wales were living in relative income poverty between 2015-16 and 2017-18. This figure has remained relatively stable (between 22 and 24%) for the past 15 time periods. At 24%, the figure is the same as last year’s.

- Children were the age group most likely to be in relative income poverty between 2015-16 and 2017-18 (at 29%) and this has been true for some time. This is an increase from the 28% reported last year and is only the third time this figure has been below 30% since the period ending 2005-06.

- 23% of working-age adults were in relative income poverty between 2015-16 and 2017-18. This is down from the 24% reported last year. The figure has been around 21 to 23% for most of the time periods since the late 1990s.

- 19% of pensioners in Wales were living in relative income poverty between 2015-16 and 2017-18. This represents a drop from the 20% reported last year and it remains below what it was throughout the mid to late 1990s.

- Living in a workless household increased the chances of being in relative income poverty for working-age adults and children.

- Children living in lone parent families were more likely to be in relative income poverty than those living in households with a couple.

- People who were living in households where the head of the household was from a non-white ethnic group were more likely to be in relative income poverty compared with those where the head of the household was from a white ethnic group.

- Living in a household where there was someone with a disability increased the likelihood of living in relative income poverty for working-age adults and children but not for pensioners.

Our plans have been prepared with an integrated approach to the decisions taken in line with [Prosperity for All: the national strategy](#). As part of the budget setting process, our key budget decisions have been considered to better understand the overall impact on different groups of people. Socio-economic disadvantage is an underpinning consideration when assessing the impact of decisions.

Our budgets support the EAP which sets out policy, delivery, and behavioural changes to support and reflect our Well-Being objectives. EAP aims to support improved levels of wealth and well-being in the aggregate, whilst reducing inequalities experienced by individuals and communities across Wales. It also sets out a vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions. The EAP drives the twin goals of growing the economy and reducing inequality.
5.0 ECONOMY – FUNDING OF ACTIONS

Compared to the 2020-21 indicative budget, there is a net increase in the revenue allocation of £0.755m amounting to £38.683m and there is an increase in non cash of £1m. The total capital allocation for 2020-21 is £175.474m, which is an increase of £82.922m compared with the 2019-20 final budget.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>38,946</td>
<td>(1,018)</td>
<td>37,928</td>
<td>755</td>
<td>38,683</td>
</tr>
<tr>
<td>Non Cash</td>
<td>1,309</td>
<td>0</td>
<td>1,309</td>
<td>1,000</td>
<td>2,309</td>
</tr>
<tr>
<td>Total Resource</td>
<td>40,255</td>
<td>(1,018)</td>
<td>39,237</td>
<td>1,755</td>
<td>40,992</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economy</th>
<th>2019-20 First Supp Budget £’000</th>
<th>2019-20 Plans as per 2019-20 Final Budget £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Capital</td>
<td>97,134</td>
<td>81,652</td>
<td>20,862</td>
<td>102,514</td>
</tr>
<tr>
<td>FT Funding</td>
<td>32,150</td>
<td>10,900</td>
<td>62,060</td>
<td>72,960</td>
</tr>
<tr>
<td>TOTAL</td>
<td>129,284</td>
<td>92,552</td>
<td>82,922</td>
<td>175,474</td>
</tr>
</tbody>
</table>

The detailed breakdown of Actions by BEL activity is explained in the following sections.

5.1 Inclusive Growth and Future Proofing the Welsh Economy Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business &amp; Regional Economic Development</td>
<td>6,385</td>
<td>(250)</td>
<td>6,135</td>
<td>663</td>
<td>6,798</td>
</tr>
<tr>
<td>Regional Economic Development</td>
<td>2,763</td>
<td>0</td>
<td>2,763</td>
<td>(2,763)</td>
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</tr>
<tr>
<td>Entrepreneurship</td>
<td>5,364</td>
<td>0</td>
<td>5,364</td>
<td>275</td>
<td>5,639</td>
</tr>
<tr>
<td>Social Enterprise and Economy</td>
<td>730</td>
<td>0</td>
<td>730</td>
<td>0</td>
<td>730</td>
</tr>
<tr>
<td>Business Wales</td>
<td>5,515</td>
<td>(768)</td>
<td>4,747</td>
<td>830</td>
<td>5,577</td>
</tr>
<tr>
<td>Tech Valleys</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,250</td>
<td>2,250</td>
</tr>
<tr>
<td>Valleys Taskforce</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
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<tr>
<td>Total Revenue</td>
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<td>(1,018)</td>
<td>19,839</td>
<td>1,255</td>
<td>21,094</td>
</tr>
<tr>
<td>BEL</td>
<td>2019-20 First Supp Budget £’000</td>
<td>2020-21 Plans as per 2019-20 Final Budget £’000</td>
<td>Change £’000</td>
<td>2020-21 New Plans Draft Budget £’000</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------</td>
<td>-----------------------------------------------</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Traditional Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business &amp; Regional Economic Development</td>
<td>42,755</td>
<td>18,566</td>
<td>23,112</td>
<td>41,678</td>
<td></td>
</tr>
<tr>
<td>Business Wales</td>
<td>1,802</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Tech Valleys</td>
<td>10,000</td>
<td>10,000</td>
<td>(2,250)</td>
<td>7,750</td>
<td></td>
</tr>
<tr>
<td>Valleys Taskforce</td>
<td>12,500</td>
<td>19,500</td>
<td>0</td>
<td>19,500</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>67,057</strong></td>
<td><strong>48,066</strong></td>
<td><strong>20,862</strong></td>
<td><strong>68,928</strong></td>
<td></td>
</tr>
<tr>
<td><strong>FT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business &amp; Regional Economic Development</td>
<td>5,050</td>
<td>(1,100)</td>
<td>3,660</td>
<td>2,560</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>5,050</strong></td>
<td><strong>(1,100)</strong></td>
<td><strong>3,660</strong></td>
<td><strong>2,560</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>72,107</strong></td>
<td><strong>46,966</strong></td>
<td><strong>24,522</strong></td>
<td><strong>71,488</strong></td>
<td></td>
</tr>
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</table>

The Inclusive Growth and Future Proofing the Welsh Economy Action supports delivery of the EAP.

The Brexit Resilience Fund £7.5m provided funding over three financial years to 2020-21. There is a revenue baseline adjustment of £1.018m including £0.918m funding for year 2 and non recurrent funding of £0.100m which was allocated in the Two Year Plaid Cymru Budget Agreement for start-up grant for journalists seeking to set up their own business in hyper-local news. In 2020-21 there is the final allocation of £0.980m for collective capacity building of £0.150m and grant funding of £0.830m.

The Entrepreneurship, Business Wales and Social Enterprise budgets supports youth entrepreneurship, start-ups, micro-businesses, SMEs, social enterprise and responsible business practices.

The Disability Advisor Network will be funded for a 12 month period with an additional allocation of £275k and is pivotal in taking action to change employer attitudes, reduce the stigma and better support employers to recruit and retain disabled people. Officials are currently working on the detail of the delivery, current consideration includes embedding the network in the Business Wales service with a two tiered approach which includes Disability Ambassadors in each region and a dedicated package of support for SMEs.

Tech Valleys is a £100m commitment over 10 years to create 1,500 sustainable jobs focused on Blaenau Gwent and hinterland by capitalising on opportunities arising from the fourth industrial revolution, encouraging the adoption of digital technologies and developing high value advanced technologies that support cutting edge industries. The National Digital Exploitation Centre funding of £2.250m is delivered in the Tech Valleys capital programme. The requirement for revenue funding is facilitated through the reprioritisation of funding within the Business and Regional Economic BEL capital and revenue programmes.

Our Valleys Our Future is supported with £32m capital funding for financial years 2019-20 and 2020-21, including £7m for the Valleys Regional Parks. This initiative is
already bringing partners from across the valleys together as a forum to enable and deliver significant social, economic and environmental benefits. An update on the delivery is provided in Our Valleys Our Future Progress Update - 2018-2019.

The Economic Action Plan in 2020-21 is supported with capital and FT funding of £44.238m, including additional allocations of £20.862m for the Economy Futures Fund and £5m FT capital for the Repayable Fund for Small & Medium-sized Enterprises. There are FT capital repayments of £1.34m. To note that capital funding of £1.802m is non recurrent for Brexit resilience.

5.2 Development Bank of Wales Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £'000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>FT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Finance Funds</td>
<td>21,000</td>
<td>7,000</td>
<td>40,000</td>
<td>47,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,000</td>
<td>7,000</td>
<td>40,000</td>
<td>47,000</td>
</tr>
</tbody>
</table>

The Development Bank of Wales improves SMEs ability to access finance and supports the creation and safeguarding of jobs with designated Funds which aim to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market. The £7m as part of the 2019-20 final budget relates to funding for the Wales Micro Loan Fund (£4m) and the Wales Angel Co Investment Fund (£3m).

Additional allocations of £40m will further strengthen the offer to businesses including additional funding for the Wales Micro Business Loan Fund (£6m); SME Development Capital (£20m) and Commercial Property Fund (£14m) which will help to foster the conditions needed to allow businesses to thrive.

Further information on the Development Bank is included in section 6.6 below.

5.3 Economic Infrastructure Development Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Sector Broadband Aggregation</td>
<td>8,704</td>
<td>0</td>
<td>8,704</td>
<td>0</td>
<td>8,704</td>
</tr>
<tr>
<td>Strategic Infrastructure Development</td>
<td>990</td>
<td>0</td>
<td>990</td>
<td>0</td>
<td>990</td>
</tr>
<tr>
<td>ICT Infrastructure Operations</td>
<td>2,027</td>
<td>0</td>
<td>2,027</td>
<td>(500)</td>
<td>1,527</td>
</tr>
<tr>
<td>Property Infrastructure</td>
<td>4,026</td>
<td>0</td>
<td>4,026</td>
<td>0</td>
<td>4,026</td>
</tr>
<tr>
<td>Sub Total</td>
<td>15,747</td>
<td>0</td>
<td>15,747</td>
<td>(500)</td>
<td>15,247</td>
</tr>
</tbody>
</table>
The ICT Infrastructure budgets support developing, managing and delivering national ICT Infrastructure programmes and projects which can be grouped into the following overarching interventions: Fast broadband to all of Wales; enterprise class fixed communications; improved mobile voice and data services; public sector ICT services and accelerated interventions in Enterprise Zones/Local Growth Zones. There has been a £0.5m transfer to consolidate smart ticketing within Public Transport delivery. There is an additional depreciation requirement of £1m for Fibrespeed.

PSBA supports the public sector to achieve better value for money by providing a mechanism for collaborative purchasing of wide area networking services by more than 100 organisations and nearly 5,000 site services, including GP surgeries and schools.

The role of Strategic Infrastructure Development is to be commercially-focused to enable innovative mechanisms for delivery of financial packages outside the normal business support tools. The team works closely with, and in support of, the Business & Regions and Inward Investment Teams. The aim is to lead or advise on the delivery of a range of commercial, property and finance-based solutions for business that will contribute towards the delivery of jobs growth and wealth.

The property revenue budget meets the costs and commitments of maintaining a commercial property portfolio that supports property offers to business and the unitary payments under the Lloyd George Avenue PFI scheme. The budget is supplemented by other income collected by the Property Infrastructure division, which are primarily rental receipts and profits from disposing of land and buildings.

The capital budget will be supported by an anticipated £26.5m that will be generated from land and property sales and circa £1.282m EU funding. The totality of this funding will be used to support delivery of the EAP, with the aim of providing a balanced portfolio of modern sites and buildings that meet sustainability requirements for our future generations that are capable of meeting companies’ timescales for occupation to provide Wales with a real competitive advantage over other locations.
There has been a £18.4m FT capital allocation in relation to Tirion Homes to enable delivery of three schemes (Ely Mill, Cardiff; Whiteheads, Newport and Parc Eirin, Tonyrefail) which provides residential developments utilising innovative funding to deliver over 1,500 new homes, 50% of which are affordable. Work has commenced on new Energy Positive homes, net exporters of electricity, contributing power to the National Grid.

5.4 Corporate Programmes Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Policy Development</td>
<td>450</td>
<td>0</td>
<td>450</td>
<td>0</td>
<td>450</td>
</tr>
<tr>
<td>Healthy Working Wales</td>
<td>831</td>
<td>0</td>
<td>831</td>
<td>0</td>
<td>831</td>
</tr>
<tr>
<td>Corporate Programmes &amp; Services</td>
<td>961</td>
<td>0</td>
<td>961</td>
<td>0</td>
<td>961</td>
</tr>
<tr>
<td>Strategic Business Events &amp; Communications</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>2,342</td>
<td>0</td>
<td>2,342</td>
<td>0</td>
<td>2,342</td>
</tr>
</tbody>
</table>

The revenue budget includes an allocation for Healthy Working Wales which delivers workplace initiatives supporting the healthy and active ambitions set out in Prosperity for All. The funding includes £0.052m for the employer strand of Phase Three of the Mind Cymru Time to Change Wales programme, which challenges negative attitudes and behaviours in the workplace towards mental health problems.

The remaining revenue budget supports economic analysis, reviews and strategic engagement.

6.0 ECONOMY – KEY POLICIES

Additional information has been provided in response to the specific areas highlighted by the Committee as follows:

6.1 Economic Action Plan

Following publication of the EAP in December 2017, we have made considerable progress in implementing and embedding key elements of the Plan. At the front and centre of this work has been the development and introduction of the new operating model (Economic Contract, the Calls to Action and the Economy Futures Fund). This is the centrepiece of the Plan and now frames our relationship with business.

As part of our continued focus on inclusive growth, we are examining ways in which we can further evolve and embed the economic contract, to extend its reach beyond those businesses in direct receipt of funding from us. We are actively engaged with a range of stakeholders on this.

We are continuing to make progress on a number of other key elements of the plan, particularly in relation to regional economic development and the place based model of economic growth; the Chief Regional Officers are playing a key role in taking this
forward, working towards Regional Economic Frameworks (REFs). Considerable progress is also being made on the foundational economy, underpinned by strong cross government working, particularly in relation to experimental projects which are being funded through the Foundational Economy Challenge Fund.

6.2 Regional Economic Development

In accordance with the EAP, three regional economic units were established in April 2019 led by Chief Regional Officers to provide leadership, alignment and planning on economic activities in each region.

In collaboration with regional stakeholders, we are developing the REFs to help facilitate collaborative delivery and set out, a shared set of economic priorities across the public, private and third sectors. It is intended that the REFs will in practice be an economic development strategy for each region, co-designed and co-delivered with the regional partners and which are able to inform the development and work of the proposed Corporate Joint Committees.

The REFs will identify the distinctive strengths and challenges of each of the Welsh regions and establish principles of working to support inclusive and sustainable economic growth to address regional and local inequalities, to help Welsh Government and participating partners to contribute to the Well-being Goals for Wales. This is consistent and complementary to the aims of the emerging national (all-Wales) Regional Investment Framework.

The REFs will be informed by existing national, regional and local plans programmes and policies including the regional growth and city deals, regional skills plans, the National Transport plan and National Development Framework, Local development plans, local economic development and regeneration strategies and Local Well-being Plans, and the Government’s wider proposals for regional working, including the post EU Regional Funds and Corporate Joint Committees.

The co-developed REFs will ensure that the needs of regional and local partners and places are fully understood and enshrined in a set of shared objectives. They will be key to shaping and directing policy and programme interventions at a national, regional and local level.

The 2020-21 budget includes a revenue allocation of c£0.6m which will fund a range of activities, work packages and research that will assist in the development and delivery of the REFs for each of the regions.

Considerable work has been undertaken to engage with key stakeholders (particularly with local authority partners business leaders, the third sector academia and other public bodies) to obtain their strong buy in to co-design and deliver regional economic frameworks for Mid Wales and the Swansea Bay City Region. Business facing teams have been reorganised along regional footprints to facilitate greater collaboration between partners and to align activity which facilitates economic growth and avoids duplication of effort, whilst also taking account of the principles of the Well Being of Future Generations Act. As the joint collaboration on regional frameworks develops, we will take full advantage of the opportunity to align activity, resources and where possible joint working such as we are doing with Powys CC on the collocation of resources. The growth and city deal development are at the core of that collaborative approach.
6.3 **Economy Futures Fund**

The following funds are consolidated into the Economy Futures Fund (EFF):

- Capital Investment and Aid for Job Creation
- Creative Production Funding
- SMART Cymru
- Tourism Investment Support Scheme (TISS)
- Environmental Protection Scheme
- Repayable Fund for SMEs

To note that the funding for Creative production funding and TISS is included in the International Relations and Welsh Language MEG.

Since its launch in 2018, 155 proposals totalling £48.1m have been accepted under the EFF.

6.4 **Enabling Plans**

We intend on developing an Enabling Plan for the ‘Foundational Economy’ rather than the ‘Foundation Sectors’ as identified in our Economic Action Plan. This is in recognition of the broader approach we are now taking.

The plan will be developed over time with the evidence and learning emerging from the Foundational Economy Challenge Fund being a key component. As the plan is developed, and specific actions identified, consideration will be given to potential financial allocations for its implementation if needed.

6.5 **The Foundational Economy Challenge Fund**

The original budget for the Foundational Economy Challenge Fund of £1.5m was secured as part of a budget agreement with Plaid Cymru. This was increased to £3m earlier this year by the Deputy Minister for Economy and Transport. In response to the demand and quality of applications, the Minister for Economy and Transport announced that the fund’s budget had been trebled to over £4.5m in October.

The revised level of funding is now £4.6m, with £2.4m having been ring-fenced for the Valleys Taskforce area and will support 52 successful projects across Wales. This includes an administration cost for monitoring and evaluation of £125,000. Applicants will have to sign up to become a Community of Practice we are developing to support projects, where shared learning, dissemination and scalability are key requirements.

6.6 **The Development Bank of Wales (DBW)**

The DBW’s remit is to improve SMEs’ ability to access finance, in order to start-up, to strengthen and grow, thereby supporting job creation and safeguarding. It is committed to the long-term, integrated and collaborative approach to investment, involving people of all demographics for sustainable growth in Wales. Within each new fund or initiative proposed, the well-being goals and ways of working are
aligned to outputs and outcomes. DBW also aims to improve the integration of the provision of investment related advice and support to businesses by working more closely with Business Wales.

Some of the key impacts and outputs include:

- Achievement of the five year annual investment target of £80m within just eighteen months. It is now aiming to invest £100m per annum by 2022.

- Achieve a minimum target of 1:1.15 Private Sector Leverage (PSL). The DBW secured an additional £126m of investment from the private sector in 2018-19.

- Support 1,400 businesses over five years to increase jobs created and safeguarded to over 5,500 per annum by 2021-22. The DBW supported 358 enterprises and created or safeguarded over 3,700 jobs in 2018-19.

During 2019, the DBW continued to build on the firm foundations laid down its first year of operation. This included the implementation of the following:

- Increasing its headcount at its new headquarters in Wrexham to nearly 40 staff; and opening a touchdown office in Llandudno Junction for its North-West investment team. Thus further demonstrating that the Bank truly serves the whole of Wales and strengthens our regional economies.

- In March 2019, the Minister for Economy & Transport announced three new funds for the DBW:
  - £55m Wales Commercial Property Fund,
  - £50m Wales Tourism Investment Fund,
  - £16.2m Wales Micro Loan Fund. (Increased to £30m in October)

- The bank also secured institutional equity investment for the first time, with £10m being invested by the Clwyd Pension Fund into the Wales Management Succession Fund.

Additional funding of £40m is provided as part of this Draft Budget:

- Wales Micro Loan Fund (£6m) which aims to: support a minimum of 1,212 businesses; create/safeguard 6,220 jobs; and a private sector leverage ratio of 1:0.70.

- Additional funding for the Commercial Property Fund (£14m) to meet the regional need identified in the Property Development Plan to provide approximately 150,000 sq ft of high quality, modern employment floor space capable of supporting indigenous and inward investment.

- £20m additional funding for an SME Development Capital fund. The full business case is currently being developed.

The DBW now has over £0.5bn under management to support Welsh enterprises and is well placed to support both threats and opportunities arising from Brexit and are working with Welsh Government officials in considering the risks arising from a no deal Brexit and additional actions to further support Welsh businesses.
Primary issues presented by Business are likely to be cash flow and confidence. DBW has over £100m of capital available through the Wales Flexible Investment Fund (WFIF) to invest at pace. This fund was established following the 2016 Referendum and specifically designed to allow maximum flexibility to meet uncertain future requirements.

More information is available at the DBW website.

6.7 **Enterprise Zones, Local Growth Zones and Business Improvement Districts**

There are eight Enterprise Zones located across Wales with the objective to:

- Grow the local economy and provision of new jobs.
- Act as a catalyst for growth elsewhere in Wales.
- Improve the attractiveness of the Enterprise Zone for investors.
- Strengthen the competitiveness of the Welsh economy.

Revenue funding of £0.77m has been provided in 2020-21 for the Enterprise Zones in the Business & Regional Economic Development Action. The programme includes feasibility studies and business case development. There is no designated capital allocation to the programme itself, as any initiatives are embedded in delivery and funded within the Business Development (Direct Support) and the Strategic Infrastructure Development BELS.

An update of progress against key projects across the Enterprise Zones is published annually. The latest report will be published shortly.

Following consideration by the Economy, Infrastructure and Skills Committee last year, a review of the Enterprise Zone programme has been undertaken and the recommendations from that review, which will help inform future delivery of the programme, are currently being considered. Streamlined governance arrangements for the Enterprise Zone Advisory Boards have also been implemented with four of the Boards having ceased now that they have effectively achieved their goals. Governance arrangements will be further reviewed in early 2021.

**Regional Development & Delivery**

The budget of £0.263m for 2020-21 provides continued support for a range of regional activities and cross border initiatives including sponsorship of regional events and activities for regional economic partnerships, such as research and feasibility studies. The Local Government and Public Services portfolio manage the Business Improvement Districts (BIDs) and we continue to work closely to consider both traditional town centre based BIDs and two additional innovative proposals, which will trial the concept in a sector based/industrial setting.

The Local Growth Zone model has been trialled in the Teifi Valley and in Powys as a rural alternative to Enterprise Zones. Under the new regional arrangements for economic development my officials will be working closely with regional stakeholders to consider the model in the context of the broader regional work.
6.8 **Inward Investment Support**

This is now a matter for the Minister for International Relations & Welsh Language to address.

6.9 **Support for the steel industry**

We remain committed to supporting steel making in Wales to help safeguard a sustainable future for the sector.

The Steel Procurement Advice Note (PAN) published in 2018 supports the sourcing of sustainable steel in public sector infrastructure projects within Wales.

An action plan is in development to progress the recommendations from the PAN and encourage further commitment by Welsh companies to the UK Steel Charter.

We are also engaging with the sector on the development UK Government’s Industrial Energy Transformation Fund and Clean Steel Fund.

6.10 **Support for the Automotive Sector**

The automotive sector is circa. 150 companies, mainly component manufacturers, employing over 18,000 personnel adding £3bn to Welsh GVA. The issues concerning the Automotive sector and the Welsh Government’s response were covered in a written statement issued on the 7th March 2019, shortly after the announcement about the closure of the Honda facility in Swindon.

The sector was dealt a further blow with the announcement in June 2019 of the closure of the Ford Engine Plant at Bridgend. In response to the direct and indirect job losses and wider economic and social impact of that announcement, a Taskforce was jointly established with the Secretary of State for Wales. The work of that Taskforce is now well underway with three priority working groups focusing on:

(i) **People** – providing direct support to assist individuals into alternative employment or career choices;
(ii) **Place** – to prioritise social and economic infrastructure improvements; and
(iii) **Potential** – to develop and facilitate a pipeline of job creating investment opportunities.

The recent announcement by INEOS that they will establish a vehicle manufacturing plant in Bridgend with the creation of up to 500 jobs, is a clear demonstration of confidence in the region. We will work with INEOS and other vehicle manufacturers – particularly as they transition towards electric propulsion – to bring supply chain opportunities to as many companies in Wales as possible. We will continue to support companies in the sector to improve competiveness and innovation levels in order to build greater resilience.

In December 2019 the Welsh Government, together with the Welsh Automotive Forum and Industry Wales, hosted a summit focused on the changes faced by the sector as a result of environmental pressures and technological disruption.
Highlighting the growing move towards the autonomous, connected and electric vehicle, the summit highlighted the need for companies in Wales to consider how they may be impacted by such changes and to consider what support they may need to transition to new supply chains.

6.11 **Partnership for Growth 2013-2020 – Tourism Strategy**

This is now a matter for the Deputy Minister for Culture, Sport and Tourism.

6.12 **City and Growth Deals**

Deals provide a framework allowing regions to drive collaborative working, set priorities which support local economic ambitions and objectives as a single voice and deliver key functions at a strategic level.

The UK Government financing for each Deal is being managed through the Local Government and Public Services MEG and sits with the Minister for Housing and Local Government.

**Cardiff Capital Region**

The Cardiff Capital Region was the first deal to be agreed in Wales in 2016 and is now in the delivery phase. It provides local partners with the resources to unlock significant economic growth across the Cardiff Capital Region. It established an Investment Fund of £1.2bn over a 20-year period to build on the region’s sectoral strengths, its high skill base and successful universities.

The deal includes funding of over £730m for the South Wales Metro, of which over £500m is provided by the Welsh Government. This will improve public transport and transform the way people travel around the region. The Deal also sees a further £495m wider investment fund, available to prioritise in line with the goals of the Deal.

Over its lifetime, the deal aims to deliver up to 25,000 new jobs and lever an additional £4bn of private sector investment.

A number of investments have been made so far, such as £37m in a world-leading technology cluster in Newport, establishment of a Graduate Scheme, as well as in June 2019, the establishment of an Investment and Intervention Framework to assess investment opportunities and maximise the impact of their funding.

The provision for the investment fund is managed in the Local Government and Public Services MEG over the 20 year period of the Deal. The full allocation of funding is subject to the City Deal’s successful completion of Five Year Gateway Reviews. The first five year Gateway review will take place in 2020 and will assess progress being made to deliver the targets which partners signed up to delivering through the Investment fund.

**Swansea Bay City Region City Deal**

Over the next 15 years the £1.3bn Swansea Bay Region City Deal aims to boost the local economy by £1.8bn and generate almost 10,000 new jobs, attracting £637m from the private sector.
Major project proposals underpin this deal to deliver world-class facilities in the fields of energy, smart manufacturing, innovation and life science, with major investment in the region’s digital infrastructure and workforce skills and talent underpinning each.

This £1.3bn Deal will be underpinned by £125.4m Welsh Government funding, £115.6m of UK Government funding, £396m of other public sector money and £637m from the private sector. The UK funding for the deal flows through the Welsh Government budget to the accountable body.

The Welsh Government was holding two years of profiled funding in reserves – a total of £36m (for 2018-19 and 2019-20). This includes both Welsh Government and UK Government funding contributions.

Ministers have agreed to release £18m of city deal programme funding, subject to terms and conditions, based on the approval of two project business cases; this is to be paid in December. A further £18m may also be available in 2019-20 for the Deal, subject to the region meeting the terms and conditions governing the award of the initial £18m.

This signals a move into the delivery phase, demonstrating our confidence in the deal and its potential to deliver genuine economic growth and change for the communities of south-west Wales.

**North Wales Growth Deal**

The six local authorities have established a joint committee structure known as the North Wales Economic Ambition Board (NWEAB), an identity which also involves partners from higher and further education and the private sector. The NWEAB is accountable for delivery, financial and management of the North Wales Growth Deal (NWGD). We continue to work closely with the NWEAB and other regional stakeholders to consider how a NWGD can best support their ambitions to bring transformational economic growth. The NWGD will be reflected within our regional economic plan for North Wales.

The Programmes included in the Growth Deal are; Low Carbon Energy, Strategic Transport, Digital Connectivity, Advanced Manufacturing, Land and Property, Land Based and Tourism, and Skills.

The North Wales Growth Deal Heads of Terms was signed on the 4th November 2019 by the WG, UKG and NWEAB. The Heads of Terms sets out the programme and fiscal principles by which the UK Government, the Welsh Government, and the NWEAB will work collaboratively together.

Over a period of 15 years the deal offers the opportunity for nearly £1bn of investment across the region, including £120m each from the Welsh Government and The UK Government and aims to deliver over 4,000 direct and 10,000 indirect jobs and increase the value of the North Wales economy from £13.6bn in 2016 to £26bn by 2035.

**Mid Wales Growth Deal**
We continue to work closely with UK Government and regional stakeholders to take forward the development of a Growth Deal for mid Wales. Whilst we have yet to receive a proposal from the region, the UK Government has committed to provide £55m towards the Deal as a “down payment”, subject to a satisfactory business case being submitted. Welsh Government remain committed to support and will determine our financial allocation based on the proposal once it is received.

Meanwhile Powys and Ceredigion local authorities are working closely together and have established a shadow joint committee to oversee the development of the proposal. In addition an Economic Strategy Group has been established, comprising of key business people from across the region, to provide robust private sector input to inform the development and delivery of the Growth Deal.

Whilst we have yet to receive a proposal from the region, we are starting to see some early programme ideas come forward for consideration, which build on the opportunities associated with the region, including its natural environment and key sectors such as low carbon energy, high value tourism, etc.

6.13 Support for Automation and Artificial Intelligence (AI)

The fourth industrial revolution offers Welsh businesses opportunity to be at the cutting edge. Data driven innovation has the potential to become a core asset in the economy, fostering new industries, processes and products and creating significant competitive advantages. Data is already transforming the way we live our lives; the way we work, the way we shop, the way we socialise. It can play a vital role in promoting innovation, growth and wellbeing if used ethically.

The EAP recognises that more businesses and public service bodies are increasingly utilising digital technologies in their service delivery but that the pace of that change needs to quicken. Automation and digitalisation are amongst the key enablers that drive competitiveness and productivity and we are working with businesses to drive up and support their investment in such activity through the R&D, Automation and Digitalisation Call to Action.

Through the Economy Futures Fund we have supported 77 projects with a value of over £7m via the R&D, automation and digitalisation Call to Action.

Our investment in digital skills and infrastructure supports an environment where businesses are able to exploit the economic benefits of digital transformation to their fullest.

We are supporting the flow of labour into digital skills related sectors by prioritising the expansion of Higher Apprenticeships in STEM and technical subjects to create the next new generation of professionals to drive innovative practices, create new products and boost productivity levels. Delivery commenced in September 2018 with ICT related Apprenticeships covering Software Programming, Cyber Security, and Data Analytics. Engineering and Advanced Manufacturing Degree Apprenticeship routes. More broadly, in October 2019, we published a consultation seeking views on the future architecture of apprenticeship frameworks. Our proposals include a revised, simplified structure of 23 high level apprenticeship frameworks, supported by 72 occupational pathways.
To complement the pipeline of skilled individuals entering the sector via our educational paths, we also operate a variety of skills support programmes to address employer’s immediate needs, such as the Wales’ Flexible Skills Programme. An Advanced Digital Skills specific support project, under this programme strand, has been established. This enables Wales’ employers to access 50% support against eligible training, which fit within the four pre-approved areas; software and web application development, technology project management, data analytics and data science, and, Information and cyber security project.

It’s clear that the scale and pace of technological change and innovation will continue to have profound effects on the Welsh economy. Professor Phil Brown’s report Delivering economic transformation for a better future of work and its recommendations across Government are under discussion with stakeholders.

6.14 Brexit

The risk of Wales’ economy being damaged as a result of Brexit is considerable. It is clear that businesses are delaying investment decisions in the context of ongoing uncertainty and the adverse impacts will only increase further in the event of Brexit occurring under either of the deals so far negotiated by the UK Government.

Extensive communication and engagement activity has been undertaken with businesses to help them prepare. The £7.5m Brexit Business Support Programme announced in October 2018 (with a further £1.7m allocated in 2019-20 due to levels of demand) will go some way towards supporting businesses most affected. An additional £6m was also made available in 2019-20 - £5m loan funding through the Development Bank of Wales and £1m capital grant funding.

With the ongoing uncertainties, we have taken steps to build up the Economy Futures Fund. We are clear that any additional funding made available by the UK Government would have positive benefits if invested in skills, infrastructure, research and innovation and support for businesses which have a viable future and are aligned with our objectives.

A large proportion of our business support offer is delivered using EU funding and the UK Government’s guarantee for EU funded programmes (if a No Deal Brexit occurs) only covers funding over a project’s lifetime if a successful bid is made before the end of 2020. Uncertainty exists beyond then and we are continuing to press the UK Government to confirm successor funding to replace our European Structural and Investment funds.

As we move forward, our focus turns increasingly towards the UK’s post Brexit internal market and future trade agreements. We are actively engaged in work to develop priorities for these negotiations grounded in economic evidence and future policy priorities.

6.15 Preventative Spending & Well Being of Future Generations Act 2015

Our interventions across the E&T portfolio action primary intervention, building resilience and creating the conditions to prevent future problems. The Economic Action Plan and the Employability Plan are underpinned by the evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. By supporting jobs and sustainable growth and taking action to try
to alleviate some of the challenges faced by people when accessing jobs, we aim to reduce the likelihood of families experiencing poverty and avoid the long term costs that poverty bring to society. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales.

We continue to work with the Future Generations Commissioner and a range of experts to assess how we addressing the Well Being of Future Generations Act. The EAP is cross-collaborative and structured around seven of the twelve well-being objectives:

- Support people and businesses to drive prosperity;
- Tackle regional inequality and promote fair work;
- Drive sustainable growth and combat climate change;
- Build ambition and encourage learning for life;
- Equip everyone with the right skills for a changing world;
- Deliver modern and connected infrastructure; and
- Promote and protect Wales’s place in the world.

It also embeds the five ways of working. The calls to action and the economic contract challenge Government and businesses to look at future investment through the contribution they will make to innovation and entrepreneurship, research and development and automation, exports and trade, high-quality employment and skills, and decarbonisation. These are some of the key strategic challenges we have to address if we are to secure growth not just today, but growth that is futureproofed to maximise opportunities in the long term.

7.0 TRANSPORT FUNDING OF ACTIONS

Transport supports the ambitions in the EAP for a modern and connected infrastructure. There is an increase of £16.15m to the revenue budget from the revised baseline.

The capital allocation is £610.252m which supports the National Transport Finance Plan. It is still necessary however to prioritise activity and manage budgets, to ensure that the delivery of schemes within the National Transport Finance Plan are both affordable and deliverable.

A summary of the transport budget is as shown in the table below:

<table>
<thead>
<tr>
<th>Transport</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>314,909</td>
<td>(3,223)</td>
<td>311,686</td>
<td>16,150</td>
<td>327,836</td>
</tr>
<tr>
<td>Non Cash</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
</tr>
<tr>
<td><strong>Total Resource</strong></td>
<td><strong>503,600</strong></td>
<td><strong>(3,223)</strong></td>
<td><strong>500,377</strong></td>
<td><strong>16,150</strong></td>
<td><strong>516,527</strong></td>
</tr>
</tbody>
</table>
The detailed breakdown of Actions by BEL activity is explained in the following sections.

7.1 **Motorway & Trunk Road Network Operations & Domestic Routes Actions**

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Asset Management</td>
<td>5,836</td>
<td>(150)</td>
<td>5,686</td>
<td>0</td>
<td>5,686</td>
</tr>
<tr>
<td>Network Operations</td>
<td>65,948</td>
<td>(650)</td>
<td>65,298</td>
<td>0</td>
<td>65,298</td>
</tr>
<tr>
<td>Sub Total</td>
<td>71,784</td>
<td>(800)</td>
<td>70,984</td>
<td>0</td>
<td>70,984</td>
</tr>
<tr>
<td>Non Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Operations</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
<td>0</td>
<td>188,691</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>260,475</td>
<td>(800)</td>
<td>259,675</td>
<td>0</td>
<td>259,675</td>
</tr>
</tbody>
</table>

Welsh Ministers have a statutory duty to provide a safe and reliable Motorway and Trunk Road Network. It is therefore important to ensure that appropriate funding is available to fulfil this objective in respect of both ongoing management and maintenance and improvement.

In addition to the capital funding provided under this action, funding for significant improvements on the existing network and major road schemes, adding to the network, are provided for in the capital funding under the Road, Rail, Air and Sea Services Investment Action which relate to road infrastructure development and delivery.
The change of £29.966m is as a result of a transfer in of £14.966m from the National Transport Infrastructure BEL and an additional £15m allocation to address the backlog of roads maintenance.

Over the budget period, maintenance budgets will be continually monitored to ensure that we are responsive to reactive works and prioritise capital investment where it is most needed.

7.2 Road, Rail, Air and Sea Services & Investment Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>5,605</td>
<td>0</td>
<td>5,605</td>
<td>0</td>
<td>5,605</td>
</tr>
<tr>
<td>National Transport Infrastructure</td>
<td>2,223</td>
<td>(2,223)</td>
<td>0</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Rail Ancillary</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>850</td>
<td>850</td>
</tr>
<tr>
<td>Transport for Wales</td>
<td>171,250</td>
<td>0</td>
<td>171,250</td>
<td>14,150</td>
<td>185,400</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>179,078</strong></td>
<td><strong>(2,223)</strong></td>
<td><strong>176,855</strong></td>
<td><strong>15,650</strong></td>
<td><strong>192,505</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aviation</td>
<td>4,873</td>
<td>2,000</td>
<td>0</td>
<td>2,000</td>
</tr>
<tr>
<td>National Transport Infrastructure</td>
<td>76,428</td>
<td>173,840</td>
<td>(24,617)</td>
<td>149,223</td>
</tr>
<tr>
<td>Transport for Wales</td>
<td>185,218</td>
<td>186,299</td>
<td>20,000</td>
<td>206,299</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>266,519</strong></td>
<td><strong>362,139</strong></td>
<td><strong>(4,617)</strong></td>
<td><strong>357,522</strong></td>
</tr>
</tbody>
</table>

| FT                                 |                                  |                                               |             |                                      |
| Aviation                           | 1,200                            | 0                                             | 4,800       | 4,800                                |
| **Sub Total**                      | **1,200**                        | 0                                             | **4,800**   | **4,800**                            |
| **TOTAL**                          | **267,719**                      | **362,139**                                  | **183**     | **362,322**                         |

Transport for Wales delivers the new rail franchise which is supported by £185.4m revenue and £206.299m capital budget in 2020-21. There has been an additional £15m revenue allocation to support delivery of the rail franchise. There is also a £20m capital allocation to Transport for Wales in relation to the North Wales Metro. Additional information on the Rail Franchise and South Wales Metro is included in section 8.2 below.

The revenue budget also includes provision of £5.6m for Aviation activities such as the Intra Wales Air Service, consideration of other potential PSO routes and for managing and maintaining St Athan and its airfield.

The National Transport Infrastructure BEL supports planning and feasibility activities. The movement of £2.223m to the baseline relates to non-recurrent funding for the Third Menai Crossing. There has been an additional allocation of £0.65m in 2020-21 for the A465.
There has been a transfer out of National Transport Infrastructure of £24.617m in order to maintain concessionary fares (£9.651m) and prioritising investment in the backlog of roads maintenance (£14.966m).

The draft budget also continues to include Financial Transaction funding made available to support investment within the aviation industry with £4.8m being allocated for 2020-21. Other opportunities to utilise Financial Transactions funding will continue to be explored along with other innovative financing solutions.

### 7.3 Sustainable Travel Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus Support</td>
<td>32,205</td>
<td>(200)</td>
<td>32,005</td>
<td>0</td>
<td>32,005</td>
</tr>
<tr>
<td>Smartcards</td>
<td>966</td>
<td>0</td>
<td>966</td>
<td>500</td>
<td>1,466</td>
</tr>
<tr>
<td>Concessionary Fares</td>
<td>23,482</td>
<td>0</td>
<td>23,482</td>
<td>0</td>
<td>23,482</td>
</tr>
<tr>
<td>Youth Discounted Travel</td>
<td>2,000</td>
<td>0</td>
<td>2,000</td>
<td>0</td>
<td>2,000</td>
</tr>
<tr>
<td>Sustainable &amp; Active</td>
<td>630</td>
<td>0</td>
<td>630</td>
<td>0</td>
<td>630</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>59,283</strong></td>
<td>(200)</td>
<td><strong>59,083</strong></td>
<td><strong>500</strong></td>
<td><strong>59,583</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £'000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smartcards</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>1,000</td>
</tr>
<tr>
<td>Local Transport Priorities</td>
<td>36,150</td>
<td>31,150</td>
<td>0</td>
<td>31,150</td>
</tr>
<tr>
<td>Concessionary Fares</td>
<td>36,651</td>
<td>27,000</td>
<td>9,651</td>
<td>36,651</td>
</tr>
<tr>
<td>Sustainable &amp; Active</td>
<td>26,650</td>
<td>36,650</td>
<td>46,500</td>
<td>83,150</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>100,451</strong></td>
<td><strong>95,800</strong></td>
<td><strong>56,151</strong></td>
<td><strong>151,951</strong></td>
</tr>
<tr>
<td><strong>FT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable &amp; Active</td>
<td>0</td>
<td>0</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>0</td>
<td>0</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100,451</strong></td>
<td><strong>95,800</strong></td>
<td><strong>63,651</strong></td>
<td><strong>159,451</strong></td>
</tr>
</tbody>
</table>

This budget supports investment in integrated transport, active travel, Concessionary Bus Travel, smartcards and local transport schemes proposed by local authorities.

The baseline reduction of £0.2m for Bus Supports relates to non-recurrent funding for upgrading Traws Cymru network from bus to coach which was part of the two year budget agreement with Plaid Cymru. The £0.5m movement in Smartcards is to consolidate smart ticketing within public transport delivery which was previously included in ICT Infrastructure Operations.
The additional £54m capital (£46.5m core capital and £7.5m FT capital) allocation in Sustainable and Active Travel infrastructure relates to roads resilience (£25m) and to support the purchase of low emission vehicles (£29m). The additional funding will support highway improvements at locations on core bus networks and strategic highways that are at risk from flooding and other climate change impacts, as well as targeting infrastructure that is at risk from severe weather events. Whilst the budget is being reported against Sustainable and Active Travel BEL, consideration will be given as to the best fit of this expenditure in future budget publications. The funding for low emission vehicles will progress the shift to low emission vehicles as part of our aim for a zero emission public transport fleet by 2028.

Further information in relation to Active Travel is provided in section 8.8 below.

The movement of £9.651m in concessionary fares is a reprioritisation from the National Transport Infrastructure BEL in order to maintain the concessionary fares envelope.

When taken with the Local Authorities’ own contributions to the concessionary fares scheme, the overall funding envelope provided (across both revenue and capital) is considered sufficient to meet Local Authorities’ obligations based on the ‘no better, no worse’ principle and anticipated demand.

### 7.4 Improve Road Safety Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Safety</td>
<td>4,764</td>
<td>0</td>
<td>4,764</td>
<td>0</td>
<td>4,764</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>4,764</td>
<td>0</td>
<td>4,764</td>
<td>0</td>
<td>4,764</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Safety</td>
<td>6,900</td>
<td>6,900</td>
<td>0</td>
<td>6,900</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,900</td>
<td>6,900</td>
<td>0</td>
<td>6,900</td>
</tr>
</tbody>
</table>

The road safety budgets have been maintained at planned levels. The [Road Safety Framework for Wales](#) sets out our safety targets.

Revenue funding supports the engagement and funding of external partners in the public, private and third sectors achieve casualty reduction, using the road safety governance structures. The capital budget supports road safety engineering improvements on the trunk and local road networks.
8.0 TRANSPORT - KEY POLICIES

Additional information is provided in response to the specific requests made by the Committee as follows:

8.1 Brexit

We have been working with key stakeholders to put appropriate measures in place to prepare for the consequences of leaving the EU, including planning for the potential effects on the transport network resulting from new customs checks at our sea ports.

We are working with UK Government to seek funding from the Operational Contingencies Fund in recognition of the disproportionate impacts Wales faces as a result of a ‘no deal’ exit from the EU. This will be particularly crucial if we are to have to spend further on preparing the A55 and roads around Holyhead for ‘no deal’ and staffing any sites used to hold delayed or unready traffic, the third time we have been forced to prepare for a cliff-edge exit within this financial year. However, it is impossible to fully assess the duration and scale of disruption ‘no deal’ would cause, and we will need to manage any ongoing impacts through 2020-21 should they emerge.

It has always been clear that the UK Government must take responsibility if it is willing to countenance this disastrous course of action, and should make funding available to support the transition Welsh businesses and infrastructure that will need to make transitions to adapt to leaving the EU without a deal and without a transition period of any kind.

As previously announced planned roadworks on the A55 had to be postponed to minimise disruption in anticipation of traffic caused by delays and unready trucks at Holyhead. However, I am hoping to reprofile these works within the financial year, so there should not be an impact in 2020/21. However, if a new UK Government does not rule out leaving without a deal on 31 January I may have to reconsider, which will start to impact what can be delivered within the Network Management budget for 2020-21.

Should we leave the EU without a deal we will be forced to rely upon the UK Treasury’s guarantee of ERDF funding for the remainder of the current programme. In future years, our ability to match this level of investment will be contingent on confirmation that the UK Government will keep its commitments not to row back on devolution and for Wales not to be a penny worse off for leaving the EU.

8.2 Rail Franchise and South Wales Metro

The reliability of public transport is key to encouraging people to switch to more sustainable modes and deliver our objectives of improving air quality and reducing carbon emissions. Rail investment is a priority in the plans and details of the budgets are included 7.2 above. Our approach to increasing the modal shift to public transport from private vehicle use will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change.
Welsh Government (and TfW) awarded the contract for the operation of the Wales and Borders Rail Service and delivery of the South Wales Metro to Keolis Amey Wales Limited on 14th October 2018. Over the last 12 month Keolis Amey Wales Limited (also known as TfW Rail Services) has:

- Created over 3,000 new advanced fares, making rail travel cheaper than ever for many journeys over 50 miles.

- Reopened the Halton Curve track, and launched 215 new services per week, connecting Wrexham with Liverpool by rail for the first time in 40 years and providing an hourly link between Cheshire and Liverpool. The improved connectivity will provide a major economic boost for the region.

- Introduced **Delay Repay 15** so that for the first time ever, rail customers in Wales and the Borders can claim for delays of just 15 minutes.

- In May, introduced additional rolling stock, including the return of loco-hauled Class 37 trains to provide extra capacity on the Rhymney Line. More additional trains are due to arrive in time for the December timetable change, including 12 modern Class 170 trains.

- Launched the **Community Rail Vision**, which will see new Community Rail Partnerships set up across the entire Wales and Borders network to promote and encourage rail use in communities. Additionally, 22 new community ambassador posts are being created.

- Created more than 120 new jobs since taking over running rail services in Wales and the borders in 2018. They range from engineering and design roles to customer service and cleaning positions.

- Led the roll-out of a new-style **Concessionary Travel Card**, to ensure consistency across Wales.

- Launched our **Station Improvement Vision** and started the process of investing in every station across the Wales and Borders network as part of a £194m fund. This includes providing improved passenger information, new signage, better platform shelters and better cycle storage facilities. CCTV is also being installed at all stations.

- Started work on the first stages of the South Wales Metro project, which includes starting work on site at both the new Metro tram-train depot at Taff’s Well and the new infrastructure depot in Treforest.

### 8.3 North East Wales

The North Wales Metro is a priority identified in Prosperity for All as a key contributor to delivering modern and connected infrastructure. The vision for the **Metro in North Wales** was published in 2017. Working in partnership with local authorities and other key organisations in the region and across the border we have now started on delivering the Metro vision.

The draft budget makes available £20m for the North Wales Metro, enabling continued investment in all modes of transport to deliver the modern, high quality
integrated transport system fundamental to achieving sustainability and climate change objectives and delivering economic growth across the region, connecting people to jobs and services and businesses to markets.

8.4 Rail Infrastructure Priorities

Transport for Wales (TfW) are announcing plans to increase capacity for up to 6,500 extra rail commuters a week, from 15th December this year, whilst introducing additional trains right across the Wales and Borders rail network.

This represents an increase of 10% capacity for service users. It will also result in more than 200 additional Sunday services for Wales and the Borders, representing an increase of 45% against the current Sunday service.

Through its ‘First Fare’ initiative, TfW has created over 3,000 new advanced fares making rail travel cheaper than ever form any journeys over 50 miles.

TfW has launched 215 new services per week and has re-opened the Halton Curve track connecting Wrexham with Liverpool by rail for the first time in 40 years, providing an hourly link between Cheshire and Liverpool. This is a major economic boost for the region.

In addition, TfW has introduced a new suite of performance targets and a system where customers can claim for delays of 15 minutes and above and through its ‘Station Improvement Vision’ has announced £194m investment into railways stations across Wales and Borders.

TfW has created 120 jobs and established Community Rail Partnerships across the entire Wales and Borders network to promote and encourage rail use in communities.

TfW will also be improving the on-board experience for long-distance journeys with the introduction of refurbished, more accessible Mark 4 intercity carriages on certain services between North Wales and Manchester and an additional loco-hauled service on the key Holyhead-Cardiff route linking North and South Wales.

We are improving the overall experience for passengers using services between Cheltenham and Maesteg and between Cardiff and Ebbw Vale, through the introduction of more modern accessible rolling stock. I am also pleased that December will see an improvement in the experience for passengers in North Wales, with the introduction of the mark 4 intercity carriages on some long-distance services.

In December 2019, Valley lines will see more four carriage trains on peak services, which will provide extra space for the equivalent of up to 6,500 commuters every week.

Passengers between Cheltenham and Maesteg and between Cardiff and Ebbw Vale will have the benefit of modern class 170 trains with more seats, on board passenger information systems, accessible toilets, air conditioning, Wi-Fi and power sockets.

Long distance passengers on some services between North Wales and Manchester will be travelling on more modern ‘Mark 4 intercity’ carriages.
8.5 Transport for Wales

Transport for Wales (TfW) was established in 2015 under the Companies Act 2006 and is fully accountable to the Welsh Ministers, as a wholly owned subsidiary company limited by guarantee.

TfW has a clear, legal identity within a robust and well-established framework. There is a distinct separation between the Welsh Government and TfW, allowing TfW to make independent operational decisions.

Accountability to the Welsh Government will be secured by a series of strategic levers. Some elements, such as the Articles of Association, are required by law; others help to guide the interaction between TfW and the Welsh Government. The Remit Letter sets out the operational remit and the cumulative funding available from the Welsh Government to support the delivery of the remit. Funding is paid to TfW as a grant quarterly in advance. Strong governance is in place to hold TfW to account.

The Company is remitted to manage the Wales and Border rail service and the delivery of the South Wales and the North Wales Metros. To enable the delivery of the South Wales Metro Transformation, which will allow increased frequency of services, the ownership of the Core Valley Lines in South Wales is expected to transfer to TfW before the start of the 2020-21 financial year. This will result in additional operational activity associated with designation as an Asset Owner. In addition, work is currently ongoing as to whether a range of activity relating to active travel, aviation and bus will transfer to TfW from April 2020. Due diligence in respect of this is ongoing and will be subject to individual business justification cases.

The Welsh Ministers aspiration for TfW is to enable the Company to take on a much wider range of transport functions. The EAP commits that TfW will work with the Welsh Government's new regional teams, the emerging regional transport authorities and partners, to create an integrated public transport network, covering the rail and bus networks.

8.6 South Wales Transport Commission

A written statement on the South East Wales Transport Commission was made in October. The Commission’s remit is to consider the full range of issues relating to congestion on the M4 in South East Wales and provide recommendations on interventions to tackle it, the approach is set out here.

The vision is to recommend a set of measures which will alleviate congestion in a sustainable way that supports the wider well-being of people who live, work and travel in the area.

The Commission aims to publish a progress update by the end of this financial year.

We have been clear that we remain committed to delivering a solution to congestion on the M4 in South East Wales.
8.7 Trunk Road and Motorway Network

Infrastructure Delivery:

Investments in major trunk road projects that are being progressed in north and Mid Wales as follows:

- **A487 Caernarfon and Bontnewydd Bypass**: Construction commenced in February 2019. Good progress being made.

- **A55 3rd Menai Crossing**: Preferred Option announced October 2018. We have carried out further design and visualisation work on the type of bridge for the 3rd crossing in consultation with the Design Commission for Wales and completed a study where National Grid investigated preliminary options to accommodate power transmission cables on the 3rd Crossing from the proposed Wylfa Newydd Power Station. We have consulted with industry suppliers on WGs preferred procurement method for the next stage of delivery and are now moving forward with the procurement of Employer’s Agent and a Specialist Bridge Architect to progress the delivery of the scheme.

- **A55 Aber to Tai’r Meibion Improvement**: Enabling works contract completed in summer 2019. Construction programmed to commence on the main works in Spring 2020.

- **A55 Junctions 15 and 16 Improvements**: Preferred options announced in April 2019. Design development in progress.

- **A494/A55/A549 Flintshire Corridor Improvement**: Technical Advisors appointed in July 2019. Next stage is to appoint suppliers to develop the design in consultation with stakeholders.

- **A494 River Dee Bridge Improvement**: Preferred option announced September 2019. Publication of draft Orders and ES programmed in early 2020.

- **A483 Junctions 3-6**: Study to consider options to resolve congestion between Junctions 3 and 6. Consultation programmed for spring 2020.

- **A487 New Dyfi Bridge**: Decision by Minister on scheme progression to construction due by the end of the year.

Network Management:

Trunk road highway and motorway assets are components of the largest single asset on the Welsh Government balance sheet, and are continuously inspected, maintained and improved, with £152.6m allocated in 2019-20.

The trial and roll out of new road surfacing methods and materials are ongoing which should reduce long term whole life costs and provide significant savings due to increased durability and also provide benefits in safety and low noise levels. Innovation in methods of construction and use of new materials and components is encouraged on all trunk road and motorway asset programmes.
Welsh Transport Guidance (WelTAG) Studies on major corridors across the network have identified a pipe line of highly cost effective targeted interventions to address congestion hotspots in North and South Wales and safe overtaking opportunities to improve connectivity and support economic development in Mid Wales.

Construction of the first of the pinch point schemes, M4 J48 Hendy and the junction of the A470 with the A55 will commence this financial year. Construction of the first overtaking opportunity schemes will commence in 2020-21 along the A470 and A487 corridors.

The A55 resilience project has already provided much needed quick wins and short term measures, particularly for safety including the average speed cameras installed at Rhuallt Hill. Further medium and long term measures are currently being developed and will be implemented from late 2019-20 on.

The latest review of Speed Limits and network safety is due for completion by the end of the current financial year. Based on the results, a prioritised programme of improvements will be delivered from 2020-21 with the objective of not only improving safety but also reducing community severance and promoting active travel.

8.8 Delivery of Active Travel Policy

In December 2018, the approval of the last four Integrated Network Maps marked the completion of the first full implementation cycle of the Active Travel Act. There are now comprehensive plans in place for networks of walking and cycling routes, connecting where people live with where they need and want to go, for all the largest 142 places in Wales.

The establishment in 2018 of the £60m Active Travel Fund, initially for three years, signalled the Government’s intent to make these networks a reality, with over £40m available for active travel improvements this year.

In 2020-21, the £30m Active Travel Fund, the £5m for Safe Routes and the new funding available of £25m for Roads Resilience together demonstrate our commitment to the Low Carbon Plan. In addition c£2m budget is available to support active travel. With improvements as part of our own highway function, this will bring us close to the £17-£20 funding per head per year, as recommended by this committee when it scrutinised the implementation of the Act in 2018.

To ensure the quality and consistency of schemes we have updated our Delivery and Design Guidance, which will be published for consultation this winter and we are also strengthening grant application and management processes. The significant increase in available funding and the provision of core funding for feasibility and design work has already led to a noticeable change in local authorities’ ambition across Wales, with many progressing and planning more challenging schemes. Bids for schemes starting in the next financial year will be invited in December.

We are updating the criteria for the £4m Road Safety Capital Grant to strengthen the links between road safety and active travel. Schemes will be expected to place greater emphasis on community engagement and improving conditions for walking and cycling, as well as reducing casualties.

Complementing capital investments are a suite of activities aimed at active travel promotion, training and awareness raising which are funded through transport
8.9 Support for Bus and Community Transport Services, Concessionary Fares and Youth Discounted Travel Scheme

Free concessionary bus travel

The 2020-21 draft budget includes a provisional £60.133m to help local authorities to reimburse bus operators for carrying older or disabled passholders for free. Our free bus travel scheme for older or disabled persons ensures that passholders are able to travel to friends and relatives, the shops, medical appointments or simply for a day out without worrying about the cost.

Since we introduced this key initiative in 2002 it has grown in popularity so that there are around 730,000 live passes today.

We are currently replacing existing valid passes which will cease to function at the end of December. These new passes will ensure that valid passholders will continue to enjoy free bus travel without any loss of that benefit.

The provisional budget for 2020-21 will be allocated to local authorities in response to data collected showing the number of free journeys actually undertaken. At this stage we believe that the provisional budget will be sufficient to meet the demands of this demand-led scheme in 2020-21.

Local authorities are legally obliged to reimburse bus operators so that those operators are no better and no worse off. The Welsh Government provides substantial funding to enable them to fulfil this obligation.

MyTravelPass

The 2020-21 draft budget for MyTravelPass (MTP) includes a provisional £2m to compensate bus operators for carrying 16 to 21 year olds at a third discount.

There are approximately 18,000 active MTP passes currently in circulation.

The Welsh Government continues to support the MTP scheme as it not only provides young people with discounted bus travel, but also encourages young people to try the bus for more of their journeys – hopefully meaning that they will continue to use buses for more of their journeys in the future.

We are reviewing the potential for extending the MTP scheme to other deserving groups but it must be remembered that this remains a voluntary scheme in the absence of legislation that would allow bus companies to be compelled to
participate. It is also the case that any decisions involving additional public funding remain challenging due to the impact of UK Government austerity policies.

**Support for bus and community transport services**

The 2020-21 draft budget includes a provisional £25m in the form of our Bus Services Support Grant (BSSG) scheme allocated to local authorities by formula agreed with the Association of (local authority) Transport Co-ordinating Officers to help them to support the strategic, core bus networks in their areas.

Local bus services play a huge part in accessing key services and facilities throughout Wales, and our BSSG allocations provide a valuable complementary source of funding to that which local authorities are awarded through the annual RSG settlement.

The support for bus services also includes funding for Traws Cymru and Traveline Cymru.

Buses continue to carry more than three times the number of rail passenger journeys in Wales, demonstrating the importance of our bus network to people’s everyday lives.

Pleased to have been able to maintain BSSG at £25m annually despite the UK Government’s austerity programme.

Appreciate the difficult decisions that local authorities face as a result of the UK Government’s austerity programme. Nevertheless encourage local authorities to protect the indicative awards they receive through RSG to support bus and community transport services in their areas.

Local authorities are required to confirm the allocations they have made from their RSG awards in support of the bus network in order to help inform my future decisions about allocating Welsh Government support for bus and community transport in Wales. Expect to make an announcement in due course.

**8.10 Local Transport Priorities**

The local transport priorities budget line (Sustainable Travel Action) makes available funding to local authorities for local transport schemes that support the economy improve road safety and enable and improve sustainable and active travel. We continue to work in partnership with local authorities and other key organisations to ensure the key priorities are met and to identify other suitable sources of finance that will aid in delivery.

This Draft Budget includes £31.15m for the Local Transport priorities. This funding will allow Local Authorities to bid for funding for schemes that encourage sustainable transport and ease congestion, particularly on public transport routes.

**8.11 Wales Transport Strategy**

The last Wales Transport Strategy (One Wales Connecting the Nation 2008) was published in 2008 and during the past decade much has changed including the devolution of more powers to the Welsh Assembly; publication of overlapping
legislation while further changes are anticipated arising through delivery of Prosperity for All, from Local Government reforms; post-Brexit funding and relationships; the Wales and Border rail franchise and; the devolution of further transport related responsibilities.

It is against this background that the Welsh Government is seeking to develop a new Wales Transport Strategy which recognises these recent changes and looks to address future opportunities and challenges.

The Strategy will be delivered via a new National Transport Delivery Plan and Local/Regional Transport Plans. It is our intention to also embed Sustainable Transport and recognise that Ultra Low Emission Vehicles also have an important role to play in the decarbonisation of transport, particularly in rural areas with limited public transport services.

8.12 National Transport Finance Plan

The National Transport Finance Plan was published in July 2015. It outlines the significant investment to address the ambitious targets: the rail franchise including investment totalling almost £5bn over the next 15 years to transform rail services across Wales, major legislative reform of the public transport network and the development of integrated, multi-modal transport system across Wales. It sets out in more detail how we propose to deliver the outcomes set out in the Wales Transport Strategy from 2015 and beyond.

The Plan includes all transport interventions financed by the Welsh Government. The Plan was updated in 2017 and 2018. The 2019 Update will provide information on progress since publication and provide a revised programme, including:

- Timescale for financing and delivering the schemes undertaken by the Welsh Government.
- Estimated expenditure required to deliver the schemes.
- Likely sources of financing to allow delivery to take place.

This Plan is not a policy document nor does it seek to prioritise schemes to be taken forward. Some of our projects are being delivered, some are under construction and others are under development.

8.13 Decarbonisation

We are focusing our budget preparations across Government on eight priority areas where we can have the greatest impact over the long-term. This includes our priority of decarbonisation.

Prosperity for All: A Low Carbon Wales was published in March and contains 100 policies and proposals that will deliver the first carbon budget 2016-2020 and 2020 interim target. These policies will either directly reduce emissions or contribute to the transition to a low carbon economy that will allow us to meet our legislative targets and enter us onto our emission reduction pathway. The National Assembly is the first Parliament in the world to declare a climate emergency and following the declaration we have accepted the advice of the UK Committee on Climate Change to increase Wales’s 2050 emissions reduction target to 95% and will ask the National Assembly to put this into law next year. We have also announced our
ambition to work with UKCCC and other stakeholders to develop a more ambitious net zero target.

Our approach to increasing the modal shift to public transport from private vehicle use will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change. Ambitious carbon reduction targets will help to improve air quality, whilst modernising facilities at stations will encourage active travel choices.

Revenue funding of £185.4m has been provided for the new rail franchise and services improvements in 2020-21, including an additional allocation of £15m as part of this draft budget. The new rail contract reflects our commitment to carbon reduction. In the spirit of sustaining Wales’ stunning natural environment and accelerating the decarbonisation of our public services, the budget for rail franchise hand service improvements will support the removal of all current and ageing diesel pacer trains on the entire franchise.

I have prioritised investment in bus services and the 2020-21 plans provide £94m for bus travel (revenue and capital) for the bus support grant, concessionary fares and the youth discounted travel scheme. The additional funding of £25m capital for Roads Resilience will support highway improvements at locations on core bus networks and strategic highways that are at risk from flooding and other climate change impacts. In addition, it will also target infrastructure that is at risk from severe weather events. Whilst the budget is being reported against Sustainable and Active Travel BEL, consideration will be given as to the best fit of this expenditure in future budget publications.

Investment in National Transport Infrastructure will be progressed and will seek to address congestion and improve vehicle emissions, as well as take into account opportunities for electric vehicle and other technologies. An additional £29m capital (£21.5m core and £7.5m FT) has been provided for low emission vehicles as part of our aim for a zero emission public transport fleet by 2028.

The main pillars of the Economic Action plan, are decarbonisation and climate change, supporting the creation of well paid, sustainable jobs all across Wales. An additional allocation of £25.862m, including £5m for the Repayable Fund for SMEs, has been provided for delivery of the Economic Action Plan for the Economy Futures Fund. We expect all requests for funding to meet at least one of five “Calls to Action” which include one relating to decarbonisation.

Our plans recognise the importance of working with businesses to promote decarbonisation and reducing carbon footprints. The Business Wales budget of £5.552m revenue supports responsible business practise and provides resource efficiency advice to entrepreneurs and businesses through Business Wales, as well as advice on environmental action planning, workshops and networking activities. A sketchbook and interactive tool have been developed to further promote the carbon agenda. Business Wales also supports the Green Growth Pledge for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations.

The Business & Regional Economic Development budget of £6.798 helps drive sustainable growth and combat climate change. The transition to a low carbon economy presents unique challenges and opportunities for renewable energy. In
terms of the way we produce energy, we need to ensure that the infrastructure we invest in helps to generate low carbon energy, improves transmission and distribution and ensures we are fit for the future, enabling smart technologies and meters to provide flexible solutions.

An additional £14m has also been provided for the Commercial Property Development fund. The additional funding will refurbish existing building stock which will have a net positive impact on biodiversity compared with equivalent new build on undeveloped land as new build inevitably results in additional mitigation to offset any unavoidable habitat destruction from green field development.

In addition, Tech Valleys aspires to future-proof the economy by capitalising on the opportunities arising from the fourth industrial revolution, by encouraging the adoption of emerging digital technologies that support cutting edge industries, including the automotive sector. The allocation of £10m in 2020-21 will contribute to delivering regional economic development, creating industries of the future underpinned by the spirit of the Economic Contract.

8.14 Preventative Spending

The majority of Transport expenditure for programmes and policies may be attributed to preventative spend such as: active travel in terms of promoting sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which support health outcomes. Concessionary bus travel is particularly important in rural areas and vital for social cohesion and well-being. Our investment in road safety, road maintenance and improvements in network management helps to prevent more significant issues and accidents over the longer term. An important example of how our transport services will be transformed is the South Wales Metro, with potential opportunities to deliver much more for regions than an improved public transport network. As an integral part of the Cardiff Capital Region City Deal this will be the catalyst for the broader regeneration, helping to shape the regional economic and social infrastructure, social mobility and equality of opportunity for some of our most deprived areas. In delivering better outcomes preventative spending measures are therefore important for the long-term.

9.0 EMPLOYABILITY AND SKILLS FUNDING OF ACTIONS

<table>
<thead>
<tr>
<th>Skills</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>165,915</td>
<td>(3,150)</td>
<td>162,765</td>
<td>10,776</td>
<td>173,541</td>
</tr>
<tr>
<td>Non Cash</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,400</td>
<td>1,400</td>
</tr>
<tr>
<td><strong>Total Resource</strong></td>
<td><strong>165,915</strong></td>
<td><strong>(3,150)</strong></td>
<td><strong>162,765</strong></td>
<td><strong>12,176</strong></td>
<td><strong>174,941</strong></td>
</tr>
</tbody>
</table>

Compared with the revised baseline, there is an increase in the overall Revenue allocation of £10.776m, including £9m for apprenticeships and £1.4m non cash depreciation of £1.4m for Careers Wales.
### 9.1 Work Based Learning Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>2020-21 Revised Baseline £'000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Based Learning</td>
<td>88,033</td>
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<td>88,033</td>
<td>9,000</td>
<td>97,033</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>88,033</strong></td>
<td><strong>0</strong></td>
<td><strong>88,033</strong></td>
<td><strong>9,000</strong></td>
<td><strong>97,033</strong></td>
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</tbody>
</table>

This net budget supports the delivery of the apprenticeship programme to employers and their employees, with a particular priority for new recruits, throughout Wales. Further detail is provided in section 10.1.

There has been a £9m allocation to maintain the profile of spend between EU funding and our own funding to deliver our commitment of at least a minimum of 100,000 high quality all-aged apprenticeships over this Assembly term. This brings our total investment in 2020-21 to more than £97m (Net).

### 9.2 Delivery Support – Skills Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Skills</td>
<td>648</td>
<td>0</td>
<td>648</td>
<td>0</td>
<td>648</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>648</strong></td>
<td><strong>0</strong></td>
<td><strong>648</strong></td>
<td><strong>0</strong></td>
<td><strong>648</strong></td>
</tr>
</tbody>
</table>

The SHELL Marketing & Communications Division develops key messages and engaging communications delivered through high profile announcements and events, publicising of major milestones via social media and digital communications, high-profile focused and targeted campaigns and stakeholder engagement.

### 9.3 Skills Policy Action

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
<th>2020-21 Revised Baseline Budget £’000</th>
<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
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<tr>
<td>Skills Policy Engagement</td>
<td>1,556</td>
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<td>1,556</td>
<td>0</td>
<td>1,556</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>1,556</strong></td>
<td><strong>0</strong></td>
<td><strong>1,556</strong></td>
<td><strong>0</strong></td>
<td><strong>1,556</strong></td>
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</table>
The majority of funding delivers the Employer Engagement, Regional Skills Partnerships, National Occupational Standards and Skills Implementation programmes.

9.4 **Employment and Skills Action**

<table>
<thead>
<tr>
<th>BEL</th>
<th>2019-20 First Supp Budget £’000</th>
<th>Baseline Adjustments £’000</th>
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<th>Change £’000</th>
<th>2020-21 New Plans Draft Budget £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employability &amp; Skills</td>
<td>52,696</td>
<td>(3,150)</td>
<td>49,546</td>
<td>1,776</td>
<td>51,322</td>
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<td>Communities at Work</td>
<td>3,972</td>
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<td>3,972</td>
<td>0</td>
<td>3,972</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>56,668</strong></td>
<td><strong>(3,150)</strong></td>
<td><strong>53,518</strong></td>
<td><strong>1,776</strong></td>
<td><strong>55,294</strong></td>
</tr>
</tbody>
</table>

The Employability and Skills budget funds the development and delivery of strategies, policies and programmes which assist people to access, return to, remain in, and progress at work through skills and training support. It also facilitates a direct response to assist the growth of individual businesses through workforce development and provides sector-based, employer-led and wider solutions to respond to identified skills needs in Welsh Government priority areas which are important for the economy of Wales.

There has been a decrease to this Action of £1.374m compared to first supplementary budget for financial year 2019-20. The movements are as follows;

- The baseline movement of £3.15m relates to non-recurrent EU Transition funding for Ford, Airbus and regionally important automotive manufacturers.
- A transfer in from the Education MEG to fund ongoing costs associated with supplying and managing the ULN in Wales. This is to ensure alignment of budgets following changes to portfolio responsibilities.
- Additional allocation of £1.6m for Airbus and regionally important automotive manufacturers as part of two year EU transition funding.

The Communities at Work Programme budget is maintained at £3.972m to tackle poverty through sustainable employment by providing intensive mentoring and specialist employment advice to help overcome barriers to employment; providing motivation and confidence for individuals to consider employment opportunities; helping individuals gain soft skills; helping individuals acquire and update their job search skills; helping individuals acquire vocational skills in order for them to meet the demands of the labour market; and providing sessions and support to help individuals apply for vacancies.

9.5 **Educational and Careers Choice Action**
The budget provides funding for Careers Wales (a wholly owned subsidiary company of the Welsh Government) which delivers a national, all age, impartial and bilingual careers information, advice and guidance (CIAG) service in Wales. There has been no change in revenue budget provision in the 2020-21 draft budget. The £1.4m change in non-cash relates to depreciation for Careers Wales.

10.0 SKILLS - KEY POLICIES

Additional information is provided in response to the specific requests made by the Committee as follows:

10.1 Work Based Learning

Funding for Work-Based Learning Action

Details of the 2020-21 Work-based learning Action and commentary of the increase from the first supplementary budget is outlined in para 9.1 above.

Funding for Degree Level Apprenticeships

£5m was previously transferred to HEFCW as part of the last budget setting process. It is anticipated that (up to) a further £7m will be transferred to HEFCW to support continuing and new Degree Level Apprenticeships during 2020-21.

Forecast 2020-21 expenditure on the apprenticeship programme (including European Funding)

The estimated forecast 2020-21 expenditure on the apprenticeship programme (including ESF income) is circa £115m.

<table>
<thead>
<tr>
<th></th>
<th>First Supp Budget £'000</th>
<th>Adjustments £'000</th>
<th>Revised Baseline £'000</th>
<th>£'000</th>
<th>New Plans Draft Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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<tr>
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<td>Estimated ESF Receipts for the Apprenticeship Programme</td>
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<td><strong>Total forecast expenditure for 2020-21</strong></td>
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2018-19 outturn position for the Work-Based Learning Action
The 2018-19 outturn for the Work-Based Learning Action was £115.852m against a Second Supplementary budget of £115.709m. It is to be noted that the outturn positions includes expenditure for traineeships in this financial year.

**2019-20 forecast outturn position for the Work-Based Learning Action**

The current forecast outturn for the 2019-20 Work Based Learning Action is £88.033m, against a First Supplementary Budget of £88.033m.

**Actions and resourcing to mitigate the impact of a no-deal Brexit on the 2020-21 apprenticeship programme**

We will consider ways to support apprentices who become redundant as a result of a no-deal Brexit.

**Apprenticeship Demand and restrictions**

Contractual controls are in place to limit the number of apprentices that are recruited within non priority level 2 sectors. In addition to this, providers are given contractual targets to increase the proportion of apprenticeships at levels 3 and above. From the contract year 2019/20¹ we have also amended the apprenticeship eligibility to prevent the recruitment of level 2 apprentices who have been employed within their current job role for 12 months or more.

**Funding commitment for all 2020-21 apprentices**

The length of an apprenticeship programme varies from sector to sector. Some apprenticeships can be completed in 12 months whilst others can take up to 48 months. 2020-21 Apprentices will include those who were recruited in 2019-20 in addition to those that we recruited up to three years prior. The funding commitment for this cohort is likely to extend across the period from 2021-22 to 2023-24. An estimate of funding commitment (including ESF) is outlined in the table below:

<table>
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<tr>
<th>Financial Year</th>
<th>Estimated cost of Apprentices who were in learning in 2020-21 £m</th>
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<tr>
<td>2021-22</td>
<td>70</td>
</tr>
<tr>
<td>2022-23</td>
<td>40</td>
</tr>
<tr>
<td>2023-24</td>
<td>15</td>
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**10.2 Job Support Wales & Working Wales**

**Funding for Employment and Skills Action**

Details of the 2020-21 Employment and Skills Action is outlined in para 9.4 above.

**2018-19 outturn position for the Employment and Skills Action**

¹ Contract year is August - July
The fiscal resource outturn position for the Employment and Skills Action for 2018-19 was £32.92m.

**Working Wales programme/Employment Advice Gateway and Careers Wales**

The initial procurement for Welsh Government employability support was waived in early 2019, as we had concerns with the evaluation methodology. However, employability support is vital in times of economic uncertainty and, therefore, we have extended the provision of Welsh Government existing programmes to 31 March 2020 to ensure that there is appropriate provision available, namely ReAct, Job Growth Wales, Access, Traineeships and the Employability Skills Programme.

The new procurement exercise for our new employability programme, Job Support Wales, is now live with the intention to award contracts early in the New Year. Delivery will commence on 1\(^{st}\) April 2020.

Job Support Wales will deliver a new approach to delivering employability and skills support from April 2020, designed to meet what individuals need to gain employment whatever their barriers. Job Support Wales will replace our current programmes including Jobs Growth Wales, ReAct, Traineeships, Access and the Employability Skills Programme, to streamline investment and reshape employability support.

An anticipated budget of £46m in 2020-21, underpinned by £21m ESF receipts will support approximately 17,000 people per annum. JSW Adult will be allocated circa. £8.6m and deliver to approximately 8,000 participants and JSW Youth, £37.8m supporting approximately 9,000 participants.

Working Wales (WW), which was launched in May 2019, delivers a national entry point to employability support. It is delivered by Careers Wales as an all age, national service of advice and guidance and will provide direct referral to the Jobs Support Wales (including the Youth Engagement Strand), when it is introduced in April 2020, and signposting to other provision.

Working Wales provides one national access point, independent to the delivery of support, with qualified Careers advisors ensuring that individuals are directed to the right place at the right time depending on their needs. Launch and marketing campaign “change your story” has been received well and Careers Wales received over 9,000 enquires in the first two months of the Working Wales service. Current budget allocation for 2020-21 is £9.1m. This will support an estimated 42,000 individuals per annum.

**Youth Engagement Strand of working wales**

The Job Support Wales Youth Engagement (JSW-YE) strand will support young people who are 16 to 18 on entry and who have been assessed as having significant or multiple barriers preventing them from engaging sustainably in further education, employment; (including an Apprenticeship) or training. Individuals will require more intensive, individualised and specialist support to allow them to progress and to become work-ready.

This is complementary to the Youth Engagement and Employment BEL within the Education MEG which holds the budget for the Youth Support Grant, a central focus
of which is supporting young people into education, employment or training through the Youth Engagement and Progression Framework.

The Youth Engagement and Progression Framework (YEPF), which covers individuals aged 11-25, provides a systematic mechanism for local authorities to identify those in need of support, to establish the support available, and to track the progress of young people as they make the transition from education into further education, employment or training. This can include collaborative working with, or signposting to, a range of partners including the Working Wales service and from April 2020, therefore, the JSW-YE. This activity is orchestrated by Local Authority Engagement and Progression Coordinators who provide operational leadership and join up between the local authority, Careers Wales, the Youth Service, schools and post-16 education and training providers.

To ensure the Framework remains up to date and relevant, Welsh Government are beginning work with our partners to refresh it. The refresh will take into account policy developments since its first publication, including the Welsh Government’s Employability Plan, the new Youth Work Strategy for Wales, Working Wales, and the introduction of Jobs Support Wales. This work will help ensure expenditure within the Youth Engagement strand of Job Support Wales continues to complement the expenditure within the Youth Engagement and Employment BEL in future years.

The Youth Engagement & Employment line also includes £0.053m to support the Credit & Qualifications Framework Wales (CQFW) and the Fforwm Services/ColegauCymru to provide advice and representation on specific EU Vocational Education and Training (VET) matters.

CQFW supports prosperity and equality well-being goals; it helps to develop a skilled and well-educated population, and helps people to fulfil their potential irrespective of background or circumstance. It recognises qualifications across all sectors and levels of the education system; it offers parity of esteem for qualifications and helps learners to see progression routes, particularly where they are following non-traditional pathways, including those learners who are supported via the youth engagement strand of Job Support Wales.

Working Wales is deployed through a number of cost effective mechanisms. Providing services on the high street, within communities across Wales, Further Education Institutions and prisons though a wide range of interactions including web chats, Skype, e-mail, texts and, of course, through the traditional one to one interviews.

Job Support Wales is a new programme procured in an open and competitive market place. Organisations have tendered on the basis of a fixed costs but will be assessed on the additionality each contractor can bring to the programme. Unit costs were based on an independent piece of research conducted by the Learning and Work Institute which was then applied into the tendering arrangements. The funding structure is linked to a ‘payment by results model' (PbR). PbR is a mechanism where all or part of the payment depends on the provider achieving outcomes specified by the commissioner. Providers are, to a greater or lesser extent, free to choose the interventions needed to secure the desired outcomes in the most cost effective way.

10.3 Regional Skills Partnerships/Employer Engagement
Funding for RSPs

We plan to issue a grant of £0.495m to the three RSPs via the WLGA for 2020-21. This is subject to any change arising from the response to the Inquiry into RSPs. Welsh Government is formally responding to the Inquiry by 28th November 2019.

Other funding intended to support the operation of RSP, but which is not allocate directly to them

Welsh Government does not provide any other funding to support the operation of Regional Skills Partnerships.

Details of projects and activities funded from the Skills Policy Action in particular expenditure related to Sector Skills Councils and National Occupational Standards

There is no Skill Policy Engagement expenditure related to Sector Skills Councils planned. However, labour market intelligence funded from the Skills Policy Engagement BEL provides sector level intelligence (i.e. via the Employer Skills Survey).

Welsh Government makes an annual financial contribution to maintaining the NOS system of circa £0.365m. This funding is managed through Skills Development Scotland. We have moved away from directly funding SSCs for NOS, however, just to note that a number (but not all) of the 22 suppliers on the three-nation Standards and Frameworks Multi-Supplier Framework Agreement are part of the “old” SSCs network, such as Lantra and CITB. There is no guarantee of funding for any suppliers under the new arrangement.

10.4 Monitoring Budgets

Working Wales

Robust grant management processes are in place with Careers Wales. Budgets for Working Wales are ring fenced and grant allocations are compliant with Welsh Government terms and conditions. Grant arrangements are systematically and efficiently managed and evidenced for the purpose of maximizing financial and operational performance and minimizing risk.

Knowledge and Analytical Services have commissioned a formal longitudinal evaluation of Working Wales linked to a wider piece of evaluation on the impact of the Welsh Government Employability Plan. The evaluation will consider policy aims and assess whether funding programme outcomes were achieved and if it provides value for money. Additionality – the added value elements of the programme.

Job Support Wales

New software programmes have been developed to ensure there are relevant checks and balances within the system with relevant control and compliance mechanism in places to ensure only eligible claims are made and additional external audit assurance functions have been added to the system. Robust contract
management processes are in place complying with Welsh Government’s terms and conditions.

Knowledge and Analytical Services have commissioned a formal longitudinal evaluation of Jobs Support Wales. The evaluation will consider policy aims and assess whether funding programme outcomes were achieved and if it provides value for money. Additionality – the added value elements of the programme.

Regional Skills Partnerships

Welsh Government has a monitoring process in place in relation to the Grant Award to WLGA. Money is paid in arrears on a four monthly basis upon completion of targets and outputs. A system of reviewing and checking all activity is in place prior to any payment being made.

10.5 Brexit

We have given careful consideration to the potential impact of a no deal exit on the economy. We are already supporting individuals facing redundancies as a result of businesses relocating to other areas within the EU and we need to anticipate and respond to a growing number of individuals potentially at risk. The exact impacts of a no deal Brexit remain uncertain but we have strong mechanisms in place in order to be able to respond and plan proactively for the future, scaling our response according to the Brexit scenario we face.

Our existing programmes provide targeted support to help develop and grow the economy of Wales and can also support those in times of crisis, such as businesses facing closure and individuals facing job losses. We will continue to monitor these programmes and assess where there may be additional financial pressures on these budgets as a result of a no deal Brexit.

In addition, we are providing the following support across economy and skills:

- Advice and support for businesses - our Business Wales Brexit Portal and Skills Gateway for Business advise Welsh businesses on how to prepare for Brexit.

- Financial support for businesses to prepare - £9.2m to help businesses build resilience ahead of Brexit.

- Extra finance for business - extra £121m to help businesses of all sizes develop and invest for the future as they navigate the challenges of Brexit.

- Supporting car and aero-industries - £6m funding for training and up-skilling the workforce in Wales’ automotive and aero-industry sectors.

11.0 EVIDENCE BASE FOR BUDGET DECISIONS

Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics.
As a Government, we have helped established organisations to help develop the evidence we use to inform our activities. For example, funded by the Economic and Social Research Council and Welsh Government, the Wales Centre for Public Policy is based at Cardiff University and is a member of the UK’s What Works Network. The Centre collaborates with leading policy experts to provide Welsh Ministers and officials with high-quality evidence and independent advice that helps them to improve policy decisions and outcomes. The Centre and its predecessor, the Public Policy Institute for Wales (PPIW) have published several reports relating to the E&T portfolio.

In the last year, we established Economic Intelligence Wales (EIW). This is a collaboration between the Development Bank of Wales, Cardiff Business School and the Office for National Statistics which will provide a unique resource for Wales. EIW will provide the evidence base for policy decisions, enabling the Welsh Government, Business Wales and DBW to challenge and adapt the support offered to Welsh SMEs.

The evidence and scope of the appraisal undertaken during policy and programme development are assessed on the basis of risk, size and scale, existing evidence base and other factors. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability in delivering against our goals, whilst gateway reviews for large projects are completed to challenge all aspects of a business case including the essential value for money assessment. Whilst the reviews are project specific, they help to build up a useful source of information for considering other projects. Internal and external audit reports can be helpful in a similar way.

We fund the Wales Social Partners Unit, through a competitive tender process, to deliver engagement services between Social Partners and the Welsh Government in Wales. This helps ensure that the views of some of our key stakeholders are embedded into policy development and delivery.

We have simplified and streamlined the advisory architecture, replacing a range of advisory bodies with a single E & T Ministerial Advisory Board that provides regular, creative and high-quality advice to me to help improve economic development in Wales in line with the priorities and vision set out in the EAP.

From a transport perspective, we fund Bus Users Cymru to represent passengers’ interests and to input to policy development. This includes contributions to policy consultations, monitoring of bus services, dealing with complaints and holding bus surgeries throughout Wales.

12.0 MONITORING BUDGETS

There are well-established processes in place for detailed and effective management of voted budgets in-year to the Economy and Transport MEG. A significant element of planned activity in the MEG is demand led such as the Economy Futures Fund and invariably large infrastructure projects which are undertaken by third party contractors. Consequently expenditure can be affected by factors outside Welsh Government control such as adverse weather conditions. Plans are monitored closely by the senior management team to agree options and proposals for corrective action to seek to manage net expenditure at budget levels.
Robust challenge reviews are undertaken at mid-year to identify any significant issues and inform options for the consideration of the Directors, Minister, and Deputy Minister and available resources reprioritised to remain responsive to economic developments.

### 13.0 EVALUATIONS/REVIEWS

Outcomes are monitored for each of the projects and contracts that are managed within the portfolio. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability for going forward in delivering against our wellbeing goals. Evaluation of projects and programmes are undertaken during and at the end of projects and can be undertaken internally or by external contractors.

The need for and scope of evaluation can be taken on a case by case basis during policy and programme development having regard to the risk, size and scale, existing evidence base and other factors.

Commissioning evaluations and research is one way of gathering evidence on policies and programmes, but is not the only way and is not always the most appropriate.

Gateway reviews for large projects are undertaken to assess value for money and both internal and external audits have and will be undertaken, which provide further evidence to support policy outcomes.

Sometimes the existing evidence base is used to shape programmes and policy and there is not always a need, or a good value for money argument to produce new evidence. Organisations such as the Institute for Public Policy Research, What Works Centre for Local Growth have produced a reports analysing which policies are most effective in supporting and increasing local economic growth. Similarly, the OECD has conducted a review of local economic and employment development policy approaches in OECD Countries and considered how these might be applied in Wales.

As we have developed and implemented the EAP, we have engaged widely with stakeholders. In the first phase of delivery, stakeholders have been helping us shape the implementation of the Economic Contact.

To remain responsive to the needs of the business community we undertake staged evaluations of the services within Business Wales, from inception through to final evaluation. The findings are used refine delivery and help inform future policy decisions.

From a transport perspective, we provide funding for Bus Users Cymru with Transport Focus to undertake annual surveys of bus passengers, and non-bus users, to identify what things the network has got right and where it needs to improve. The latter work is intended to confirm investments which are needed to attract more car drivers and passengers onto buses, especially fare-paying passengers and especially at peak commuting hours.

We closely monitor accident data and work with partners to improve the use of data and analysis to target interventions most effectively. We recently commissioned
reviews of key funded interventions and tightened rules regarding which schemes are eligible for funding.

14.0 LEGISLATION

A recent written statement provides an Update on the Public Transport Wales Bill and Wider Bus Reform Agenda. The Bill includes provisions relating to improved partnership working arrangements known as Welsh Partnership Schemes; franchising; and local authority run bus services. The Bill will also put in place new information management and sharing arrangements, so that information to the public will be more accessible and reliable, and local authorities will be in a better position to make arrangements to address changes in service provision.

The intention of the enabling provisions is to ensure that local authorities have access to a comprehensive suite of tools when seeking to address the challenges with bus service delivery in their area, and work with stakeholders towards developing an accessible, affordable and integrated bus network that meets the needs of Welsh communities. The enabling provisions will be subject to appropriate processes to ensure that proposals or schemes developed under the provisions are robust and fair.

Welsh Partnership Schemes (WPSs) will be required to contribute to the implementation of local transport policies, be developed in partnership with bus operators and be subject to a meaningful consultation process. In order to ensure a partnership balance between local authorities and bus operators, the intention is that WPSs will have formal objections provisions and will be subject to the appropriate competition tests.

To ensure that new franchising proposals are robust, the legislative changes will set out requirements that must be taken into account in any new franchising proposals and Welsh Ministers will provide best practice guidance. The intention is that each franchising proposal must be thoroughly considered through a detailed business case, which is subject to audit, followed by a formal consultation. Only then can a decision to franchise be made.

For local authority run bus services, the local authority would need to ensure compliance with state aid and competition law and, if a local authority decided to run services, those services would be subject to the same competitive constraints and registration requirements as any other operator.

15.0 REDUCING THE IMPACT OF DEPRIVATION AND POVERTY

‘Poverty’ has been included as a new cross-cutting theme priority for our budget planning process for 2020-21. The Minister for Environment, Energy and Rural Affairs, was appointed to act as advocate for poverty to ensure a focus on improving outcomes for low income households.

We are also reviewing our approach to tackling poverty and reducing inequality.

As part of this work, we are undertaking a review of funding programmes to ensure they have maximum impact on the lives of children living in poverty. The review will report to Ministers in March 2020 and a programme of activity will begin to be
implemented from next April, based on the conclusions and recommendations of the Review.

Our approach will also consider the findings and recommendations of a range of organisations such as the Fair Work Commission, the Equality and Human Rights Commission and the OECD. This will help to inform our approach to spreading prosperity and tackling economic inequality.

We also support the delivery of a more generous ‘social wage’ – cash equivalent services which have the effect of leaving money in the pockets of Welsh citizens. This can leave some families in Wales much better off than would otherwise be the case.

For example, we have provided an additional £2m to support the Youth Discounted Travel Scheme. We have included provision of £60m to continue our Concessionary Bus Travel Scheme, with more than 750,000 pass holders resident in Wales. This makes bus travel more affordable for younger people and provides free travel for older people to access employment, education, social events, training, medical appointments and any other journey purposes.

Transport plays a vital role in driving Wales’ economic competitiveness, connecting people, communities and business to jobs, facilities and markets. Our focus is to provide a sustainable, multimodal and integrated transport system which enables our communities to be united and to prosper, providing access for all our people to the opportunities and services they need to live healthy, sustainable and fulfilling lives.

In line with the objectives of our Child Poverty Strategy, we are focussing on raising skills levels, ensuring sustainable employment and spreading the benefits of economic growth as widely as possible.

Participation in the labour market is recognised as a key driver of movement in and out of poverty. Over half of entries into poverty are associated with a fall in earnings, primarily due to job loss. We know that workless households are more at risk of being in poverty and are especially at risk of living in persistent poverty. Being unemployed adversely affects both mental and physical wellbeing.

The people of Wales are a central focus of the interventions throughout the EAP. The EAP sets out a number of key changes to our approach to economic development, all of which have the potential to support prosperity for all and inclusive growth.

The Economic Contract is the centrepiece of our new approach and frames the reciprocal relationship between Government and business to drive public investment with a social purpose. We are applying the Economic Contract to our direct financial support to business and exploring extending the contract to include our wider offer to business and the adoption of these principles by the rest of the public sector in Wales. The Economic Contract requires businesses seeking investment to demonstrate that, amongst other things, they are promoting fair work and health, skills and learning in the workplace.
Introduction

The Draft Budget includes spending plans for 2020-21. This paper provides evidence to the Committee on the future programme budget proposals in relation to Local Government, Communities, Equalities and Housing and Regeneration as outlined in the Draft Budget which was laid on 16 December 2019.

Annex A provides a breakdown of the relevant Draft Budget figures for the Housing and Local Government Main Expenditure Group (MEG) and extracts from the Central Services and Administration MEG in relation to equalities by Spending Programme Area, Action and Budget Expenditure Line (BEL).

Financial Tables

The specific elements for the Equality, Local Government and Communities Committee are Local Government, Communities, Equality, Housing, Regeneration and Community Safety. The budgets for those elements are summarised in the tables below.

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Budget Overview

This is the fourth budget of the Fifth Assembly. This budget was prepared following the UK Government’s one year Spending Round and not following a Spending Review as had originally been anticipated.

Despite being able to set revenue and capital plans for one year only, they reflect this Government’s continued commitment to protect public services; provide the financial stability needed and invest in Wales to nurture economic growth and support our priorities. The continuing pressure on public finances and, more specifically, on the level of funding available means we are under no illusions about the challenges we and partners face and we, and they, continue to make hard choices.

The budget setting process for 2020-21 has focussed on eight cross-cutting themes as agreed by Cabinet which are Housing, Employability & Skills, Early Years, Better Mental Health, Social Care, Poverty, Biodiversity and Decarbonisation. The budget process provided an opportunity to push forward Cabinet’s combined efforts to maximise the use of our resources to improve outcomes in the cross-cutting priority areas and evidence on priorities in these areas has driven spending on local government, housing and equalities.

These budget proposals also reflect our continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. In making spending decisions we have not only considered how best to meet the current demand for services but we have also focused on supporting interventions that are able to prevent problems arising in the future. This preventative approach is an important part of our planning for public services.

The decision for the UK to leave the European Union has caused uncertainty. The Welsh Government established a specific team to coordinate the work arising from European Transition; this team is working closely with the existing team in Brussels and policy departments.

The Welsh Government established a £50m EU Transition Fund to help businesses, the third sector, and public services plan and prepare for Brexit. This builds on £5m allocated for Brexit preparedness over 2018-19 and 2019-20 as part of the two-year Budget agreement with Plaid Cymru. The EU Transition Fund has been designed in collaboration with the organisations and businesses it is intended to help.

Local Government

Revenue budgets within the Housing and Local Government MEG were baselined at the first supplementary budget 2019-20. The Housing and Local Government MEG received specific allocations to provide an improved settlement for local government, as well as a general revenue uplift of £4m to be utilised across the MEG. The general revenue uplift was used to provide additional funding to support the transformation of local government, to provide much needed support in the area of building safety and to provide an uplift to National Parks revenue funding to return funding to its 2018-19 level.
Indicative capital budgets for 2020-21 were published as part of the 2019-20 draft budget, a general capital uplift of £15m was provided to the MEG which has been allocated for local authorities.

Local Government Revenue Settlement

The Welsh Government and local authorities agree that strong local government is essential to the effective delivery of good quality, integrated public services to communities across Wales. We recognise that the strength of the Welsh Government and local government is the democratic accountability which reflects the needs, aspirations and cultures of Wales. We also need effective, successful organisations which are fit-for-purpose and representative of the communities they serve.

Local Government revenue funding has increased by £198.013m which includes a £125.282m increase to the Revenue Support Grant, transfers in of previous specific grants of £1.481m and a 95% share, £71.25m, of an increase of £75m in the non-domestic rates distributable amount (the remaining 5% supports police funding). On a like for like basis compared to 2019-20 this is a £184m increase to the local government settlement.

Prolonged austerity has inevitably had a substantial impact on the resources available to public services and we recognise the very difficult decisions that local authorities have had to make in order to maintain critical services with reducing real terms budgets. Local authorities in Wales have managed those tough choices in reducing expenditure and generating efficiencies so as to maintain the quality of key services and balancing local choices on the levels of council tax increases.

We supported local authorities as part of the draft and final and first supplementary 2019-20 budgets with a package of additional specific grants to complement the revenue support grant. This included funding to meet the costs imposed by the UK Government through the technical changes they have made to several public sector pension schemes which particularly impacted teacher’s pension schemes. We supported local authorities with 100% of the costs despite only receiving an 85% contribution from the UK Government. We also provided specific funding to meet the UK Government decisions on teachers’ pay awards prior to its devolution. Some of these funding streams are now subsumed into the revenue support grant on an ongoing basis, such as pay and pensions funding, others continue into 2020-21 as specific grants unless specifically detailed as time limited funding.

The funding provided through the Local Government Revenue Settlement including the baselined funding is unhypothecated and it is for each local authority to determine its own priorities. However, a significant factor in the Government’s decision on increases to the funding for the local government revenue settlement has been the intention to recognise the impact of teachers’ pay and pensions for the remainder of the current academic year, to provide funding beyond this to recognise the future impacts of teachers’ pay awards which will come into effect from September 2020 and to support other services where there are also some significant pressures. Local authorities deliver many services that are of a primary or secondary preventative nature. The additional funding available to local government is part of our commitment to support them in continuing to deliver such preventative services. In making decisions on the use of this unhypothecated funding local authorities will undertake their own assessments, including those required under
equality legislation, of the impacts of their proposals on different groups and communities.

**Allocation of £3m to strengthen and support local government transformation**

The Local Government and Elections (Wales) Bill was introduced into the National Assembly for Wales on 18 November 2019. It is anticipated it will receive Royal Assent in mid-2020. The Transformation and Legislation Budget will, in part, be used to take forward the implementation of this legislation which will deliver a major package of reforms including: a new performance framework and sector led improvement approach, a new approach to regional working amongst local authorities and a number of measures aimed at improving the openness and transparency of principal council decision making. A full regulatory impact assessment has been completed and has been published alongside the Bill. Welsh Language, Equalities and Children’s Rights Impact assessments have also been completed. These identified a number of anticipated positive impacts including:

- a more diverse, representative, transparent local government, which positively and openly involves all members of the community through the expansion of the electoral franchise, a duty on local authorities to encourage local people to participate in local government and increased flexibility for councillors through provisions such as remote attendance and updated family absence provisions.
- Reducing the voting age to include 16 year olds resulting in earlier engagement in the democratic process which could lead to a greater interest in democratic politics more generally, including standing as a candidate.

As well as supporting the implementation of the Bill, the enhanced funding is intended to support actions, including working closely with the WLGA, in the areas of workforce partnership, leadership development, digital transformation, evidence and modelling of funding reforms, decarbonisation and other transformative activities.

**Children and Communities Grant**

Funding for the Children and Communities Grant in 2020-21 will be maintained at 2019-20 levels. This will enable all the individual schemes within the Children and Communities Grant, including the Communities First Work Plus, Flying Start and Legacy Fund, to continue to maintain the same level of service to vulnerable individuals and communities in 2020-21. This funding is preventative in nature, it has a long term focus and supports collaborative working amongst the public and third sector.

The Children and Communities Grant seeks to address the support needs of the most vulnerable children and adults in our communities through a range of early intervention, prevention and support mechanisms. It seeks to mitigate or remove disadvantage to vulnerable people to enable them to have the same life chances as others, and therefore contribute to a more equal Wales. The development of the Flexible Funding approach has been done with close involvement of local authorities, working collaboratively with each other and the Welsh Government.

Funding Alignment provides greater freedom and flexibility to local authorities to deliver public services which benefit from grant funding in a more collaborative and integrated way. Local authorities are able to consider new ways to jointly commission services, and to better align and design services to meet the needs of people in their areas. Some local authorities are starting to tie the Well-being Goals in their Outcomes
Frameworks to their Corporate Priorities and Social Services and Wellbeing Act outcomes.

**Allocation of £15m to Local Government General Capital**

The Local Government General Capital Fund is a key source of funding, alongside borrowing and significant specific grants for investment in local infrastructure. A three-year additional general capital funding package of £100m was announced alongside the 2019-20 final budget with £50m allocated for 2018-19, £30m for 2019-20 and £20m for 2020-21. This additional £15m takes additional funding for 2020-21 to £35m. This helps smooth the funding profile and supports stable capital programme planning. The additional funding, although modest, allows the acceleration of some capital plans or facilitates lower borrowing by local authorities, which has a positive effect on authorities’ revenue position by reducing servicing costs.

Total local government general capital funding for 2020-21 will therefore be £197.8m (made up of £109m general capital grant and £88.8m unhypothecated supported borrowing).

General capital funding is used by local authorities to support their contribution to the 21st Century Schools Programme; local roads networks and services such as housing, development and social services as well as essential capital maintenance works across local government estates. The funding is unhypothecated and local authorities are responsible for utilising it in the most effective and efficient way for their local area. Decarbonisation will need to be an increasingly important factor in decision making.

Funding can support the local economy through local procurement of contracts and while local authorities are responsible for their contracts Welsh Government have been working with them through the Code of Practice on Ethical Employment in Supply Chains and the “Two Tier” Code to remove unfair working practices and secure other benefits.

Local authorities are key partners in the Wales Biodiversity Partnership, which brings together key players from the public, private and voluntary sectors to promote and monitor biodiversity and ecosystem action in Wales. Its Implementation Group provides the overall direction of activity for the Nature Recovery Action Plan for Wales which provides a focus for delivering the sustainable management of natural resources at the local level as well as contributing to many of the Well-being of Future Generations goals. Each local authority has a biodiversity plan which should be considered as part of any capital planning.

**Well-being of Future Generations Act**

The Well-being of Future Generations Act drives how Welsh Government, local government and other public bodies in Wales make decisions. Local authorities are required to set and publish well-being objectives to show how they will work to achieve all seven of the well-being goals for Wales. As a Government we understand that essential services through local government from social care to
education, advice and support or active travel deliver the wider health and wellbeing of people in Wales.

Local authorities tell us that the areas where they are facing the greatest pressures are education and social care. The additional £198.013m of funding flowing through the settlement will be a significant contribution to respond to those pressures. This source of funding is unhypothecated; local government is best placed to understand local needs and deliver services in the most efficient and effective way.

While the majority of funding from the Welsh Government to local government goes through the local government settlement – some £4.5billion – there is also a significant amount of specific grant funding, around £1bn supporting local services. Local authorities also have further streams of funding through their council tax raising powers and through local fees and charges.

With financial pressures in education and social care highlighted, the increased settlement, and continuing specific grant funding, is expected to particularly support the goals of a Prosperous Wales and a More Equal Wales through developing a well-educated population where everyone can fulfil their potential whatever their background; and a Healthier Wales where a person’s social care enables them to participate in society and maximise their physical and mental well-being.

Over the past year the way that we work with local government through the Finance Sub Group of the Partnership Council for Wales has evolved with additional meetings held to increase communication with local government leaders and Ministers from across Welsh Government attending to discuss policy areas with local government leaders and the WLGA. This more collaborative approach has been welcomed by local government leaders and ministers.

**Spending on preventative actions**

Local authorities are of course a key deliverer of preventative services, for example through schools education giving children and young people the opportunity to thrive and meet their potential, to social and other services that ensure that people are able to be part of their communities, which can reduce the call on other public services such as the NHS. We recognise the challenges that local authorities face with increasing demand for reactive services putting pressure on preventative services. By working together between authorities, with Welsh Government, through Public Service Boards and other collaborative approaches authorities and other partners explore the best way of delivering services to make the best use of every pound that we have.

Fire and Rescue Authorities (FRAs) derive the great majority of their budgets from local authorities rather than directly from the Welsh Government. However, we provide an additional £848,000 revenue and £670,000 capital to augment their work on fire safety and prevention. This focuses in particular on preventing dwelling fires and deliberately-set fires, and has contributed to the sustained decline in fire across Wales in recent years.
How evidence is driving Welsh Government priority setting and budget allocations

Local authorities are responsible for carrying out their own impact assessments as part of their decisions on local budgets. The WLGA and local government generally have provided evidence to Committee and to Welsh Government which has focussed on the significant pressures in education social care, from workforce costs and from high cost interventions.

By providing additional funding we anticipate that it will primarily be used in these areas reflecting some of the specific pressures local authorities face. Additional funding in education will mean that schools services can be maintained and teachers supported to deliver against our national mission for education. Without this additional funding in support of those and other pressures local authorities would be faced with the need to reduce services or raise income from other sources. It is expected that the biggest impact could fall on those children and young people who have the lowest educational outcomes – those from lower income families and certain ethnic minorities. The Wellbeing of Wales report 2019 shows that qualification levels amongst the population levels continue to increase, although there remain large differences in attainment at school for different population groups. Skills and qualifications are the biggest single influence on people’s chance of being in employment and on their incomes. Children from deprived backgrounds continue to have poorer outcomes than other groups. The “capped nine points score” is the national indicator on secondary school performance. The score for pupils who are eligible for free school meals was 77.4 points lower than the score for other pupils. This is equivalent to almost two fewer GCSEs at grade C on average per pupil. From a gender point of view girls continue to achieve better educational outcomes than boys; in 2019 the gap for those achieving the Level 2 inclusive threshold at Key Stage 4 fell to 10.1 percentage points. Latest data continues to show some differences in educational attainment between ethnic groups, with a higher proportion of children from Asian, Chinese and mixed ethnicities reaching expected levels of attainment than those from a White background. Educational attainment remains low for gypsy traveller children.

Funding will also support social care services, where demand is increasing and local authorities are seeking to modernise and transform services. Local authorities have cited in particular the increased demands in children’s services. Increased funding will support disabled children and young people recognising their diversity, supporting their independence and choices, providing empowerment and respecting their rights. In the area of older people’s social care it supports those on lower incomes and also those coping with physical and mental difficulties that can be faced as citizens age. The Wellbeing of Wales report says recent analysis (based on 2015-2017) shows that the gap in healthy life expectancy between the most and least deprived has remained stable – but is 18.1 years for men and 19.4 years for women.

Expenditure on local authority services has been shown to be particularly important in supporting women. The Women’s Budget Group commissioned UK research¹ shows women have been disproportionately impacted by changes to taxes, benefits and public spending, with BAME women and disabled women hardest hit. The Equality and Human Rights Commission and Landman economics also published research in 2018 - “The cumulative impact of tax and welfare reforms”. The analysis shows that the reforms have a disproportionately negative impact on several protected groups, including disabled people, certain ethnic groups, and women. Women are more likely than men

¹ https://wbg.org.uk/analysis/women-and-the-spending-review/
to need public services, more likely to work in the public sector and more likely to have to increase their unpaid work when services are cut. Many of the services provided by local government are disproportionately provided by women and to women and children, including social care, transport and housing, directly for themselves or indirectly for others for whom they care. These services are vital in affording women the opportunity to participate fully in the economy.

Housing and Regeneration

With MEG allocations maintained at their 2019-20 levels (first supplementary budget stage), we have been able to stabilise key budgets at the 2019-20 position, including homelessness budgets and the Housing Support Grant. We have also provided an additional allocation of £0.5m to support the important work underway to improve building safety.

Indicative capital budgets for 2020-21 were published as part of the 2019-20 draft budget. Additional general and financial transactions capital allocations have been made to build on this baseline.

Housing is a priority area in Prosperity for All. The document recognises that “living well is a good quality, affordable home which brings a wide range of benefits to health, learning and prosperity.” The Welsh Government is committed to increasing the supply of affordable housing, having set affordable housing targets in both this and the previous government (currently 20,000). The Welsh Government supports the supply of affordable housing through its Social Housing Grant, Housing Finance Grant and Innovative Housing Programme which deliver both social and intermediate housing. We are committed to increasing the supply of affordable housing especially social housing to minimise the pressures on local authority budgets and on homelessness services including hostels and bed and breakfast accommodation.

Investment in housing also provides support to the Welsh economy in terms of maintaining and supporting jobs in the construction industry and the associated supply chain. This contributes to the tackling poverty agenda in terms of providing employment and training opportunities. We are also committed to ensuring that housing organisations maximise the community benefits generated from their procurement as part of our wider commitment towards ensuring the maximum local impact from our investment across Wales.

Jobs created by housing development lift many of the unemployed construction workforce into employment with all the benefits that brings as well as reducing benefit expenditure and boosting opportunities for apprenticeships and training.

The funding works towards the seven well-being goals and Welsh Government’s well-being objectives. Specifically, decent and affordable housing can help achieve more equal, prosperous, healthier and more cohesive communities, contributing towards a healthy and more equal Wales. This is demonstrated by the clear health benefits of having a good quality home which is affordable and located in a safe environment. Investing public money in building and refurbishing homes contributes to national and local economies, creating and supporting jobs and training opportunities as well as improving people’s health, wellbeing and quality of life. £1
spent on adaptations prior to hospital discharge is estimated to generate £7.50 of cost savings for health and social care.

Grant funded affordable housing is built to Welsh Government Development Quality Requirements (DQR) which includes building to lifetime homes standards. Homes built to these standards are more readily adapted to allow older and vulnerable tenants to remain in their homes for longer. Investing in existing and new housing with improved energy efficiency will help reduce fuel poverty and reliance on benefits. Every £1 spent on improving warmth in vulnerable households results in £4 of health benefits.

The Decarbonisation Advisory Group report published on 18 July 2019 recommends that no later than 2025, all new homes in Wales must be built to be zero carbon, energy and water efficient and climate resilient. Independent checks should be made to ensure these higher standards are delivered. This will prevent the challenge to retrofit homes becoming larger and more expensive. All homes built with public funds should meet these standards no later than 2021.

Energy efficiency is also now a feature of the Help to Buy scheme in Wales. 95% of all new build homes sold through the scheme are rated EPC B. As part of the affordability assessment for applicants, energy costs are taken into account based on the EPC rating of the house to be purchased. This has helped to raise the issue of energy efficiency with prospective applicants, as was intended by the ‘LENDERS’ project, which developed this methodology.

Housing Support Grant

We are pleased to have been able to maintain the Housing Support Grant in 2020-21 with a budget of £126.8m as was the case this year.

The Housing Support Grant makes an important contribution to the health and wellbeing of vulnerable people by providing the support, skills and confidence they need to stay in their own homes and so prevent homelessness or a requirement to enter an institutional setting. It delivers important health, employment and community cohesion outcomes by assisting people to a stable housing situation, addressing chaotic lifestyles and the mental health, substance misuse and offending issues that may underlie them. The grant also supports older people and those with a learning disability to maintain their independence and lives in the community.

We have worked hard to revise the arrangements for the new Housing Support Grant in a co-productive way with stakeholders. The extensive engagement this has involved has been designed to ensure that our policy integrates the role of good housing alongside health, social care, Criminal Justice and employment interventions, with clearly defined roles for all parties in joint-planning arrangements.

The Housing Support Grant continues to support a range of interventions that aim to ensure that homelessness is prevented and, where it can’t be, ensure it is rare, brief and non-recurrent. The preventative nature of the grant is highlighted by the reduction it generates in the future pressures on the NHS and social care.

Over time we have built a strong evidence base to evaluate the success of the constituent grants that make up the HSG (Supporting People, Homelessness Prevention and Rent Smart Wales enforcement). For example, our work with
Swansea University’s SAIL database has linked housing and health data and is beginning to show the impact which housing support can have in reducing the use of health services. The single outcomes framework we are developing to include both Housing Support Grant and Children and Community Grant outcomes will also improve our ability to align grant programmes and demonstrate value for money.

**Homelessness**

Prosperity for All sets out the Welsh Government’s commitment to end all forms of homelessness; it has therefore been important to maintain our homelessness budget at the same level it enjoyed in 2019-20 (£17.9m).

The Homelessness Prevention Grant supports the delivery of services aimed at preventing homelessness, and where it cannot be prevented ensuring it is rare, brief and un-repeated. As such this funding can help to reduce negative impacts for individuals and households and reduce the future burden on the public purse which increasing homelessness would otherwise generate.

It funds a mixture of primary to acute activity. As set out in our strategic statement on homelessness prevention, published on 8 October 2019, currently much of the focus of activity is at the acute end. If we are to achieve our vision of ending homelessness, then our approach has to both support those currently homeless into accommodation, whilst also significantly reducing the flow of individuals and families falling into homelessness by investing more in primary, secondary and tertiary prevention. This funding will therefore support the delivery of our evolving policy approach, which is seeking to shift the focus of resources to earlier prevention so that in the long term we maintain a system in which homelessness is rare, brief and un-repeated.

Homelessness prevention is a wider public services issue and as such this funding supports a range of collaborative projects involving partners in local government, health, social services, education and crime and justice. Welsh Government has recently published a revised strategic approach to tackling homelessness and this funding is an essential component in delivering against that strategy.

**Independent Living**

Housing adaptations play an essential role helping older and disabled people to live independently and safely. Up-front investment in housing adaptations reduces demand on NHS and social care services through preventing the need for admission to hospital and speeding up discharge. The continuing support for Care and Repair services and housing adaptations provided through this funding is very much in line with the principles of Healthier Wales, the Well-being of Future Generations Act, and the approach set out in Prosperity for All.

A key aspect of our work in this area is to streamline the arrangements for delivering these services in order that they are better understood by individuals and families. We have, for example, published new housing adaptations service standards to promote greater consistency of services across Wales regardless of a person’s tenure or where they live. We have also commissioned research to analyse current allocation arrangements. The intention is that the results will be used to inform options for simplifying funding systems and promoting more equitable access to adaptations.
Building Safety Programme

The Building Safety Programme is responding to recommendations outlined in the Building Safety Expert Group’s ‘Road map to safer buildings in Wales’ produced in response to the Grenfell disaster. The work of the programme focuses on reforms to ensure that the safety of high rise residential buildings in Wales is improved. The evidence generated since the Grenfell disaster has only served to re-emphasise the need for action to be taken in this area. This new funding stream (£0.5m revenue in 2020-21) will allow us to make progress in responding to these issues. The funding will allow us to work with local authorities and the fire and rescue service to establish a task force that will be able to reinforce and accelerate the regulatory and enforcement work already underway.

The budget will be targeted at primary and secondary prevention, working with other public sector bodies (through regulation and enforcement) to promote and take action where necessary to minimise the risk of death and / or injury as a result of fire.

Initial work over the next 12-18 months focuses on piloting new ways of working, promoting a greater focus on building safety and policy development. Subsequently, following a white Paper it is proposed that legislative reforms are brought forward.

The initial focus of this work will target those involved in the management and regulation of high rise residential buildings (18m/ 7 storeys +), as well as those who reside in or own flats within high rise buildings.

Housing Loans

The allocation of £50m financial transaction capital enables us to provide loans at submarket rates to Registered Social Landlords to assist with funding their ambitious development plans for new social housing. If it is agreed that these loans can be made at nil interest rate over a 25 years, they could decrease the level of capital grant needed to make the social housing schemes viable mitigating some of the demands upon the existing Social Housing Grants programme.

Funding will help alleviate the pressure on the Social Housing Grant budget which encompasses grant funding made available by the Welsh Government to build new homes which helps to improve the experiences of people living in social housing in Wales.

Help to Buy Wales

Help to Buy Wales is a shared equity scheme, providing support to people who would like to own their own home but are constrained in doing so. The scheme has been running successfully since January 2014. The allocation of £35m financial transactions capital will enable the scheme to continue as planned throughout 2020-21. The scheme forms an important part of the delivery of the Welsh Government commitment to provide an additional 20,000 affordable homes during this term of government. The current phase of the scheme has a target of 6,000 homes towards the 20,000.
Building with Modular

Building more social and affordable homes is a key priority in both Prosperity for All and Taking Wales Forward; and we are pleased to be able to allocated £10m financial transactions capital towards this priority in 2020-21.

The First Minister has made a commitment to embrace Modern Methods of Construction (MMC) to realise the benefits modular building can deliver. In particular, more modular homes can eliminate fuel poverty for tenants, be built to zero/near zero carbon standards thus not adding to the decarbonisation challenge as well as providing jobs training and apprenticeships with SME modular providers in areas of Wales affected by industrial decline.

Enabling Welsh based SME modular builders to improve their cash flow management will directly impact their ability to make more affordable homes, more quickly to a high standard than relying on traditional building methods. Simply the more new homes built using thoughtful Modern Methods of Construction approaches by indigenous Welsh SMEs, the less investment will be required in future to retrofit homes as technology becomes available to decarbonise homes of all tenure in Wales. Every new home built using modular now, will prevent expensive decarbonisation retrofit of the future.

The fund is part of a mitigation in the event of an adverse effect on the economy post BREXIT. Supporting indigenous Welsh SMEs to address financial constraints of the modular housebuilding model will be key for creating additional capacity in the system to build at pace and scale.

The fund will provide an opportunity for MMC producers to consolidate their manufacturing capability, safeguarding jobs and create new job opportunities in those companies as a direct result of an increased order pipeline for MMC social homes. Most of the existing MMC SMEs are family run firms, operating in areas where job market can be difficult as a result of declining traditional industries. Employing mainly local labour, supporting business through cash flow products protects and promotes jobs and training and apprenticeship in deprived communities.

Increasing the capacity of modular builders to build more homes in a factory setting, rather than on a construction site has a major impact on workers’ health and safety. Construction is the 4th most dangerous industry in the UK for serious injury and fatalities. Studies demonstrate RIDDOR accidents making modular building is 1 in 4600 hours compared to 1 in 1500 hours for buildings constructed traditionally.

The more homes built with Modern Methods of Construction, the easier it will be to meet climate change targets. In line with the ambitions of the Programme for Government, Modern Methods of Construction also offers the opportunity to introduce and integrate cleaner technologies and more energy efficient home building solutions through its ‘fabric first’ approach. In terms of the circular economy, waste from producing homes by manufacturing in a factory is reduced 70-90%, compared with traditional build.

Building homes using MMC opens up the construction industry to a wider prospective labour pool. Current modular providers operating in the UK have a more diverse workforce, actively recruiting underrepresented groups into what is perceived as a traditionally male-dominated construction employment. This has resulted in
more women undertaking such roles, both in finishing and skills elements of house production and also in a business management roles such as supervisory and quality assurance.

**Cylch Caron Integrated Resource Centre – allocation of £2m financial transactions capital**

We have allocated £2m financial transactions capital to the Cylch Caron Integrated Resource Centre. The allocation comprises a loan of £2m over 25 years at 2% interest to complete the financing of Cylch Caron, a strategic health, housing and social services project. The scheme has received ICF capital (£1m) and a Welsh Government health grant of £0.727m to purchase the site. Subject to approval of the Final Business Case, the scheme will receive Social Housing Grant (£4.442m), NHS capital (£2.115), a contribution from Ceredigion County Council and Hywel Dda UHB (£0.680m) and a £2.106m commercial loan by Mid Wales Housing Association. The FTC loan is required to compensate for higher construction costs in a deep rural area (following two OJEU procedures) and low levels of rent.

The development includes a new Health Centre with GP practice, pharmacy, outpatient clinics, community nursing and social care. It will provide an additional 34 extra care units and six step-up/step-down units for intermediate care and rehabilitation.

The scheme fulfils a number of Prosperity for All commitments: to plan our capital investment decisions so they can have a big impact on the economy; to help different organisations to deliver their services in a single place, and minimise the individual's need to travel; to co-locate services by integrating the way that we make our investment decisions; to deliver a tangible shift in the provision of health and care services into communities, and away from hospitals; and to co-ordinate housing, health and social care capital programmes to provide innovative, affordable, accommodation and nursing care building on the Integrated Care Fund approach.

This collaboration between health, care and housing partners applies the five ways of working in the Well-being of Future Generations Act, by working in an integrated way to prevent problems occurring or becoming worse and to consider longer term needs.

The scheme will also contribute to decarbonisation by replacing a number of old and inefficient buildings and reducing the need to travel.

**Social Housing Grant**

An additional allocation of £48.1m has been made to the Social Housing Grant Programme in 2020-21. The programme works collaboratively with Local Authorities and Registered Social Landlords in order to maximise the number of homes built for the grant available.

Up to date estimates on housing need indicate that we are not delivering enough affordable housing to meet the need which exists in Wales. Investment through the
Social Housing Grant aims to reduce the level of unmet need and is a key driver in our investment decisions.

Investment in social housing developments can also support older people and those with additional care requirements to avoid dependence on residential or long term care and thereby reduce the risk of people being isolated or lonely. Grant funded affordable housing is built to Welsh Government Development Quality Requirements (DQR) which includes building to Lifetime Homes Standards. Homes built to these standards are easier and cheaper to adapt for adaptations which allow tenants to remain in their homes for longer.

The Welsh Government continues to prioritise investment in social housing rather than other forms of tenure because occupants of social housing are the most likely in society to be in poverty and socially disadvantaged. Decent and affordable housing can significantly improve people’s physical and mental health, meaning they are more likely to be able to access education and employment. For example 25% of children in bad housing gain no GCSEs compared with around 10% not living in bad housing. In addition, children living in acutely bad housing are 20% more likely to attend hospital A&E departments than other children. Investment in good quality homes therefore has a direct impact on the health of those living in them.

For all age groups those in social housing were more likely to have a limiting long-term illness, disability or infirmity than owner occupiers and those privately renting. In addition evidence indicates that 58% of people from a non-white background live in owner-occupied homes compared with 75% of people from a white ethnic background. 33% of people from a non-white ethnic group live in privately rented accommodation compared with 10% of people from a white ethnic group. Increasing our investment in social housing allows us to target those who are most in need across all ethnic groups in Wales.

Innovative Housing Programme – allocation of £25m general capital

Decarbonising the housing stock in Wales is a priority for the First Minister, and we are delighted to be able to allocate an additional £25m general capital to this priority in 2020-21.

In my response to the Affordable Housing review on 9 July 2019, I made clear my expectation that affordable housing leads the way in terms of housing tenure to build new homes which are zero carbon and decarbonise the existing housing stock. Our ambition has to be that all homes built whether publicly or privately funded in Wales should be built to this zero carbon standard. In addition, I have responded to the review’s recommendations on decarbonising the existing affordable housing stock, by agreeing to examine the funding of a significant retrofit programme of works, and testing what is possible now and in the future to make this happen.

This project aims to develop and extend the Innovative Housing Programme (a three year £90m programme) to a fourth year to maximise the return on investment we can derive from the previous funding rounds. Evidence emerging from the programme suggests that utilising modular and other modern methods of home construction are a highly effective mechanism to deliver near zero carbon homes.

This additional £25m funding, will look to build on the themes that were introduced in the third year of the programme and look to push the boundaries of innovation in the
key themes of crossover to retrofit, phasing out gas heating solutions and homelessness.

As well as building near zero carbon new homes, there is an urgent need to understand how the technologies and approaches being tested in the current Innovative Housing Programme can be retrofitted to existing affordable homes. This is key as around 80% of home carbon emissions in Wales come from the existing housing stock. Furthermore, Wales has some of the oldest and most challenging stock to make zero carbon in the UK, with 45% being built before 1950.

Last year the Independent Steering Group looking at this issue recognised the scale of this challenge. The group identified the importance of investigating technologies currently deployed specifically for new home building to address the far more complex issues surrounding improving the carbon performance of existing homes.

Two of the three themes are directly linked to decarbonisation of both new build homes and existing house stock. Increasing the amount of new homes produced with a modular approach makes homes low or zero carbon. A high proportion of homes of the future will be built in a modular style.

The Well-being of Future Generations (Wales) Act 2015 provides a framework for how applicants can demonstrate not only the innovation they plan to deliver, but how their scheme delivers broader Welsh Government policy objectives. The programme aligns with the seven goals enshrined in the Well-being of Future Generations Act and the five ways of working; with schemes looking to harness opportunities to deliver jobs, skills and develop local industry. We are also proposing to make wider links to the broader circular economy agenda. We expect to make a greater use of timber in their construction, with timber being the only sustainable, Carbon neutral building material of the 21st Century.

**Regenerating Town Centres**

We continue to support our town centres with funding of £36m in 2020-21 for regionally prioritised projects under the Targeted Regeneration Investment Programme which promote economic regeneration and well-being of our towns and communities. This will be supplemented by the following additional allocations:

**Town Centre Loans**

Making the best possible use of existing properties and development opportunities within Welsh town centres is fundamental to addressing the downturn and deterioration that has and continues to occur. In light of this we have made an allocation of £10m financial transactions capital to enable the extension of the Town Centre Loans scheme. Empty and underutilised properties can be used to accommodate people and furnish business needs whilst unlocking development sites, bringing economic benefit through the construction industry, as well as jobs, skills and growth and increased housing offers to the areas.

Continuing reductions in public expenditure together with uncertain economic forecasts continue to have important effects on the cost and availability of suitable town centre properties for both business and living accommodation. Restricted access to finance to building owners and occupants has resulted in a large reduction
in spending on unlocking town centre sites for development, renovation or refurbishment of buildings.

The loan scheme enables short to medium term loan finance to be provided to those owners and developers of sub-standard properties with underutilised or vacant spaces, to bring them back into beneficial use for the communities in which they are situated. Projects can also deliver enhanced energy efficiency, reducing energy costs, addressing fuel poverty and reducing carbon emissions. The loans will also be expected to lever in investment from the private sector.

The loan scheme already supports 32 towns across Wales, with 15 LAs acting as the intermediary to deliver the loan funding to third parties who actively deliver the scheme. The recognised benefits include supporting job creation and economic growth through the provision of modern business space and allowing local and new business to grow and develop in our town centres. This additional funding will allow the scheme to be extended to additional towns and authorities.

**Town Centre Green Infrastructure and Biodiversity Programme – allocation of £5m general capital in 2020-21**

£5m general capital has been allocated in 2020-21 to the Town Centre Green Infrastructure and Biodiversity Programme. The programme supports the implementation of Environment schemes and reflects Well-Being of Future Generations Act principles through the sustainable introduction of Green Infrastructure into town centres in ways which deliver economic and social benefits for local communities.

Urban green infrastructure directly supports the First Minister’s commitment for a ‘focus on small things which can create local, accessible green spaces’. Urban green infrastructure consists of many small actions to form a multifunctional network:

- all our open spaces and network of habitat, parks, playing fields, allotments, private gardens, ponds, rivers, canals, woodland, street and garden trees, and hedges.
- it includes all green space as urban areas can contain substantial amounts of semi-natural habitat.
- can be engineered to form green roofs and walls, sustainable drainage or as street trees.
- can be part of our transport links, for example, when wild flowers are planted into grass verges along our road and rail networks and at roundabouts and on top of bus shelters to encourage nature. It can be a key part of our active travel networks.
- includes the links between our urban areas and their surroundings so they ‘join up’.

We will ensure that biodiversity is built into each element so that each project helps to build resilient ecological networks.

Green infrastructure planting is a proven process to sequester environmental carbon. Planting on town centre buildings can for example help retain water, provide shade and reduce the need for heat cooling. My intention is that the programme should act as a town centre green infrastructure demonstrator project and outcomes will therefore be monitored to ensure that there is a lasting impact that can be replicated in future town centre regeneration programmes.
We will ensure that infrastructure improvements will be delivered in accordance with industry best practice, such as the Green Roof Organisation (GRO) Code for green roofs. Our aim must be to ensure that all projects are truly sustainable as well as delivering wider public benefits. The resources deployed for this work will make a real contribution to help mitigate the effects of climate change within our town and city centre. Green infrastructure has been proven to help cool town and city centres, contribute significantly to the well-being of residents and visitors and help instil a sense of place. We are also proposing that Sustainable Urban Drainage Systems (SUDS) related planting should be supported to help mitigate the effects of flood related surface flooding. Improvements will be delivered in collaboration with other Welsh Government departments, local authorities, local communities, local interest groups and private sector partners.

The implementation of Green Infrastructure in our town centre urban environment specifically helps deliver a ‘sense of place’ with specific and targeted interventions. For example, a green roof will be specific to a building type and design. The implementation of greening schemes has a significant effect in helping restore civic pride in our communities.

**Equalities**

Revenue budgets across the Equalities portfolio were again baselined at the first supplementary budget 2019-20. To build on this baseline, the Deputy Minister and Chief Whip received specific allocations totalling £1.86m in 2020-21 from the European Transition Fund to fund specific actions as a result of the UK’s preparations to exit the European Union. The Deputy Minister and Chief Whip also received a general uplift of £1.5m to apply across her portfolio. This has been targeted as follows:

- £0.09m for the Blueprints for youth justice and female offending
- £0.39m for the Women’s Pathfinder
- £0.14m for the next stages of the Rapid Review on Gender Equality
- £0.05m for legal advice for destitute asylum seekers
- £0.05m for the initial implementation work for the Socio-economic duty
- £0.07m for research in relation to equality and human rights in Wales
- £0.04m for Windrush Day 2020 celebrations
- £0.25m for additional funding through the VAWDASV Grant
- £0.05m for LGBT training across Wales
- £0.25m for additional support for equality organisations
- £0.12m for additional support in relation to race policy development and engagement with race organisations

This recognises the important part that equalities plays in achieving government priorities and the national well-being goals.

Indicative Capital budgets for 2020-21 were published as part of the 2019-20 draft budget. To build on this baseline, two specific capital allocations totalling £2.2m were received.
European Transition Funding

The following allocations were made in 2020-21 from the European Transition Fund, these build on allocations made in the 2019-20 financial year:

- £0.76m to the Strengthening Community Cohesion project;
- £0.6m to the Tackling Hate Crime & Community Cohesion Action; and.
- £0.5m to the EU Citizens Rights project.

These projects seek to embed the five ways of working, with a strong emphasis on the involvement of groups with protected characteristics under the Equality Act 2010 and providing interventions which seek to prevent harmful impacts and promote integration.

The expanded Strengthening Community Cohesion programme supports local authorities to work more closely with community members, through the provision of two full time equivalent cohesion officers in each region of Wales. This supplements the work of existing Regional Community Cohesion Co-ordinators to involve those affected by cohesion issues, encourage collaboration with key services in the local area and encourage the integration of services to ensure more cohesive communities. This approach seeks to prevent harmful outcomes such as segregation, social exclusion and hate crime.

The Tackling Hate Crime and Community Cohesion projects seek to involve ethnic minority and minority faith communities who are at risk of being victims of hate crime. This has been achieved by funding eight organisations who support these communities through the Hate Crime Minority Communities Grant and involving hate crime victims in the design of our hate crime communications campaign. The project also expands the capacity of the National Hate Crime Report and Support Centre to ensure all victims of hate crime receive one to one support from Victim Support Cymru. Each aspect of this project has been designed to work collaboratively with the organisations who are best placed to support victims or potential victims of hate crime, to prevent long-term harmful effects.

The EU Citizens Rights Project involves collaboration between organisations; Citizens Advice Cymru (experts in advice provision), EYST (with expertise in undertaking outreach to support minority communities in Wales) and Settled (a grassroots volunteering offshoot of the 3 million EU citizen advocacy group). The project seeks to ensure EU Citizens get access to good advice to support them to apply for Settled Status, to challenge inequalities in access to services, and protection from exploitation in the workplace. This advice aims to support our communities for the long-term by ensuring EU citizens can stay and thrive as members of Welsh society. Spending on these projects supports the Well-being Goals of a more equal Wales and a Wales of cohesive communities.

The principle of preventative action is fundamental to the work undertaken through these projects, with the “upstream” work of the Regional Community Cohesion Co-ordinators (Strengthening Community Cohesion Programme) in reducing local tensions, fostering respects and understanding between different groups and building cohesive communities, reducing the likelihood of more serious problems such as extremism, hate crime and terrorism occurring “downstream” (Tackling Hate Crime and Community Cohesion Project). Many stakeholders including the police, local authorities and third sector partners have warmly acknowledged the valuable contribution of their local Cohesion Coordinators in these ways.
The support for the EU Citizens Rights Project seeks to ensure these members of our community understand what actions they need to take to regularise their status and prevent potentially harmful situations such as homelessness, unemployment or deportation over time.

These projects allow the Welsh Government to put in place additional action in the context of EU withdrawal to do everything possible to monitor and reduce community tensions, foster community cohesion, and prevent development of serious disorder. Enlarged regional teams will have more capacity to engage both with public services and local communities on these issues.

**Increase to Equality budgets**

In addition to maintaining revenue budgets at the 2019-20 levels, we are pleased to see an additional £0.77m increase in the Equality and Inclusion budget. This additional budget will be allocated to support the following activity.

**Review on gender equality**
The Gender Equality Review began in March 2018 with a rapid review resulting in a Phase 1 report of 31 recommendation. Phase 2 concluded in July 2019 with the delivery of the ‘Deeds not Words’ report and a Roadmap focusing on specific policy areas with 81 recommendations approved by Cabinet. The funding will support the next phase of work which focuses on implementation.

**Legal advice for destitute asylum seekers**
This funding will safeguard the support provided to people seeking sanctuary in Wales. Funded legal advice is crucially important because of its specialist nature and the complex nature of applying for asylum.

**Socio-economic duty**
This funding will support work to commence the socio-economic duty in Wales, in line with the First Minister’s manifesto. This activity will enable initial implementation work required in relation to the duty.

**Equality and human rights research**
Commissioning of research on the wider options to strengthen and advance equality and human rights in Wales, which, among other things, will consider the possible incorporation of UN conventions into Welsh law and whether there may be a need for fresh legislation, such as a Human Rights Bill for Wales. This research is expected to report by the end of 2020.

**Windrush Day 2020 celebrations**
Welsh Government provided funding to organisations across Wales to celebrate Windrush Day 2019. This support will be continued through a Windrush Day 2020 grant scheme to be launched in early 2020 for Windrush Day which is celebrated in June each year.

**LGBT training across Wales**
This funding will support the development of a training package to be delivered across Wales in line with the First Minister’s manifesto.
**Additional support for equality organisations**
This funding will supplement the work being delivered under the Equality and Inclusion Programme. It will focus on specific priority work in each area and support delivery of actions under the new Strategic Equality Plan 2020-2024.

**Additional support in relation to race policy**
This funding will help support further development and engagement with race organisations across Wales.

**Disability Confident Scheme**
In addition to the above, a further £0.2m is being allocated to develop a Welsh disability award scheme for employers which will build on the Disability Confident scheme to encourage employers to aspire to be more supportive of disabled people.

The scheme will work with disability and voluntary organisations to explore the specific needs of Wales in developing the scheme, maximising existing levers to encourage employers to take action through the Economic Contract.

Funding enables delivery of objectives which aim to:

- assist Welsh Government in achieving the Equality Objectives; and
- work with people from the protected groups.

Delivery therefore aims to promote equality of opportunity. The specific objectives taking this forward are objective 1 (involving protected groups in planning of services and providing disabled people with voice, choice and control over their lives), objective 2 (through accessible advice), objective 3 (addressing factors related to employment, skills and pay inequalities by addressing the causes and promote equality of opportunity), objective 5 (supporting protected groups to have the same opportunity to take part in public life and public appointments) and objective 7 (tackling poverty and inequality for protected groups).

The new funding proposals will build on the work we have already undertaken over the last three years and help us continue to mainstream equality across all our work and tackle the areas of inequality which matter most to the people of Wales.

**Violence against Women and Domestic Abuse**

As well as maintaining revenue and capital budgets at their 2019-20 levels, we are pleased to see an additional £250k of revenue and £1.2 million capital funding allocated to violence against women, domestic abuse and sexual violence.

The Welsh Government has publicly committed to making Wales the safest place in Europe for women, and significant work has been undertaken since the introduction of the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015. As the UK introduced its Domestic Abuse Bill it looked to Wales to learn lessons, and our National Advisers have provided evidence to the Joint Parliamentary Committee scrutinising the Bill.

The Wales Audit published its report progress in implementing the Bill on 21st November 2019. This showed that, while the Act is driving improvements, services are still inconsistent, complex and short term. The Welsh Government is working with the sector to develop a preventative and long term, needs-led approach. The additional
£250k will allow previously unfunded work to be progressed to amplify delivery of key priorities as set out in the National Strategy 2016-2021.

Dispersed safe accommodation for families fleeing domestic abuse

The additional capital allocation of £1.2m which will support third sector providers to buy dispersed community-based units with flexibility to meet the needs of families which can't be met by refuges, or to enable move on from refuges. Women are more likely to be affected by domestic abuse than men and more likely to flee their homes. As women are predominately the care-givers in society they are more likely to flee with children. In addition, there may also be a requirement for men fleeing domestic abuse, particularly as they are less likely to seek or accept refuge accommodation and may feel more secure in dispersed units.

The scheme will meet a number of the wellbeing objectives, in particular, “united and connected goal” by improving, in the short term the employment and earning potential of the head of the household being supported in dispersed accommodation, and in the future, long term potential of children of that household under “ambitious and learning” goal. It will also contribute towards the goal of “a more resilient Wales” by supporting families to flee violence and keeping them together, their resilience is developed and physical, mental and emotional wellbeing is safeguarded. “A more equal Wales” and “a Wales of cohesive communities” will also be met by allowing families to play a full part in their new communities, rather than being trapped by fear and violence in their current homes and by providing services to increase their security such as guidance on maintaining a tenancy.

Community Asset Loan Fund

An allocation of £1m financial transaction capital has been made in 2020-21 to the Wales Council for Voluntary Action’s Community Asset Loan Fund. The fund aims to provide community groups taking on community assets with loans of up to £500k to purchase and/or improve these assets for the benefit of the local community.

The Loan Fund will contribute to the delivery of the Prosperity for All commitment to help local communities take ownership of community assets which bring people together. The fund will provide another option for communities where there is a risk they may lose valuable assets. It will do this by offering loan finance to those community groups who are mature enough to move away from grant funding, but not yet in a position to borrow from commercial lenders.

The fund will contribute to the empowerment, resilience, wellbeing and cohesion of communities. It will help to prevent the loss of services where community groups are able to take on the running of much needed community buildings with the assistance of the fund.

The third sector is well used to working in a collaborative and integrated way. Community groups who take on the running of community buildings must work with partners to develop sustainable proposals for the operation of the building. This can include other community groups who may share, rent or utilise the space and local authorities and other public bodies who may deliver services from the venues.
This approach protects a valued public service for the longer term, using an alternative delivery model which allows the local authority to save money and the community to protect and develop an important asset and vital service.

The transfer of assets to the community empowers that community as they engage people in local decision-making, seeking their views on the development of the asset. Community ownership of valued and well used buildings can provide a focus for cohesion and build community resilience. The services on offer will provide opportunities for individual community members to learn, socialise, volunteer and work.

Community owned buildings provide services which can prevent problems occurring. The opportunities to socialise and volunteer help to prevent loneliness and isolation. Protecting local access to services such as libraries, training opportunities and local health services helps to build resilience. Community buildings are places where people can find help and support ranging from a foodbank, debt and benefit advice or an exercise class or weight loss group. These activities can often prevent problems developing or worsening. This helps to avoid the need for more acute interventions.

The Loan Fund will help community groups to improve these buildings, many of which, especially those which may have been in public sector ownership, have maintenance backlogs. These improvements could include better insulation, more efficient heating, new technology such as solar panels, triple glazing, rainwater harvesting systems. These improvements help the decarbonisation agenda and provide environmentally and financially sustainable community buildings for the long term.

Blueprints for Youth Justice and Female Offending

Work has been undertaken to develop proposals on how a distinct and different justice system would operate in Wales. The Female Offending blueprint was developed jointly by HM Prison and Probation Service (HMPPS) and Welsh Government, predicated on the basis of early intervention and prevention; considering how we can further divert people away from crime in the first place, but where we do have to work with offenders, that we do so in a holistic and rehabilitative way. A separate blueprint for Youth Justice was jointly developed between officials and the Youth Justice Board Cymru, building on the key themes of the Charlie Taylor Review of the Youth Justice System of England and Wales, but focusing on the system as it stands within Wales. The Police and Crime Commissioners in Wales and the Home Office are also key partners in this work.

Both blueprints are intentionally ambitious and set out a number of recommendations, many of which will have an impact for devolved services within various ministerial portfolios (health, social services, education, and housing). The intention is that the recommendations set out in the blueprints will be aligned to the existing priorities within respective portfolios in order to provide a coherent and collaborative approach to justice policy that meets the needs of Wales. At this stage of development, the budget and funding required to implement the aspirations of both Blueprints is not fully known but elements will be picked up in the respective portfolio budgets of health, housing etc. Work is underway to identify potential methodologies in which to deliver the Implementation Plans of both blueprints. This will be achieved via cross portfolio working within Welsh Government, and also on a cross departmental level with HMPPS and the Ministry of Justice.

Both Blueprints contribute to the cross-cutting priorities in the national strategy Prosperity for All by focussing on prevention and early intervention in order to reduce...
the instances of crime and to divert people from entering the criminal justice system, thereby reducing the risk of crime on communities, individuals and their families. By ensuring that the emerging whole system approach includes the appropriate levels of wraparound support, including substance misuses and mental health support to those who have experienced trauma which may lead to offending, we are also able to support the Health and Active priority. The Ambitious and Learning priority is also addressed with the provision of appropriate levels of education and learning for those within the education system in all settings (including non-mainstream settings) to reduce school exclusions which could leave young people vulnerable and at risk of entering the criminal justice system.

The five ways of working set out in the Well-being of Future Generations (Wales) Act are also addressed. The blueprints have a long term focus by breaking intergenerational cycles of crime, creating a fairer society with more equal outcomes for all. The safeguarding of women and children, tackling root causes of offending behaviour is preventative in nature with a collaborative approach entrenched to deliver transformative services. We have worked hard to understand the links across policy areas and how this approach can improve the social, economic, environmental and cultural well-being of our communities and have developed our approach to delivering effective services by involving those affected (victims, women, children and communities).

**Women’s Pathfinder - Whole System Approach Business Proposal 2018-2022**

Wales has been one of the leading areas of good practice in working with women in the Criminal Justice System, with one of the main drivers of this work has been the Women’s Pathfinder Programme which is a key feature of the Female Offending Blueprint. The aim of the programme has been to design and deliver a women-specific, integrated, multi-agency approach to working with women who come into contact with the Criminal Justice Service in Wales by delivering a women specific, integrated, multi-agency approach – A Whole System Approach. The need for such an approach has been well documented and supported in principle since the Corston Report (https://webarchive.nationalarchives.gov.uk/20180207155341/http://www.justice.gov.uk/publications/docs/corston-report-march-2007.pdf) in 2007.

The Women’s Pathfinder, originally received Ministerial approval for £370,205 over three years (19-20, 20-21 & 21-22).

A business case for ‘Visiting Mum’s’ programme which is linked to a specific recommendation included in the Female Offending Blueprint (Establish services for Welsh women in custody to improve and maintain links with children and families ) has been prepared and at an approximate cost of £176k per annum. Welsh Government has been approached by HMPPS for a 50% contribution. This has been factored into the draft budget and will be subject to further development as part of the wider Blueprint work programme.
Tackling Poverty

Poverty Cross-cutting theme

The work which was led by the Minister for Environment, Energy and Rural Affairs identified a number of policy areas aimed at reducing poverty across Welsh Government portfolios which could potentially be extended. As well as existing activity the work also looked at alternative initiatives to consider whether or not these could be adopted.

All of the options were documented and fed into the budget setting process, along with the other cross cutting pieces of work identified as priorities for the 2020-21 budget. Key in deciding which of the tackling poverty measures would be funded was the evidence supporting the effectiveness of the measures which were identified.

The measures which are included in the Draft Budget include:

<table>
<thead>
<tr>
<th>Investment Proposal</th>
<th>Cross Cutting Area</th>
<th>Allocation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Poverty</td>
<td>Poverty</td>
<td>£0.22m (CSA MEG)</td>
<td>Period poverty funding enables local authorities to provide sanitary products to women in financial difficulty.</td>
</tr>
<tr>
<td>Period Dignity</td>
<td>Poverty</td>
<td>£2.3m (CSA MEG)</td>
<td>Funding was provided for this from 2018-19 and this funding is to continue this provision into 2020-21.</td>
</tr>
<tr>
<td>Period Dignity</td>
<td>Poverty</td>
<td>£0.845m (Education MEG)</td>
<td>A similar proposal to promote period dignity extended to the Further Education sector.</td>
</tr>
<tr>
<td>Further Education</td>
<td>Poverty</td>
<td>£1m (HLG MEG)</td>
<td>DAF provides those in need with two types of grant that don’t need to be paid back. The Emergency Assistance Payment helps with essential costs after an emergency or disaster and to meet the immediate cost of living, covering the cost of food and fuel for those who are facing severe financial hardship. An Individual Assistance Payment helps those requiring care to live independently rather than enter or remain in an institution such as a care home or hospital.</td>
</tr>
<tr>
<td>Time Credits</td>
<td>Poverty</td>
<td>£0.5m (total £1.5m over 3 years) (CSA MEG)</td>
<td>Working with a delivery partner, this funding will consolidate a number of smaller activities into a more ambitious, national programme.</td>
</tr>
<tr>
<td>Pupil Development Grant (PDG) Access extension</td>
<td>Poverty</td>
<td>£3.2m (Education MEG)</td>
<td>The purpose of the PDG is to improve outcomes for learners eligible for free school meals (eFSM) and Looked After Children (LAC) in Reception, Year 3, Year 7 and Year 10. It is intended to overcome the additional barriers that prevent learners from disadvantaged backgrounds achieving their full</td>
</tr>
<tr>
<td><strong>£1 free breakfast allowance pilot for eFSM pupils in secondary schools</strong></td>
<td>Poverty</td>
<td>£0.45m (Education MEG)</td>
<td>The proposal is to support a feasibility study linked to a pilot starting in September 2020 over two financial years (£450k in 2020/21 and £150k in 2021/22). The aim is to develop, pilot and evaluate a variety of breakfast club models in a range of schools in the four regions of Wales, recognising the potential significant cost of national implementation.</td>
</tr>
<tr>
<td><strong>School Holiday Enrichment Programme expansion</strong></td>
<td>Poverty</td>
<td>£1.8m (Education MEG)</td>
<td>SHEP is aimed at addressing issues like holiday learning loss, social exclusion and food insecurity and has been joint funded by the Welsh Government and local authorities since 2017.</td>
</tr>
<tr>
<td><strong>Holiday hunger pilot extension to reach 10,000 children providing 200,000 meals</strong></td>
<td>Poverty</td>
<td>£1m (Education MEG)</td>
<td>The Holiday Hunger Playworks pilot enables existing playwork and community settings across Wales to provide food for children attending the play provision. Throughout the 2019 summer break food has been provided across wales in areas with high levels of deprivation to help tackle ‘holiday hunger’.</td>
</tr>
<tr>
<td><strong>Early Years Pupil Deprivation Grant (EYPDG) increase to bring all learners up to £1,150</strong></td>
<td>Poverty</td>
<td>£6.6m (Education MEG)</td>
<td>The Pupil Deprivation Grant is extra funding intended to overcome the additional barriers disadvantaged learners face which prevent them from achieving their full potential. An evaluation of the EYPDG, which has been in place since 2015/16, was published in 2018. One conclusion reached was that the main constraints of the grant related to the level of funding, its distribution to non-maintained settings and the methods for identification of eligible children.</td>
</tr>
<tr>
<td><strong>Home energy advice and tackling fuel poverty support services provision</strong></td>
<td>Poverty</td>
<td>£0.4m (EERA MEG)</td>
<td>An option for how to better provide home energy advice and tackle fuel poverty in Wales is to consider the role of an Energy Mutual. A 12 month programme of three pilot areas under existing Nest Scheme arrangements or advice services action plan in 2020-21 has been proposed to better inform potential costs and benefits arising from improved advice and support available to low income homes. It would involve the deployment of five case workers delivering intensive advice and support to lower income families.</td>
</tr>
</tbody>
</table>
Promoting Economic Growth

Prosperity for All: the National Strategy provides a framework for our whole-government approach to prosperity for all and addressing the root causes of poverty in a more effective, joined-up way. The strategy will be driven by a focus on raising skills levels, ensuring sustainable employment and spreading the benefits of economic growth as widely as possible.

Period Dignity

Over the past two financial years, £0.2m revenue funding has been provided each year to Local Authorities to support period dignity in communities.

In addition to this, in 2019, £2.3m revenue funding was provided to Local Authorities to make period products available to learners in all schools across Wales free of charge.

This same level of funding is being allocated to Local Authorities for these purposes in 2020-21 from the poverty cross cutting theme budget.

This funding will enable action to support women and girls in a way which promotes the Welsh Government’s commitment to reduce inequalities and mitigate the impact of poverty.

This action contributes towards:

- Continuing our work with all protected groups to counter discrimination and ensure opportunities for all; and
- Supporting every learner to overcome the barriers to reaching their full potential.

Action to tackle period poverty contributes to a more equal Wales and will help to deliver a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

Tackling period poverty is particularly relevant to objective 7 of the strategic equality plan which aims to reduce poverty, mitigate the impacts of poverty and improve living conditions for those groups most at risk of living in low income households, particularly disabled people, lone parents, certain ethnic minority groups, and families with disabled children by providing support to those families who are most in need.

Financial Inclusion

Financial exclusion remains a key issue within Wales and the activities funded in the BEL to deliver against the financial inclusion agenda are key to helping reduce poverty. In 2020-21 the Discretionary Assistance Fund budget will increase by £1m to meet the increasing demand on the Fund. DAF provides those in need with two types of grant that don’t need to be paid back. The Emergency Assistance Payment helps with essential costs after an emergency or disaster such as a flood or fire in the home and to meet the immediate cost of living, covering the cost of food and fuel for those who are
facing severe financial hardship. An Individual Assistance Payment helps those requiring care to live independently rather than enter or remain in an institution such as a care home or hospital.

Ensuring that financial inclusion is at the forefront of the Welsh Government’s spending plans will support individuals to improve their financial situation and general well-being, preventing more costly interventions to the public purse.

Financial inclusion makes a vital contribution to the skills and employability, mental health and housing priorities set out in Prosperity for All. Debt and poor money management can impact on a person's ability to sustain employment and there are established links that debt, housing and welfare issues can lead to mental ill-health. Our financial inclusion work supports citizens to participate fully in society, to prepare for and sustain employment and diminishes the risk of adverse experiences of children by mitigating a range of individual, relational, community and societal factors for parents/carers.

The Financial Inclusion work supports the Well-being of Future Generations Act. The Fund contributes towards many of the goals, including a “more equal Wales” and “a healthier Wales” Support provided helps those who are financially excluded have access to financial products they may not be able to access elsewhere, contributing to a more equal, prosperous, resilient and healthier Wales. It also is preventative, with credit unions encouraging a savings habit and promoting access to ethical loans, to people who, without the service of a credit union, are likely to use high-interest lenders.

**Time Credits Programme**

In 2020-21 we have allocated £0.5m (£1.5m over 3 years) to the Time Credits Programme. Time Credits are a currency which is earnt for voluntarily giving time to a number of community based projects. They can be spent in a range of places, known as spend partners, on the whole these are social experiences such as cinemas, play areas and attractions. The current situation in Wales is around 13 projects across various Local Authority and Local Health Board areas that operate in pockets, e.g. In the Vale of Glamorgan the Housing Department is running a Time Credits project with housing tenants and in Cardiff and Vale UHB there is a programme linked to substance misuse. In total Tempo has attracted approximately £300k in funding, all of which is due to come to an end in March 2020.

Following a commitment in the Leadership Manifesto to use Time Credits as a means of increasing citizen engagement in Government activity, in particular consultation officials have explored the opportunity of a national programme. The national proposal will:

- seek to establish 24 Time Credits Hubs across Wales,
- increase community cohesion through increased volunteering opportunities,
- increase citizen engagement with Government activity – consultation,
- increase opportunities for people in poverty (social, wellbeing)
- explore opportunities with spend partners such as transport, energy and food.

Built in to the programme is a comprehensive evaluation, which will focus on 2 key themes – reducing loneliness and isolation and increasing community capacity. In addition to working with organisations such as Local Authorities, Health Boards etc. to establish community activity and increasing the breadth of spend partners, we will develop a digital currency and ensure the entire programme is bi-lingual. This is a three
year programme which includes a plan to explore sustainability at the end of the programme, in particular self-funding.

Individual projects, such as the Vale of Glamorgan housing project, have been found to increase community participation in volunteering events in their area e.g. community garden, litter clearance and local maintenance. They have also used time credits as a means to increase attendance at community engagement events. Engagement has also taken place with Future Generations Commissioner’s office, who are keen to collaborate on the programme.

Welfare Reform

The Department for Work and Pensions (DWP) is in the process of migrating claimants from legacy benefits to Universal Credit. This started in July 2019 and is currently expected to be completed by December 2023. DWP statistics show that there were around 131,060 people on Universal Credit in Wales in October 2019, and around 106,170 households on Universal Credit in Wales in August 2019, compared to an estimated 400,000 households once Universal Credit is fully rolled out.

As a result of the continued roll out of Universal Credit, in April 2019 we introduced an annualised net earned income threshold of £7,400 for Universal Credit claimants who want to claim free school meals for their children. We are also providing transitional protection, which means that pupils who were eligible for free school meals because their families received Universal Credit or qualifying legacy benefits when the threshold was introduced, or any new claimants who gain free school meals during the rollout of Universal Credit, are protected against losing free school meals whilst Universal Credit is rolled out across Wales, even if their eligibility changes. Once Universal Credit is fully rolled out, any existing claimants who no longer meet the eligibility criteria (because they are earning above the threshold) will continue to receive protection until the end of the pupil’s current phase of education (for example, until they finish the primary phase or the secondary phase).

We made an additional £7million available through the Settlement in 2019-20 to fund the estimated increase in the number of children eligible for free school meals and the transitional protection offer. This is in addition to funding of £5million we provided to local authorities in 2018-19, as a specific grant within the Education MEG, to meet the additional free school meal costs associated with the rollout of Universal Credit.

Through the Single Advice Fund, £8.04m of grant funding has been made available for the provision of information and advice services during the period 1st January 2020 to 31st December 2020. The available funding has been allocated between six regions and a national remote advice service.

Strategic Integrated Impact Assessment

The Strategic Integrated Impact Assessment reflects the impact assessments considered by policy areas.
Putting gender at the forefront of policy making

The Gender Review has provided a valuable opportunity to consider how Welsh Government can put a gender perspective at the heart of decision-making, resource and budget allocation.

The Gender Equality Review concluded in July 2019 and Chwarae Teg’s Deeds not Words report and Roadmap, together with a number of complementary reports, were published on 24 September 2019. Welsh Government issued a Written Statement on 26 November 2019.

Already as part of the 2020-21 draft budget preparations a gender budgeting approach is being explored as part of the new Personal Learning Account pilot that was launched in September.

The Welsh Government has committed to using its new tax raising powers in a way which will benefit people and businesses in Wales fairly. Our 2017 Tax Policy Framework set out our strategic approach to tax and the principles for developing and managing Welsh taxes. This includes specific assessments of the impact on households, groups and individuals in Wales undertaken as necessary.

As the Welsh Government continues to explore new tax measures in four priority areas, we are committed to providing opportunities for people to become involved in order that the widest possible views are taken into account in developing tax policy proposals, this includes our annual tax conference, project reference groups and the Tax Advisory Group chaired by the Minister for Finance and Trefnydd.

Our current work exploring the feasibility of new tax measures to help fund future social care provision in Wales is taking full account of the need for fairness and progressivity. Evidence indicates that carers are primarily women. This means women are more likely to be unpaid informal carers or in relatively low-wage employment as support workers. As a result, we will be considering carefully the impact on carers in developing our proposals. The funding options for social care will consider also wider workforce aspects, including improving retention and recruitment.

Joint Work of ELGC, Finance and Children, Young People and Education Committee

This year we have published a Budget Improvement Plan which sets out how we intend to change and improve the way we allocate funding for a more equal, prosperous, and greener Wales.

The Budget Improvement Plan outlines our vision, including short-term and medium-term ambitions over the next 5 years, to improve our budget and tax processes. The Plan also acknowledges the steps we have taken in our journey, and how we have built, or plan to build on this work in future years.

We have engaged with a range of stakeholders to considered how we might improve the way we allocate resources over the longer term, including our approach to how we assess the impact of our budget decisions.
The Minister for Finance and Trefnydd also met with each of our four statutory Commissioners and the Equality and Human Rights Commission to hear their views on priority areas for the Budget.

Following engagement with the Equality and Human Rights Commission we are taking forward the development of distributional impact assessment approach to understand the impact of public spending decisions on households in different parts of the income distribution.

We have worked with Chwarae Teg and the Wales Centre for Public Policy as they considered phase 2 of the Gender Review. As a result we are taking forward a gender budgeting approach as part of the two year personal learning account pilot.

We are currently carrying out a comprehensive review of the Integrated Impact tool focused on driving better policy-making and greater transparency. It will also include engagement with a number of external stakeholders including the statutory Commissioners and members of the Budget Advisory Group for Equality.

**Legislation**

Assessing the costs of legislation and the impact on those it affects is an essential part of the policy development process. There cannot be a blank cheque for legislation and every new commitment will have to be paid for by a cutback somewhere else.

This is why every bill is subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders in the development of the regulatory impact assessments prepared for Government Bills. This is to ensure our decisions are informed by the people who will be affected by them.

Steps are being taken to improve the clarity and consistency of RIAs but changes to the bill during scrutiny and other factors will inevitably result in some variances between estimated costs at the published RIA stage and actual costs during implementation. In accordance with the commitment given to the Finance Committee, a year on year table showing the cost of legislation falling to the Welsh Government was provided at Annex F of the departmental budget proposals published on 16 December.
## EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)

### RESOURCE BUDGET £000s

<table>
<thead>
<tr>
<th>Action</th>
<th>BEL</th>
<th>2019-20 1st Supplementary Budget</th>
<th>Changes</th>
<th>New Plans 2020-21 Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Support for Local Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Gov General Revenue Funding (RSG &amp; NDR)</td>
<td>3,272,384</td>
<td>126,763</td>
<td>3,399,147</td>
<td></td>
</tr>
<tr>
<td>City &amp; Growth Deals</td>
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*Budget was transferred in to CSA to align with Ministerial portfolio at 1st supp, was not included in the baseline at Draft Budget.
## Financial Inclusion and Third Sector

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### EXTRACT FROM HOUSING AND LOCAL GOVERNMENT & CENTRAL SERVICES AND ADMINISTRATION MEG

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Health, Social Care and Sport Committee – 15 January 2020
Minister for Culture, Sport and Tourism

Welsh Government Draft Budget 2020-21

1.0 Introduction

This paper provides background financial information to the Committee regarding my spending plans as the Deputy Minister for Culture, Sport and Tourism in respect of the Sport and Physical Activity budgets within my portfolio, as set out in the detailed Draft Budget published on 16 December.

In the letter dated 18 October 2019 inviting me to attend the Committee session, the Committee has requested information on specific budgetary matters. The promotion of physical activity requires collaboration across a range of sectors, public bodies and Welsh Government portfolios including health, education, transport and environment, as well as sport. This paper responds only in terms of the sport-related budget expenditure lines and the work which my officials are undertaking in conjunction with officials in other portfolios.

2.0 Summary of Budget Changes

The Draft Budget 2020-21 provides a one year plan for both revenue and capital investment. Commentary and a breakdown of the 2020-21 International Relations and the Welsh Language MEG indicative allocations, as compared with the 2019-20 First Supplementary Budget and relating to sport and physical activity is included in the following Tables 1 and 2. Allocations for 2021-22 will be assessed as part of the future detailed planning considerations for the portfolio.
SUMMARY OF DRAFT BUDGET CHANGES

TABLE 1: Overview of the Revenue Budget

<table>
<thead>
<tr>
<th>Action: Sports and Physical Activity</th>
<th>2019-20 First Supp Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>Revised Baseline £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
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There is an additional allocation of £0.475m to the Sport Wales revenue budget to support pay and pension pressures. The Support for Sport budget is available for delivery priorities. As part of the detailed planning for the International Relations and Welsh Language MEG there is a transfer of £0.095m to support wider priorities within the portfolio. Also to note that the allocation includes noncash provision of £0.779m for depreciation.

In relation to the capital budget, there is an additional allocation of £3m in 2020-21 for the Strategic Sports Facilities Fund. There is also a reduction of £66k to the Repayment of Sports Capital Loans Scheme to reflect early repayment in prior years. The Sports Capital Loans Scheme is funded with financial transactions capital which is repayable to Treasury. The total loans of £1,828,362 in respect of three loans made to local authorities under the scheme are fully repayable over a period of seven years (repayments started in 2018-19). The amount of £1,136,795 remains outstanding.

TABLE 2: Overview of the Capital Budget

<table>
<thead>
<tr>
<th>Action: Sports and Physical Activity</th>
<th>2019-20 First Supp Budget £'000</th>
<th>2020-21 Plans as per 2019-20 Final Budget £'000</th>
<th>Change £'000</th>
<th>2020-21 New Plans Draft Budget £'000</th>
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<td>(320)</td>
<td>66</td>
<td>(254)</td>
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<td>TOTAL</td>
<td>9</td>
<td>25</td>
<td>3,066</td>
<td>3,091</td>
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3.0 Responses to Specific Information Requested by the Committee

3.1 The funding allocated to Sport Wales, and progress made in monitoring effectiveness of Sport Wales’ use of funding.

Total funding allocated to Sport Wales in 2020-21 is shown in Tables 1 and 2 above. In January this year, I was very pleased to announce that an additional £5m in capital funding would be allocated to Sport Wales, in 2018-19 to help sports clubs and organisations in Wales improve and upgrade their facilities. This funding has been divided up by Sport Wales in order to benefit a range of projects. The first £1m has been allocated to a range of collaborative, multi-sport projects across Wales which includes new cycling facilities and 3G pitch projects. A further £1m was used to launch the ‘Place for Sport’ fund in April which was allocated for public bids to help boost community sport facilities in Wales. In just a seven-week application process, there were 318 applications requesting grant assistance totalling £15.1m. There were 121 successful applications – across 26 sports and 22 local authority areas - Sport Wales will be monitoring and evaluating the use of this expenditure closely and will be reporting progress to my Sport officials. The remaining £3m has been allocated for the following:

- £1m to help extend the Wales Collaborative Sports Facilities Artificial Pitch Scheme for multi-sport use areas or non-full-size ATPs as eligible projects. 12 schemes have been supported.
- Enhanced funding for existing National Governing Bodies of sport schemes. Five sports that have such capital schemes have received funding awards totalling £1m. These include, Welsh Athletics, Cricket Wales, FAW Trust, Tennis Wales and Welsh Rugby Union.
- Contribution of £1m to the capital budget of local authorities for the enhancement/refurbishment of swimming pools across Wales, in line with the Free Swimming Scheme formula of allocation.

Further monitoring of the effectiveness of Sport Wales’ use of funding is undertaken at a range of levels. This includes the progress being made on the Healthy and
Active Fund and we have seconded an official to work with Sport Wales in a policy liaison role which has focused on policy delivery and the co-ordination of the fund.

My Sport officials have regular discussions with Sport Wales over the delivery of the new Sport Wales Community Sport model. They also hold quarterly monitoring meetings with Sport Wales, attend their Board meetings and have regular dialogue with the Chief Executive. I meet periodically with the Sport Wales Chair and Chief Executive to discuss policy priorities and progress against delivery of the Remit Letter and Business Plan.

Sport Wales has revised its approach to business planning. Although they will continue to produce an annual plan, their new approach is intended to be more reflective and adaptive to changing needs and circumstances. This ties in with their revised vision and strategy which will focus on a person-centred approach, ensuring that resource is used to make sport accessible for everyone throughout their life.

Sport Wales’s latest Business Plan sets out their ambitions and priorities, reflecting the views expressed to them by the people of Wales as part of their extensive “National Conversation” stakeholder exercise. It also incorporates specific areas which we have set out in their remit letter; more information on this is provided in section 3.2.

The Business Plan for 2019-2020 indicates that Sport Wales will:

- Sustain and grow opportunities for people to regularly take part/compete in sport;
- Develop opportunities with others for people less active;
- Advocate and influence sport across different sectors;
- Encourage partners to take a long-term, ethical approach to athlete development;
- Support Wales to perform successfully on the world stage;
- Develop capability, capacity and confidence;
- Focus on young people’s physical activity; and
- Be insight-driven in all the work they do.
This will be delivered by:

- A new Resource Strategy that aligns to their strategic intent;
- A strategic review of the role and purpose of the National Centres;
- A new approach to partnership support and development;
- A commissioned study of the best athlete environment;
- A new partner assurance framework;
- A Sports Intelligence Hub to develop better relationships with the academic sector. A Sport and Academia Network group has been established bringing together universities across Wales along with Sport Wales to explore collective approaches to tackling evidence gaps, understanding new and emerging research and linking expertise in with Sport Wales and its partners;
- A redesigned and refreshed organisation; and
- A new model for delivering Community Sport and the introduction of Sport North Wales.

The Insight Team in Sport Wales collects data via its own surveys on levels of physical activity and participation in sport and also provides analysis of data collected through the National Survey of Wales. Importantly, Sport Wales is also the provider of Official Statistics, a mark of the quality and relevance to the insight for data that is relevant across wider agendas and policy areas.

Sport Wales published the findings of their School Sport and Further Education Sport and Active Lifestyle surveys in November 2018 and have engaged with partners within and beyond the sport sector to develop actions which respond to this intelligence. Analysis from the surveys revealed that 48% of pupils in Years 3-11 participate in extra-curricular or community sport three or more times per week. This is unchanged since 2015. This must be measured against a 20% increase over the last two survey cycles as the overall participation figure went up by 13% in 2013 and a further 8% in 2015. Nearly 119,000 pupils took part in the 2018 survey.

From an equalities perspective, the participation levels of those who have a disability/impairment increased by 7 -percentage points over this survey cycle.
In addition, the two least active ethnic groups from the 2015 figures both saw increases in participation. Participation among Asian-British respondents increased by 4-percentage points, while the Arab/Other ethnic group saw a 7-percentage points increase. This shows that there are no longer any ethnic groups with a participation level below 40%.

Full details of the survey results were published as part of Sport Wales’s State of the Nation report, which can be found here: 

Results of their Further Education survey noted that 35% of students take part in sport or physical activity on three or more occasions per week and “hooked on sport” but over 40% are not active on a regular basis. To drive forward an increase in participation in this sector, a newly formed Sport and Well-being Group has been established made up of key Further Education representatives and partners to share good practice and to consider the development of a new strategy which will focus on creating more opportunities for students to engage more in sport and physical activity. I will be attending the next meeting of the Group in the near future.

Sport Wales also commissioned an evaluation of the social and economic value of sport in Wales. The results were published at the end of 2018 and showed that for every £1 spent on sport in Wales there was a £2.88 social return on that investment. The report conducted by the Sport Industry Research Centre (SIRC) at Sheffield Hallam University revealed that £3.428m of benefits for Welsh communities was generated from participating and volunteering in sport in 2016/17.

A breakdown of the overall figure shows the social value of enhanced social capital is £651.47m; enhanced education is £91.15m; and reduced crime is £2.17m. The social value of improved health is £295.17m.

I feel that this is a critical piece of research which shows the powerful influence that sport can have on so many cross cutting areas and recently the Welsh Government and Sport Wales hosted learning events so that partners and stakeholders could hear more from the research exercise carried out by Sheffield Hallam University.
In addition I am very pleased to report that as a result of the new budget being announced there will be an additional £3m allocated to Sport Wales which will be used to further improve sport facilities across Wales. This additional investment will boost our Sports Facilities Fund and aligns to the eight priority areas for Welsh Government investment and is a signal of our intent to drive forward our agenda of increasing participation rates in sport across all age groups, giving people better quality opportunities so that they can enjoy a more healthier and active lifestyle.

3.2 The Welsh Government’s priorities for sport and physical activity for the next three years, and allocations/projected spend for delivery of these.

The priorities for sport and physical activity are presented in the three-year remit letter to Sport Wales (2018 – 2021) and are aligned with the commitments and outcomes made within their business plan. The priorities include:

• Getting more people active at every stage of their lives: while they are at school, when they leave education, when they get a job, if they have a family of their own, and when they retire.

• Providing children with the best start in life by helping schools to teach them the skills and give them the knowledge, motivation and confidence to be, and stay, active.

• Investing effort and resources where it is needed most, where there are significant variations in participation and where there is a lack of opportunity or aspiration to be active.

• Helping to support the development of community sport across Wales.

• Helping sport to continue to nurture, develop and support talent to deliver success that inspires people and reinforces our identity as a sporting nation.
• Sport Wales to continue to work with Education to ensure children have the best start in life by encouraging and supporting schools to develop pupils’ physical literacy and well-being.

• Supporting the sector to achieve a greater impact with public investment, to adapt, become more resilient and demonstrate better its contribution to our national well-being goals and objectives.

• The development of a Physical Activity Action Plan via a partnership with Sport Wales, Natural Resources Wales and Public Health Wales.

• Analyse progress of the Free Swimming scheme.

• Ensuring that there is a good mix of sports across Wales that utilise our new capital fund allocation.

Key outcomes include:

• More people meeting the Chief Medical Officers physical activity guidelines.
• More people undertaking sport and physical recreation on three or more occasions per week.
• An increase in sport and physical recreation participation by those most in need or disadvantaged.
• A system that delivers continuous elite sport success while ensuring the safety, well-being and welfare of all sportsmen and sports women.

A key under-pinning theme of this work is the importance of collaboration, working across the many partners and delivery bodies for sport and physical activity across Wales and adopting innovative and regional collaborative approaches and recognising opportunities to scale-up successful programmes and ways of working.

Responding to points made by the independent review of Sport Wales in 2017, we asked Sport Wales to undertake a number of operational reviews including:
• Review the vision and produce a new long-term strategy for sport in Wales. The revised vision was adopted by Sport Wales in July 2018 and this has been reinforced by adoption of an accompanying strategy in July 2019.

• To establish the Community Sport and Activity Programme. This new model for delivery of community sport in Wales is reaching an exciting phase following extensive stakeholder consultation over the summer. Expressions of interest from stakeholders have been acknowledged with a view for Sport North Wales to go live in spring next year.

The additional £3m allocated to Sport Wales will be used to further support the development of sport facilities across Wales. This investment will not only support the vision of an active nation but also support the needs of our local communities, thereby creating a more resilient, sustainable sport sector for future generations. It was clear that following the 318 applications received by Sport Wales for their Place for Sport fund that the level of demand was high and from a number of different sports clubs and organisations that were all keen to improve their sport facilities.

Additional investment in developing better quality sporting facilities across Wales is vital so that people enjoy their experiences when engaging in sport. It also helps sports clubs and organisations to create environments which will widen participation, enjoyment, personal achievement and fulfilment.

3.3 What evidence has driven the Welsh Government’s setting of priorities and proposed budget for sport and physical activity.

Evidence has been drawn from the National Survey for Wales, the School Sports Survey, the FE Sport and Active Lifestyle survey and previous surveys such as Active Adults and the Wales Health Survey. Qualitative evidence has been collated from a wide range of consultation discussions, for example, results from Sport Wales’ “National Conversation” with key partners and stakeholders across Wales as part of the development of their new vision and refreshed long-term strategy and the independent review of Sport Wales.
Evidence has also been considered following the National Assembly for Wales Health, Social Care and Sport Committees inquiry into physical activity of children in young people. The report was published in March 2019 and the subsequent Welsh Government response identifies how these recommendations are being taken forward.

Our ten year strategy, Healthy Weight Healthy Wales, was launched on 17 October this year, which sets out our future vision to prevent and reduce obesity rates across Wales. The strategy has been underpinned through data, research and consultation to determine where we can maximise our efforts across Wales. This has already influenced areas of work to be taken forward both across government and with partners. It will also influence and develop how we can drive forward future priorities across Wales through the four themes on healthy environments, healthy settings, healthy people and leadership and enabling change.

3.4 Evidence of how the Well-being of Future Generations Act 2015 and five ways of working have influenced the budget allocations for sport and physical activity.

The well-being outcomes and ways of working are embedded within all aspects of Sport Wales’ responsibilities and activities including its strategies and business plans. This will support the development of an organisational culture where sustainability and well-being is considered through everything that Sport Wales does.

In the review and development of the new vision and long-term strategy for sport in Wales, Sport Wales has successfully sought to involve and collaborate with a wide range of traditional and non-traditional stakeholders (sport sector and individuals).

Sport Wales is currently working collaboratively with Public Health Wales and Natural Resources Wales to develop a joint action plan to increase levels of physical activity across Wales.
As I have mentioned, the Welsh Government, Public Health Wales and Sport Wales have developed the Healthy and Active Fund to stimulate collaborative working across communities that will have long-term sustainable benefits. The new Healthy and Active Fund seeks to embed the sustainable development principles of the Well-being of Future Generations Act (Wales) 2015 and five ways of working into its design, delivery, monitoring and evaluation and the extent to which it has successfully achieved this will be considered in the process evaluation of the fund.

The Healthy and Active Fund was selected also by the Audit General Wales (AGW) as part of its review into the extent to which the Welsh Government has acted in accordance with the ‘sustainable development principle’ when (a) setting their well-being objectives; and (b) taking steps to meet them. The main findings of the report were that:

“The Welsh Government is continuing to embed the sustainable development principle in its core business. In the three steps we reviewed, it is seeking to apply the five ways of working although there are opportunities to improve evidence about long-term impact and questions about how it can involve citizens directly’

3.5 Details of how the budget will support:

- **Increasing physical activity among children and young people in Wales.**

Every year Sport Wales invest £16m into community sport which includes a number of dedicated programmes tailored towards children and young people. These include initiatives with StreetGames Wales, BME Cymru Sport Network, the Active Young People programmes, Free Swimming, Young Ambassadors and the Urdd. The impact is continuously being reviewed in order to better inform future year provision.

Sport Wales continues to work with Education to support the implementation of the new curriculum and Well-being Area of Learning and Experience. One of the four purposes is that learners develop as healthy, confident individuals who can apply
knowledge about the impact of diet and exercise on physical and mental health in their daily lives.

The Sport Wales School Sport Survey (2018) provided schools, colleges and local authorities with valuable insight to be able to better plan their physical activity offerings. This data also helps Sport Wales, national governing bodies and other organisations identify both the latent demand for specific sports and help inform the direction of future investment.

Encouraging more young people to take part in sport is key to ensure we become more active and this year Sport Wales celebrated 10 years of the Young Ambassador movement in Wales. In that time, more than 20,000 young people across Wales have positively contributed to their communities by encouraging and enabling people to be physically active, advocating the benefits of sport, promoting healthy lifestyles and the positive values of sport and developing their own and others’ leadership skills.

Whilst formally a partnership between Sport Wales and Youth Sport Trust, the Young Ambassador movement would not be realised without the dedication of the many schools, clubs, local authority sports development teams, parents and young people themselves.

In a recent survey, 76% of Young Ambassadors feel that being involved in the movement has improved their own health and wellbeing, 91% feel that they have improved the health and wellbeing of other young people. In addition, 93% of Young Ambassadors feel that they have increased the opportunities for young people to do sport and physical activity, while 98% have say said that the movement has helped them to develop both their leadership and communication skills.

- **The wider preventative agenda.**

The initiatives and interventions funded through the sport and physical activity budget allocations contribute to helping individuals become physically active, or maintain levels of physical activity, with consequent preventative health benefits.
The initiatives and interventions are focused both on increasing participation in under-represented groups and on the full range of ages – from the earliest ages to the oldest; and on providing skills and training to individuals to become coaches, volunteers and peer-group champions.

The recently launched “Healthy Weight: Healthy Wales” is our long term plan to prevent and reduce obesity in Wales. Accompanying the strategy will be five two-yearly delivery plans which will span the lifetime of the strategy. The first delivery plan 2020-22 provides detail of the exact action we propose necessary to see changes in our behaviour and habits, encouraged and promoted through our settings and environments and through local and nation-wide leadership. The delivery plans allow evaluation to be built into the strategy and to test appropriate ways of working and share best practice.

Over the next two years we will begin to develop policy and legislation on the food environment, introducing new funding to help achieve our aims. This will allow us to put a greater focus together with partners on prevention and early intervention through all systems as part of our approach to building a healthier Wales. The strategy will help to ensure that we can leverage and maximise additional funding and opportunities to drive change across partners, to see a shift in how we use spend towards prevention. The first two years of the proposed delivery plan will place a significant emphasis on early years, children and families to influence healthier choices.

A National Implementation Board will be established in early 2020, which will have direct accountability to the Minister for Health and Social Services. This will aim to track and monitor progress as well as develop a range of sub groups to drive forward national priorities. The board will agree the priorities of the 2020-22 delivery plan and establish how to maximise existing resources, policies and programmes to achieve an integrated approach. There are many levers, particularly in the healthy environments and settings themes, which will require a clear cross-government approach to drive change and the board will take accountability to drive progress.
Joint working between sport, public health and other partners.

The Welsh Physical Activity Partnership has been created through a joint partnership with Public Health Wales, Sport Wales and Natural Resources Wales to support and drive forward partnership working across physical activity, including active recreation.

The partnership continues to meet and will host a national conference in the spring to bring partners together in order to develop a national action plan and next steps. In the meantime the partnership are working on a number of key priorities to improve data and behavioural approaches through the development of a Physical Activity Observatory, developing joint communications and campaign work and looking to integrate our three school programmes through dragon sports, the Welsh Network of Healthy Schools and Eco Schools in order to offer a comprehensive physical activity offer which will support the new curriculum.

Sport Wales and Public Health Wales are continuing to work with Health and Sport Divisions to deliver the new Healthy and Active Fund. The 17 projects that will benefit from the £5.4 million Fund were announced in July 2019: 

Each of these projects will contribute to the strengthening of community assets and focus on improving mental and physical health by enabling healthy and active lifestyles. Projects are attempting to change the long-term behaviour of people who are currently inactive or have low levels of activity to improve their physical and/or mental wellbeing. Most projects are specifically aimed at enabling and supporting older people, and children and young people to be physically active.

My officials in Sport work closely with officials across many Welsh Government Departments to deliver policy priorities and outcomes, for example:

- Education (21st Century Schools Programme, Community Hubs);
- Transport (Active Travel);
• Equalities;
• Health (Healthy and Active Fund, Healthy Weight: Healthy Wales, The Daily Mile, Welsh Network of Healthy Schools Scheme, Loneliness and Isolation);
• Communities (Community Asset Transfer, Communities Facilities Programme).
Health, Social Care and Sport Committee

Date: 15th January 2020
Venue: Senedd Cardiff Bay
Title: Scrutiny of Health and Social Services Draft Budget 2020-21

1. Purpose

The Committee's Chair wrote to both the Minister for Health and Social Services and the Deputy Minister for Health and Social Services on 15 October inviting them to give evidence on their Draft Budget proposals and asking them to provide a paper in relation to the Draft Budget.

2. Introduction

This paper provides information for the Health, Social Care and Sport Committee on the Health and Social Services (HSS) Main Expenditure Group (MEG) future budget proposals for 2020-21 and also provides an update on specific areas of interest to the Committee.

3. Budget Overview

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The table above does not include Annual Managed Expenditure (AME), which is outside the Welsh Government’s Departmental Expenditure Limit (DEL).

Details of all transfers are shown in Annex A to this paper.
4. Approach to Budget proposals

The Health and Social Services (HSS) portfolio supports our ambitions to improve the health and wellbeing of individuals, families and communities. This will be achieved through delivering the three objectives set out in Prosperity for All: quality health and care services fit for the future, promoting good health and wellbeing for everyone and building healthier communities and better environments. We have taken a long term approach in developing our spending plans for 2020-21, with an emphasis on delivering our vision of integrated seamless health and social care services for the future as set out in A Healthier Wales, our Plan for Health and Social Care.

The Health and Social Services MEG contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children. We continue to prioritise investment in the Welsh NHS and we are investing an extra £385m revenue funding in the health and social care system and £40m capital funding.

A Healthier Wales
A Healthier Wales meets our commitment in Prosperity for All to publish a long term plan for health and social care in Wales in response to the report of the Parliamentary Review of the Long Term Future of Health and Social Care. The Plan builds on the philosophy of Prudent Healthcare to make an impact on health and wellbeing throughout life. There is an emphasis on preventing illness and supporting people to manage their own health and wellbeing, enabling people to live independently for as long as they can.

Investment in NHS Wales
In 2020-21 we will invest a further £342.3m revenue funding in our NHS, taking total NHS revenue funding to over £8 billion. This enables us to continue the delivery of quality health services, ensuring access to the services people need and delivering good health outcomes.

Our core spending plans for the NHS continue to be based on the evidence contained in the 2014 Nuffield Trust and 2016 Health Foundation reports on the levels of investment required to maintain core safe services, updated to incorporate the additional investment in pay awards for our highly valued NHS staff not covered by these reports.

As well as funding core cost growth in NHS Wales, we will invest in transforming the delivery of health services and in new technologies. This includes new investments in precision medicine, including in Advanced Therapeutic Medicinal Products and genomics, supporting the development of major trauma services, and continuing to invest in education and training of the future NHS workforce.

This budget has also had to make provision for the increased costs of settling clinical negligence claims that occurred as a result of the UK Government’s decision to reduce the Personal Injury Discount Rate.

Investing in early years support for children and young people
Investing £20m in the Childcare offer and, through the Early Years Transformation Programme, we will be investing a further £3.5m in the Flying Start approach, increasing the allocation from the HSS MEG up to £6.3m in 20-21.

Invest in preventative activities addressing the wider determinants of ill health
We will continue to support wider Welsh Government priorities and invest in preventative activities through continuing to implement the aims of A Healthier Wales. In 20-21 we will be investing £5.5m to support the Healthy Weight: Healthy Wales Strategy, this is a Government wide commitment and sets out a 10 year vision to develop an environment which provides and enables opportunities for the healthy choice to be the easy choice. In parallel, it will seek to ensure that people across Wales will be empowered to take responsibility for their weight and their health.

We will also invest in a range of other preventative approaches as detailed below.

**Capital**

The budget for 2020-21 will include an additional £40 million capital monies. This has been offset by a reduction in funding of £4m in relation to Financial Transactions funding that is returned to WG reserves.

This means there will be £374 million of capital provided next year to invest in NHS infrastructure to support the delivery of sustainable and accessible high quality services and to take forward the transformation of healthcare provision. This is a similar amount to this year.

Spending on this investment next year will include the final element of funding for the construction of the Grange University Hospital. This 470 bed state of the art hospital is due to open in the spring of 2021. Elsewhere, significant redevelopment and modernisation works will continue to be progressed at Prince Charles Hospital along with the upgrading of neonatal provision in Singleton Hospital and Glangwili Hospital.

As well as schemes within the acute sector, the capital budget includes the third tranche of the £72m over three years to deliver a pipeline of primary and community care projects as part of the implementation of the Taking Wales Forward commitment to invest in a new generation of integrated health and care centres. This pipeline will see 19 projects across Wales being delivered by 2021.

At an all Wales level, this budget also provides for national programmes on imaging and diagnostic equipment as well as supporting digital and informatics developments.

**Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**

The detailed budget published on December 16th set out our spending plans for the HSS MEG by BEL. An analysis and explanation of the budget changes is set out in Annex A. No indicative revenue allocations have been set for 2021-22.

**5. Local health boards’ financial performance**

In 2018-19, four local health boards failed their statutory financial duty to break-even over three years (Abertawe Bro Morgannwg, Betsi Cadwaladr, Cardiff and Vale and Hywel Dda University Health Boards). The current position for each of these boards in 2019-20 is as follows:

- Swansea Bay UHB (formerly Abertawe Bro Morgannwg). Following the transfer of services for Bridgend to Cwm Taf Morgannwg UHB, Welsh Government accepted that Swansea
Bay UHB would not be in a position to prepare an approvable three year plan, and the UHB was directed to prepare an annual operating plan for 2019-20 that would deliver financial balance. To support delivery of this requirement, Welsh Government commissioned KPMG management consultants to undertake a financial planning intervention to the UHB, overseen by the Finance Delivery Unit. KPMG are due to complete this work by the end of December 2019. The intervention is intended to test and firm up their existing plans for 2019-20, and provide capacity to support delivery. Also included is an assessment of organisational delivery arrangements to identify any areas for improvement, which is expected to identify that there are significant issues to be addressed. The intervention will also develop a pipeline of efficiency opportunities that will aid progress towards financial sustainability to be demonstrated in the UHB’s 2020-21 plan.

- Betsi Cadwaladr UHB. Betsi Cadwaladr UHB was also not able to prepare an approvable three-year plan for 2019-20 and is working to an annual operating plan. Additional funding was provided to the UHB by Welsh Government to enable them to commission external expertise from PwC management consultants to assist them with the development of a robust financial plan. Welsh Government has set the UHB a maximum deficit control total of £25 million, but the UHB are currently forecasting they will not achieve this. In line with recommendations from the Public Account Committee, Welsh Government has supported the appointment of a recovery director and other key management support. Whilst the UHB is not likely to achieve their control total, the additional support is expected to deliver an improved outturn for 2019-20 compared to last financial year.

- Cardiff and Vale UHB. Welsh Government was able to approve a balanced three year plan for Cardiff and Vale UHB for 2019-20 to 2021-22, including delivering a balanced outturn in 2019-20. The UHB are currently on track to deliver the first year of this plan.

- Hywel Dda UHB. Hywel Dda UHB was unable to develop and approvable financially balanced three year plan in 2019-20, and is currently operating to an annual plan. Welsh Government set the UHB a maximum deficit control total of £15 million in 2019-20, and to support delivery of this control total, also commissioned KPMG management consultants to undertake a financial planning intervention. This work has recently been completed and the final report is being considered by the UHB and Finance Delivery Unit. Again, this intervention has tested their 2019-20 plan and assess organisational delivery capacity, as well as developing a pipeline of opportunities for future years.

6. Well-being of future generations

Committees Specific Areas of Concern:

Prioritise prevention/early intervention in Health and Social Care

Our aim is to take significant steps to shift our approach from treatment to prevention. The vision we have established in *A Healthier Wales* is to place a greater focus on prevention and early intervention.

In 2020-21 we continue to frame our budget allocations in line with the definition of preventative spend adopted by Welsh Government, described across primary, secondary, tertiary and acute
areas. We are allocating funding to a number of initiatives that support the focus on prevention and early intervention, as follows:

**Primary Prevention**

**Healthy Weight: Healthy Wales strategy**

£5.5m will be allocated to support the Healthy Weight: Healthy Wales strategy which is the Welsh Government’s long term plan to prevent and reduce obesity across Wales. It sets out a 10 year plan to prioritise early intervention and behaviour change at all levels to change our habits and promote healthy activity. The strategy is a key commitment towards a cross-government approach to reducing obesity in Wales on a population scale. The strategy has been developed from evidence of what works. This has indicated the need for a new approach which combines individual behaviour change with environmental and system change. It will utilise a combination of funding, policies and legislation to develop approaches through our environment to place a strong focus upon prevention. It will also deploy targeted approaches in areas of deprivation and will assist those who are already overweight or obese through a range of prevention, early intervention and specialised services. In addition to the £5.5m of new funding being allocated from HSS in 20-21, the wider implementation work, commencing in 2020, will pull together programmes of work from across many portfolios which all have a direct contribution to the goals set out in the strategy.

**Immunisation**

By the end of 2019-20, we will have introduced new vaccination programmes for HPV for boys. The HPV immunisation programme started in 2008, initially only for girls. Two of the HPV strains cause over 70% of cervical cancer in England and Wales. The large drop in the rates of infection with the two main cancer-causing HPV types have demonstrated the effectiveness of this programme. The expansion, in 2019-20, of the HPV vaccination programme to cover boys, will also help protect against oral and anal cancers.

The NHS flu vaccination programme for care workers will also be expanded in 2019-20 to include those working in the domiciliary care sector. This will help to protect against the spread of flu and also support the resilience of the workforce at a challenging time. Funding will be in place in 20-21 to support both these programmes.

**Flying Start and Early Years**

The core Flying Start funding sits within the Children and Communities Grant. The Flying Start programme straddles both primary and secondary preventative spend. To build on this, in 20-21 an additional £3.5m will be allocated from the HSS MEG to further develop the work of the Early Years Transformation programme that underpins our early years priority. This increases the allocation from the HSS MEG to £6.3m for 20-21. The additional funding represents the first step in a longer term expansion of early years’ support that will help to build a more preventative system that:

- Tackles the rising tide of poor health
- Contributes to safely stemming the flow of children going into care and;
- Tackles inequality in children’s outcomes.

**Dental**
We will continue to invest £3.7m in the Designed to Smile national child oral health improvement programme. The scheme involves a wide range of professionals, including health visitors and other early years services. The aims are to help start good habits early by giving advice to families with young children, providing toothbrushes and toothpaste, and encouraging going to a dental practice before a child’s first birthday.

**Secondary and Tertiary Prevention**

These programmes straddle both of these elements of preventative spend:

**Integrated Care Fund**

In 2020-21 the £89m (revenue) Integrated Care Fund (ICF) will continue to focus on developing and testing integrated, preventative service models for older people with care and support needs, people with learning disabilities, children with complex needs, children in care or at risk of coming into care and carers. A series of services have been developed across the prevention continuum ranging from community connectors/navigators through to services to help people stay well at home and prevent hospital admission.

In 2020-21 regions are being asked to focus on moving even further towards
- Finding regional approaches/solutions,
- Investing in the social value sector as a key delivery partner,
- Evidencing impact of services using the Results Based Accountability methodology and
- Thinking about mainstreaming services/learning from the ICF programme.

£15m of ICF funding has been allocated to Regional Partnership Boards from 2018-19 onwards to be used to provide preventative and early intervention services for children on the edge of care. This will strengthen integrated arrangements between local authorities, Health Boards and the Third Sector to work collaboratively. It will help provide support for families and avoid crisis situations developing. We expect the funding to be used to safely reduce the need for children to enter care. It will include work relating to family reunification and providing therapeutic support for children in care or who have been adopted, reducing the need for more intensive forms of support.

Where children do enter care, supporting them to safely exit care, for example through adoption, is of prime importance. £2.3m in 2020-21 has been allocated to local authorities to enable them to strengthen their provision of adoption services – as described below.

**Adoption Services**

£2.3 million is being invested into the adoption service in Wales to strengthen and enhance existing services, for adopters, children and young people which will help local authorities to improve outcomes for children and build resilient adoptive families. Children who are placed for adoption are amongst the most vulnerable children in Wales. They are children for whom other alternatives have been exhausted and who would most likely remain ‘looked after’ for their entire childhoods if they were not adopted. It is important that adoption offers a child the best chance to flourish in a safe family environment where their fundamental needs are met and where they can enjoy the same opportunities as any other child. This funding will support new approaches to making quicker and stronger matches, giving more children the stability and nurture of an adoptive family. It will also ensure needs and strengths-based support is available throughout
the whole adoption journey. This will ultimately support the prevention of adoption disruption, thus reducing the possibility of children re-entering the care system.

**Bowel Cancer Screening**

Further investment will be made in 20-21 to advance the optimisation of the bowel screening programme in Wales. Regular bowel cancer screening has been shown to reduce the risk of dying from bowel cancer by over 16%, with new treatments increasing survival rates. Optimisation of the bowel screening programme will make a significant contribution to the prevention and earlier detection of bowel cancers as part of the Cancer Delivery Plan for Wales.

**National Health Protection Service**

£6.8m is being invested in 20-21 to strengthen the National Health Protection Service. This is a range of preventative health protection functions delivered across NHS Wales. The funding will help to prevent infection, identify and mitigate against infectious risks to individuals and the wider population and enhance the early detection and management of infections when they arise, thus preventing harm to individuals and reducing risk of onward transmission. The investment will build resilience in the system by strengthening the laboratory network and improving testing for diseases in hospitals. These measures will improve identification and management of the impact and spread of infection in both hospitals and the wider community and help stop infections from happening in the first place. This investment fully supports the core principles of improved health and wellbeing, better quality and more accessible services, higher value services and a motivated and sustainable workforce. This national model will have national standards, with national workforce planning and investment in technology as an enabler for change. Investment in this service will improve quality and safety and make services both equitable and sustainable.

**Whole Schools approach**

An additional £0.5m will be allocated to extending the rollout of the whole school approach from the HSS MEG. This will increase the allocation from the HSS MEG in 20-21 to £3m. There will also be an allocation of an additional £2m from the Education MEG to support this area. These investments will support the extension of schools counselling to an additional school year (year 5) and further extend the existing in-reach pilots for the Child & Adolescent Mental Health Service for the whole of 20-21. These services are helping to prevent the escalation of more serious mental health and well-being issues within school aged children and the move to even earlier intervention will further support this approach.

**Third Sector Support**

In 2020-21 we will be commencing a new cycle of the three year Sustainable Social Services Third Sector Grant. There is an additional £1.2m being added to the grant for 20-21 and, over the next three years, we will be increasing the total commitment on this grant by £4.9m, bringing the total investment up to £25.9m. A key requirement of the schemes that will be funded, is that they deliver early intervention and preventative actions that address care and support needs in line with the priorities of Taking Wales Forward, Prosperity for All and A Healthier Wales. The funded projects will support the well-being goals and principles that underpin the Well-being of Future Generations (Wales) Act 2015. The funded schemes will support carers, children and young people, physical or sensory disabilities, learning disabilities and older people.
In addition to the above;
A Healthier Wales - Prevention & Early Years
As part of the 2019-20 budget, £10m was allocated for Prevention & Early Years work. £2.8m of this was allocated to support the Early Years Transformation Programme. The remainder was allocated to support a range of evidence-based interventions that would be agreed between Health Boards and Regional Partnership Boards, along with an allocation to Public Health Wales (PHW) to look at upscaling universal prevention schemes and enhancing system leadership at a national level.

As part of the allocation to PHW they will take forward the Enabling Transformation priority within Building a Healthier Wales. This will deliver a number of interrelated projects including:
- an international evidence review to identify and learn from countries that have successfully made the shift towards prevention;
- stakeholder engagement to understand the barriers and levers for investment in prevention;
- baselining current spend on prevention and a mechanism to track the shift towards more preventative approach to budgeting.

As part of this work programme, PHW will be supporting further work to help refine our approach to measuring our prevention expenditure in future budget planning rounds.

Support sustainable, longer term funding of Social Care Services
The work of the Inter-Ministerial Group (IMG) on Paying for Social Care will continue into 20-21. The group was established in 2018 to consider how Welsh Government can respond to the increasing need, and cost of social care. Even with our practical action on prevention and early intervention, and within social care itself the emphasis on promoting a person’s independence that is being driven by the Social Services and Wellbeing (Wales) Act, a range of long-term trends including people living from birth with complex conditions and the aging population demographic suggest the need for care and support will rise.

With the advent of Welsh Government’s new Welsh tax raising powers and using Professor Gerry Holtham’s idea for a levy, the group has been exploring the alternative options for raising additional funding to help meet growing demand.

Alongside determining how additional finance for social care might be raised, the IMG’s key consideration is examining how additional resource could be used most effectively to ensure people’s future care and support needs are met.

The IMG will undertake an initial assessment during the first half of 2020 of the viability and effectiveness of introducing a levy, or an alternative, as a means of raising a contribution to the additional funding social care will require.

Over the course of the last six months, the IMG has commissioned three pieces of research to provide a strong evidence base to inform its decisions. This includes research to analyse potential social care spending trajectories over the medium- to long-term based on different
assumptions about the drivers of need and the effectiveness of policy in moderating the costs of that potential need, including seamless local models of health and social care.

The group includes the Minister for Health and Social Care (The Chair), Minister for Finance and Trefnydd, the Minister for Housing and Local Government and the Deputy Minister for Health and Social Services, supported by relevant policy officials.

**Promote integration of Health and Social Care Services**

In 2020-21, £89m of the Integrated Care Fund (ICF) will be allocated towards revenue projects from the HSS MEG and £40m will be allocated for ICF capital projects from the Housing & Local Government MEG. The ICF assists regional partnership boards in developing and testing new integrated models for delivering health and social care. The ICF directly promotes and enables the five ways of working in particular prevention, integration, collaboration and involvement.

The ICF helps to free up hospital beds and reduce the burden on emergency care by supporting the development of integrated, preventative projects which will not only provide better outcomes and experiences for service users but will also have cost avoidance benefits through saving money and resources in the long term for the health service.

The fund will continue to have a preventative approach, focusing on developing and testing integrated, preventative service models for older people with care and support needs, people with learning disabilities, children with complex needs, children in care or at risk of coming into care and carers. A series of services have been developed across the prevention continuum ranging from community connectors/navigators through to services to help people stay well at home and prevent hospital admission. For example, projects to help older people with long term illnesses such as Dementia stay in their own homes safely.

The ICF has been very successful in promoting collaboration between Health, Social Care, Housing and the third and independent sectors. Many of the projects and services within the ICF are now well developed and, in 20-21, will continue to be delivered through integrated health and social care systems, processes and teams, under the leadership and direction of the regional partnership boards. This will help to ensure the delivery and success of the schemes within the fund.

Projects are required to involve citizens and service users in their design and delivery. Co-production is a key theme of the ICF programme. Many projects also directly support citizens to become more involved in their own communities and access services/social opportunities available to them locally. One example is involves support for cafes being built and operated as social enterprises to create a range of employment opportunities for people with learning disabilities. Also, community agents/navigators/connectors are now funded across all regions and they will continue to provide a valuable local service to help connect people with information, services and support that they need to help them feel connected and live independently within their own community and to feel less lonely and isolated.
Ensure a sustainable health and social care workforce

Education and Training
With the introduction of Health Education and Improvement Wales (HEIW) we can see long term economic benefits through their role in integrating and growing expertise and capability in planning, developing, shaping and supporting the health workforce to ensure that we have the right staff with the right skills to deliver to best service. The role in which HEIW will have in transforming the workforce, along with Social Care Wales, in terms of re-imagining and re-inventing how we work will have long term economic benefits.

For the sixth consecutive year funding to support health professional education and training in Wales will increase. £127.8m will be invested in 2020/21, this equates to a 13% increase from 19/20 which is an extra £15m for education and training programmes for healthcare professionals in Wales. This is a record level of funding and will support the highest ever number of training opportunities in Wales. Over the past five years training places for nurses have increased by 54.8% and midwives have increased by 71.2%. The overall NHS Wales workforce has grown by 10.4% over the last five years. In addition we will be investing another £1.4m to support 47 additional Medical Postgraduate training places.

Train Work Live
Since introducing our Train Work Live campaign in 2016 there has been a marked improvement in the fill rate for GP training. In June 2019 we announced an increase to the target quota for GP training from 136 to 160, starting in autumn 2019. However, this year a total of 186 places have been filled, surpassing the newly agreed higher target of 160 posts. This represents the highest number of recruits into GP speciality training in recent times.

Medical Education Expansion
As part of the two-year budget agreement with Plaid Cymru, funding of £7m in each of 2018-19 and 2019-20 was allocated for a development fund for undergraduate medical training in North Wales. A collaborative approach has been taken between Welsh Government, Cardiff, Swansea and Bangor Universities in order to increase medical education opportunities in North and Mid Wales.

Workforce Strategy
Health Education and Improvement Wales and Social Care Wales are jointly leading the development of a workforce strategy for health and social care.

The Welsh Government welcome this strategy as a key enabler in delivering the ambition of ‘A Healthier Wales’, through an engaged and motivated workforce that is competent, valued, agile and flexible. One that is able to respond quickly to future challenge and opportunities.

As well as ‘A Healthier Wales’, delivery of the workforce strategy will align with other Welsh Government and national programmes, including the transformation programme, Train.Work.Live, contract reform, We.Care campaign, Building Healthier Wales and the clinical plan.
Reduce and Control Spend on Agency Staff
In addition to training and recruiting to the NHS workforce, we are working to ensure that they are deployed as effectively as possible through measures to reduce agency and locum expenditure using a new control framework and the use of technology to deliver improve time taken for recruitment and working to reduce sickness absence through a range of measures focussing on the health and wellbeing of the workforce.

Reduce health inequalities, and ensure fair access to health and care services in rural areas.
We are determined to do everything we can to close the gap between our most and least deprived communities. Our commitment and approach is set out in our 10 year health and care plan ‘A Healthier Wales’, which sets out a whole system approach to health and social care, outlining a ‘wellness’ system, which aims to support and anticipate health needs, to prevent illness, and reduce the impact of poor health and inequality.

Through the delivery of Healthy Weight: Healthy Wales we will also ensure that we have in place an equitable and accessible clinical pathway, which will provide help for adults, children and families to access specialist support services. Funding will be allocated to this through the 2020-22 Delivery Plan, published in early 2020. We will place an absolute focus upon reducing health inequalities. This will take into account issues related to food poverty and we will work with parents, carers and families to develop approaches which enable positive change.

7. Transformation
The activities funded by the Transformation Fund have been selected because they have the potential to be scaled up and implemented wider across Wales. Regional Partnership Boards (RPBs) are aware that these activities will need to become business as usual and be funded from existing budgets once the Transformation Fund money ceases to be available. Welsh Government are fully engaged in discussions with RPBs about exit strategies to ensure successful projects can continue.

As we move forward there are a number of areas where we will be focussing our attention, and also opportunities for further development work across portfolios.

As part of the next phase of delivering AHW we will be establishing the NHS Executive; developing sustainable options for funding health and social care in the face of rising demand; developing joint inspection arrangements for RPBs and strengthening the links between health and housing as a key determinant for health and wellbeing. The role of housing has been recognised as a key theme. The external Transformation Programme Advisory Board and the WG internal Transformation Programme Management Board both include members representing housing to ensure there is a joined up approach with housing policies.

There will also be further work on a National Clinical Plan and establishing Research, Innovation and Improvement Co-ordination Hubs. We are also working with Public Health Wales to highlight the need for prevention to be a focus of transforming services.

Hospital discharge models emphasizing smooth transfer to people’s own homes form a prominent part of many transformation proposals. These include for example: community-based
and early support; triaging models that are delivered by multi-disciplinary teams (including Allied Healthcare Professionals); Community Connectors linking people with community assets (such as, for example, Third Sector support); and social prescribing. These sit alongside, and compliment, many projects within the Integrated Care Fund.

An all-Wales evaluation framework has been designed in collaboration with the RPBs and initial reports are expected at the end of December 2019.

The longer term future of the Transformation Fund is under consideration and further work will be undertaken in 2020 as part of the expected comprehensive spending review.

The Minister for Health and Social Services will be hosting a learning event involving the RPBs in February. This collaborative approach is designed to promote discussion and involve RPBs in shaping arrangements for driving transformation from regional to national level, which will inform future funding arrangements.

8. Primary care and care closer to home

We continue to invest in primary care through the delivery of the Primary Care Model for Wales, and in 2020-21 will build on the agreed investment provided in 2019-20 for the primary care contracts.

Health boards are required to quantify the funding, and also the services and workforce, which they plan to re-provide in the community in their IMTPs. We monitor and evaluate the effectiveness of the financial framework issued in strengthening this shift of services through our IMTP scrutiny and approval process. From 2020-21 on, health boards will be required to submit specific reports setting out progress on its plans to move services and resources into the community.

The Primary Care Model for Wales will help people to have timely access to information, advice, care and support at, or close to, home. This can help people live longer, healthier and happier lives and remain active and independent in their own homes as long as possible. As part of the model, delivery milestones are set in order to drive local implementation of the Model.

We have invested in national leadership for Primary Care and the National Director and Strategic Lead for Primary Care have established a Strategic Programme for Primary Care. Its work streams are delivering a suite of products to support local action on prevention and wellbeing, a seamless 24/7 service, digital and data requirements, a skilled local multi professional workforce, communication and engagement and cluster working.

In line with the commitments on clusters in *Prosperity for All* and *A Healthier Wales*, there will be increased funding available for determination at cluster level, rising from £10 million to £20 million from 2020-21 onwards.

Health boards are required to set out proposals for investing in primary care and shifting care closer to home in their IMTPs. Health boards submitted their integrated medium term plans in January 2019 setting out their intentions for the next three years. In the plans there was
increasing evidence of all organisations routinely working collaboratively and in integrated ways with partners and stakeholders. Collaborative approaches were strongly linked to primary care and service change. There was also strengthening of Regional Partnership Board (RPB) arrangements, and the subsequent development of new models of care/ transformation proposals that has supported the focus and shift to primary care and care closer to home. While there is still some way to go, it is apparent that the implementation of policies that support the shift from hospitals to primary and community care settings are taking hold. This is being further supported through cluster IMTPs that are feeding into health board strategic IMTPs.

The Choose Pharmacy IT system is now available in 98% of pharmacies, supporting an expanding range of enhanced services and underpinning the transformation of the community pharmacy sector in Wales from supply to service. Since the launch of the Common Ailment Service in September 2013, over 100,000 consultations have been completed and over 80% of people accessing the service say they would have visited their GP, out-of-hours or A&E if it had not been available.

The dental e-referral management system has been successfully implemented in all health boards. Wales is the first country in the UK to implement a fully electronic system for dental referrals in all dental specialties. Patients will be able to track and follow triage decisions and the referral destination. Health boards will be able to see the source, complexity and volume of all referrals to all dental specialties which supports service redesign with a shift out of hospital for procedures that can be delivered by enhanced primary care models.

‘Together for Mental Health’ and the supporting delivery plans emphasised our intent to invest to improve support in the community to enable more people to receive care closer to home. As a result of this investment in community mental health support, we have seen a reduction in mental health hospital admissions. We have also seen the implementation of new community perinatal mental health services across Wales and the development of Child and Adolescent Mental Health Services (CAMHS) and adult community crisis intervention teams. The implementation of the Mental Health (Wales) Measure 2010, introduced Local Primary Mental Health Support Services (LPMHSS) has also enhanced primary care mental health provision, with over 200,000 people having been seen by LPMHSS since their introduction.

Our Integrated Care Fund (ICF) and winter pressures funding continues to invest in plans for developing and testing new integrated models to support people to stay well, remain at home and avoid admission to hospital and return home from hospital promptly. This will include partnership working and co-operation, workforce and infrastructure.

For example, ICF projects like Optimal Model of Care in West Glamorgan (formerly Western Bay) offer a suite of intermediate care services to support early discharge from hospital to an individual’s home of community. As a direct result of this service, thousands of discharges have been successfully completed, with over 39,000 beds saved equating to around a £5 million financial saving.

A further example is where Audiology funding has been used to improve access to hearing care services and progress the move of services out of hospital ENT/audiology departments and
away from GPs into the wider primary care clusters. Transitional funding ensures services are moved at pace and scale to improve patient outcomes. This is in line with the key aims of A Healthier Wales and the Primary Care Model for Wales and the Hearing Framework of Action.

9. Mental health
We continue to spend more on mental health services than any other part of the NHS and we have increased funding in the mental health ring fence in the main NHS allocation to over £700 million in 2020-21. The increase in the ring-fence in 2020-21 includes the transfer of £7.2m allocated in 19-20 as part of the funding for A Healthier Wales and £7m in relation to the Mental Health Service Innovation and Transformation Fund also set up in 19-20.

Through ‘A Healthier Wales’ and the Older People and Mental Health budget, a service improvement fund of £14.2m has been allocated to health boards to develop proposals to make improvements in line with identified priority areas. The priority areas have been shaped by a number of National Assembly Committee reports including Perinatal Mental Health Services, ‘Mind over Matter’ (emotional and mental health support for children and young people) and ‘Everybody’s Business’ (suicide prevention) and our engagement with stakeholders to inform the development of the Together for Mental Health Delivery Plan 2019-22. The proposed priority areas for action, set out in the delivery plan, are:

- Preventing poor mental health and maintaining mental wellbeing – through targeted work on prevention and cross-Government action on the wider determinants of mental health and well-being.
- Improving access to support for the emotional and mental health well-being of children and young people - improving access and ensuring sustainable improvements to timeliness of interventions, as well as supporting the new curriculum and whole school approach, extending the reach of NHS services into schools and filling gaps in services within both primary and secondary care through Child and Adolescent Mental Health Services (CAMHS).
- Further improvements to Crisis and Out of Hours provision for children and adults – moving to a common, multi-agency offer across Wales
- Improving the access, quality and range of psychological therapies across all ages - to deliver a significant reduction in waiting times by the end of this Government, increase the range of therapies offered and support the workforce to provide these interventions to improve service user experience;
- Improving access and quality of perinatal mental health services – further development of perinatal mental health services including in relation to quality standards and care pathways and the provision of in-patient provision
- Improving quality and access to services whilst developing recovery orientated services – including responding to Healthcare Inspectorate Wales/Care Inspectorate Wales thematic reviews, reviews by NHS Delivery Unit and receiving assurance that recommendations have been delivered
- Supporting vulnerable groups – with a focus on improvements to services for eating disorders, offenders and co-occurring mental health and substance misuse issues.

These priority areas and related actions are underpinned by a number of overarching work streams which will continue beyond the life of this plan. These include implementation of a
mental health core data set, developing a workforce plan for mental health, improving access to welsh language mental health services and strengthening service user and third sector engagement across policy and service improvements.

We consulted on the delivery plan over the summer of 2019 and our intention is to publish the final plan in January 2020.

We have reaffirmed our commitment to improving mental health by positioning it as one of only six priority areas in our National Strategy – *Prosperity for all*. This challenges not just health, but all of Welsh Government to consider its impact on mental health across all that it does. A Healthier Wales challenges all services, including mental health, to move towards better integration, co-production and more holistic approach to treating mental and physical ill-health. The priorities in the *Together for Mental Health Delivery Plan 2019-22* are each linked to the quadruple aims of *A Healthier Wales*. An example of progress in achieving parity between mental and physical health is our work to tackle stigma around improve understanding of mental health issues, with more people now accessing support.

### 10. ICT

As part of *A Healthier Wales* the Welsh Government committed to supporting health and social care transformation by making the best use of digital, data and technology. Significant additional investment of up to £50 million was made available in 2019-20 across 5 priority areas, linked to stronger delivery and leadership arrangements which were announced recently.

- Services for the public and patients
- Services for professionals
- Cyber security and resilience
- Modernising devices and cloud-ready services
- Investing in data and intelligent information

Independent reviews of Digital Governance and Digital Architecture have been completed, assessing capability against the vision for digital and data set out in *A Healthier Wales*. Recommendations from these reviews have informed decisions on the future configuration of digital health and care, which was set out in a written statement on 30 September. This work includes establishing a Chief Digital Officer for Health and Care, transitioning NWIS to a new Special Health Authority, and four further strategic reviews. Officials have worked closely with NHS Digital Leads and with NHS Directors of Finance to confirm the immediate priorities for digital investment, supported by £50m for 2019-20 and a further £50m of additional funding in 2020-21. A Digital Infrastructure Review will build on this and previous work undertaken to assess the additional investment required in digital infrastructure and services, over the medium term.

### 11. Withdrawal from the European Union

In ‘A Brighter Future for Wales’ we set out in detail the evidence that shows Wales’ best interests are protected by remaining in the EU, and we have therefore been calling for a referendum with the option of staying in the EU on the ballot paper. Whilst this is the Welsh Government’s clear preferred position, we continue to plan for a range of possible outcomes. Within this context, the uncertainties surrounding the future timing, nature and impact of the UK withdrawing from the European Union continue to make budgetary planning challenging.
The current budget allocation for withdrawal from the EU is £0.260m and covers support for activities in the Welsh NHS Confederation, Public Health Wales in relation to health security and FSA Wales in relation to new functions.

The Committee has been briefed previously on the preparations for health and social care in the event of a no deal exit. These arrangements will be rolled forward for any future potential no deal exit. These cover the consequential costs of the purchase of additional warehousing space to ensure continuity of supply and the costs of taking part in UK wide arrangements for Medical devices, clinical consumables and medicines supply disruption programs. In the event that the UK leaves the EU, we will be able to better assess and quantify our policy responses to the medium term impacts once the nature of the withdrawal is known. In particular, this will be carried out in relation to workforce in health and social care sectors; future research and innovation activities, arrangements for the UK Prosperity Fund and increased need for international engagement.
ANNEX A

Commentary on each of the Actions within the Health and Social Services MEG, including an analysis and explanation of changes between the Draft Budget 2020-21 and the First Supplementary Budget (June 2019).

<table>
<thead>
<tr>
<th>Action: Delivery of Core NHS Services</th>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Delivery of Core NHS Services</td>
<td>7664.880</td>
<td>8003.570</td>
<td>338.690</td>
</tr>
</tbody>
</table>

This Action supports the main funding to the NHS in Wales as well funding to Public Health Wales and the new NHS body Health Education & Improvement Wales.

Changes to the Delivery of Core NHS Services Action between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are due to:

- £385.000m additional HSS funding
- £(10,000)m in respect of the Sustainable Social Services Grant to the Delivery of Targeted NHS Services Action
- £(5,500)m in respect of the Healthy Weight Healthy Wales programme
- £(20,000)m in respect of the pressure on the Childcare offer to Supporting Children Action
- £(3,500)m in respect of Flying Start approach to the Delivery of Targeted NHS Services Action
- £(2,300)m reinstatement of funding for vulnerable children to the Supporting Children Action
- £(0,500)m in respect Whole Schools Approach to the Delivery of Targeted NHS Services Action
- £(0,600)m in respect of the (Abolition of Defence of Reasonable Punishment Bill) (Wales) to the Supporting Children Action
- £(0,260)m EU Transitional Funding of which £0.133m to the Delivery of Targeted NHS Services Action and £0.127m to the Foods Standard Agency Action
- £7,200m in respect of mental health funding into HB allocation
- £0,500m in respect of Gender Identity funding to HB Allocation
- £0,300m in respect of Technology Enabled Learning funding transferring to NHS Wales Shared Services from the Support Education & Training of the NHS Workforce Action
- £0,250m in respect of refugee and asylum seekers funding from the Delivery of Targeted NHS Services Action
- £0,068m in respect of Stop Smoking funding into HB allocation
- £0,020m depreciation adjustment in respect of Social Care Wales
- £(1,988)m reversal of non-recurrent transfer from GMS contract in respect of Primary Care Estates
- £(10,000)m reallocation of resources within the MEG to the Delivery of Targeted NHS Services Action.
### Action: Delivery of Targeted NHS Services

<table>
<thead>
<tr>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>93.827</td>
<td>108.966</td>
<td>15.139</td>
</tr>
</tbody>
</table>

This action supports other various health budgets including NHS Workforce (not currently transferred into HEIW), and also includes the new BEL *A Healthier Wales*.

Changes to the **Delivery of Targeted NHS Services Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are due to:

- £10.000m new money in respect of Social Services Grant from Delivery of Core NHS Allocations Action
- £3.500m new money in respect of Flying Start approach from Delivery of Core NHS Allocations Action
- £0.500m new money in respect of Whole Schools Approach from Delivery of Core NHS Allocations Action
- £10.000m reallocation of resources within the MEG from the delivery of Core NHS Services
- £1.988m reversal of non-recurrent transfer from GMS contract in respect of Primary Care Estates
- £0.250m reallocation of resources within the MEG in respect of PHW
- £0.142m reallocation of resources within the MEG in respect of PHW
- £0.133m EU Transitional funding in respect of NHS Confederation & Public Health Wales
- £(0.500)m in respect of Gender Identity to HB Allocation within the Delivery of Core NHS Services Action
- £(7.200)m in respect of mental health funding into HB allocation within the Delivery of Core NHS Services Action
- £(1.330)m transfer to the Local Government & Housing MEG in respect of NHS Funded Nursing Care into the RSG settlement.
- £(0.730)m transfer to Local Government & Housing MEG in respect of Health Inspectorate Wales
- £(0.414)m to CAFCASS in respect of increased staffing costs

### Action: Support Education & Training of the NHS Workforce

<table>
<thead>
<tr>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>26.095</td>
<td>25.795</td>
<td>(0.300)</td>
</tr>
</tbody>
</table>

Education and training is fundamental to securing sustainable NHS services in the future. This action supports a range of activities undertaken in support of ensuring a sustainable workforce.
with the skills to address the demands on the service both now and in the future. The majority of the funding within this action covers the additional costs incurred by NHS UHB and Trusts in Wales for teaching (hosting) medical and dental students as part of their undergraduate studies. In addition it supports the training of a number of postgraduate training places across Wales, including clinical academic posts. Funding within this action also support Consultants clinical excellence awards which are given for quality, excellence, and exceptional personal contributions.

Changes to the **Education & Training of the NHS Workforce Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of (£0.300)m in respect of Technology Enabled Learning funding transferring to NHS Wales Shared Services.

<table>
<thead>
<tr>
<th>Action: Support Mental Health Policies &amp; Legislation</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20 Supplementary budget June 2019</td>
<td>£3.279</td>
<td>£3.029</td>
</tr>
</tbody>
</table>

This Action supports a variety of

- Mental health policy development and delivery, including Child and Adolescent Mental Health Services (CAMHS), psychological therapies, suicide and self-harm prevention, perinatal mental health support and funding for third sector organisations through the section 64 mental health grant

- Mental health legislation, including the Mental Health (Wales) Measure 2010 and Deprivation of Liberty Safeguards (DOLs)

- The healthcare needs of vulnerable groups, (those defined as having protected characteristics) including asylum seekers and refugees, support for veterans, offender health care, sexual assault referral centres, gypsies and travellers and transgender individuals.

Changes to the **Support Mental Health Policies & Legislation Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of the transfer of funding to ring fenced mental health budget contained in health board allocations.
The majority of substance misuse funding within this action (£22.663m) is allocated to Area Planning Boards (APBs) via a funding formula to help them address the priorities outlined in our Substance Misuse Strategy ‘Working Together to Reduce Harm’ and the most recent Substance Misuse Delivery Plan 2016-18.

Under this budget, £2.75m, £1m and £0.300m of the funding to APBs is ring fenced for children and young people, Tier 4 (residential rehabilitation and inpatient detoxification) and counselling services respectively.

The funding compliments the Local Health Board substance misuse allocations (circa £18m) and is used to commission/purchase a range of education, prevention treatment and enforcement initiatives.

Remainder of funding within the Action supports the following:
- All Wales Schools Liaison Programme (£1.98m) - the Programme aims to operate in 100% of primary and secondary schools across Wales to deliver consistent substance misuse education at all key stages of the curriculum.
- Drug & Alcohol Initiatives (£1.002m) – this budget includes a number of areas of work which implement the Substance Misuse Delivery Plan 2016-18, through research, policy development and monitoring of work related to drug and alcohol interventions. It also supports work and resources for the Public Health (Minimum Price for Alcohol) (Wales) Bill, which going forwards – will include associated costs for communications, evaluation and implementation.
- It also includes a match funding contribution of £0.830m to the Out of Work Peer Mentoring Service – a jointly funded European Social Fund Project with Health and Social Services.

Funding remains at the same level as in the June Supplementary Budget.

<table>
<thead>
<tr>
<th>Action: Deliver the Substance Misuse Strategy Implementation Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20 Supplementary budget June 2019</td>
</tr>
<tr>
<td>£m</td>
</tr>
<tr>
<td>26.325</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action: Foods Standard Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20 Supplementary budget June 2019</td>
</tr>
<tr>
<td>£m</td>
</tr>
<tr>
<td>3.610</td>
</tr>
</tbody>
</table>

This Action provides funding for the Food Standards Agency (FSA) Wales. This budget allocation is provided to meet the cost of the work priorities set out in FSAs broad ‘FSA Wales Service Delivery Agreement’. The funding is provided on the basis that where there is a joint interest FSA Wales will assist the Welsh Government to take forward its priorities,
including continued assistance in delivery and implementation of a statutory food hygiene rating scheme in Wales, as established by the Food Hygiene Rating (Wales) Act 2013. Additionally, that Wales’ needs will be taken into account in accordance with the Welsh Government’s Position Statement in response to ‘Regulating our Future’ as the FSA progresses its programme of regulatory reform.

Changes to the **Foods Standard Agency Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of additional funding from the EU Transitional Fund in support of extra staff costs to support FSA Wales’ preparations for EU exit.

<table>
<thead>
<tr>
<th>Action: Public Health Programmes</th>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td></td>
<td>19.619</td>
<td>24.659</td>
<td>5.040</td>
</tr>
</tbody>
</table>

This action funds a variety of public health programmes such as:
- Organ & Tissue Transplantation
- Immunisation
- Payments to Public Health England who provides a number of specialist health protection services and some reference laboratory services to Wales.
- Healthy Start
- NICE

Changes to the **Foods Standard Agency Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of:

- £5.500m new funding in respect of Healthy Weight: Healthy Wales.
- £(0.460)m reallocation of resources within the MEG in respect of PHW

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td></td>
<td>6.025</td>
<td>6.025</td>
<td>-</td>
</tr>
</tbody>
</table>

This action enables Welsh Government to ensure that NHS Wales is fully prepared and resilient to deal with the full range of hazards and threats identified in National Risk Assessments. This includes the highest risk of influenza pandemic and managing the health consequences of a terrorist incident involving hazardous materials. Funding remains at the same level as in the June Supplementary Budget.
This action supports the work of the Welsh Government’s Division for Research and Development (R&D) which sits within the Department for Health and Social Services and leads on strategy, policy, commissioning, funding, contract management and governance of health and social care R&D in Wales.

Through its ‘external brand’, Health and Care Research Wales, the R&D Division provides an infrastructure to support and increase capacity in R&D, runs a range of responsive funding schemes and manages resources to promote, support and deliver research. It also participates in partnership and cross-funder activities where these bring advantages to Wales. It supports translational research with a particular focus on applied and public health research. This includes research into the prevention, detection and diagnosis of disease; the development and evaluation of interventions; and the provision, organisation and delivery of health and social care services. The Division also works to support the implementation of research findings into practice.

The Division has key relationships within Welsh Government with the Department for Economy, Science and Transport’s Life Sciences and Innovation teams, the Chief Scientific Adviser for Wales and the Department for Education and Skills. The Division also works very closely with colleagues with similar roles in the other UK nations, the UK research councils, other research funders and the European Commission.

Funding remains at the same level as in the June Supplementary Budget.

This Action provides funding for both Safeguarding and Advocacy and Older People Carers and People with Disabilities.

The programme of work for Safeguarding and Adult Advocacy primarily supports the continued implementation of the Social Services and Well-being (Wales) Act 2014 (The 2014 Act) and promotes a preventative agenda to improve outcomes for children and adults at risk. In 2019-20 the implementation of the NPP (now Wales Safeguarding Procedures) will be a priority,
supporting Regional Safeguarding Boards to take this forward, along with continued support to NISB. The role of Safeguarding Boards encompasses both prevention and protection for children and adults at risk of abuse, neglect or other forms of harm.

It also funds programmes of work to support carers in carrying out their roles as carers whilst maintaining their own health and well-being. This is central to ensuring that the rights for carers in the Social Services and Well-being (Wales) Act 2014 make a real difference in supporting carers and involves a strong element of investing to save since informal, unpaid carers are estimated to provide 96% of the care in Wales, care that would otherwise have to be provided from social care budgets.

Funding to support taking forward programmes to improve the life chances of disabled people and in particular the Improving Lives Programme for People with a Learning Disability, launched in June 2018. Funding is also used to take forward actions within the Framework of Action for People with Integrated Framework for Action of Care and Support for People Who are Deaf or Living with Hearing Loss.

The Funding also partly supports the delivery of the ASD Strategic Action Plan 2016 and delivery plan, including support for the ASD National Development Team hosted by the WLGA to support delivery of the strategic priorities. This will include advice in relation to the passage of the Autism (Wales) Bill which was introduced into the Assembly in July 2018.

Funding remains at the same level as in the June Supplementary Budget.

<table>
<thead>
<tr>
<th>Action: Partnership &amp; Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019-20 Supplementary budget June 2019</strong></td>
</tr>
<tr>
<td>£m</td>
</tr>
<tr>
<td>0.606</td>
</tr>
</tbody>
</table>

This Action provides funding to assist with the integration of health and social services and the implementation of the Social Services and Well-being (Wales) Act 2014. In addition it also funds improvements to advice and guidance on continuing healthcare which should help people to access the support they need to meet their health needs. It also supports the consideration of a social care levy contributing to the wellbeing goals of a prosperous and resident Wales by considering options to provide the anticipated funding required in future to meet the increasing demands for social care resulting from an ageing population.

Changes to the Partnership & Integration Action between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of a reallocation of budget within the MEG, in respect of transfer to Social Care Wales.
**Action: Sustainable Social Services**

<table>
<thead>
<tr>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>11.315</td>
<td>11.215</td>
<td>(0.100)</td>
</tr>
</tbody>
</table>

The majority of this Action (£6.8m) funds the Sustainable Social Services Third Sector grant. 32 projects are being supported following a competitive bidding round which support children, young people and their families, looked after children and care leavers, older people, disabled people and carers. The funding allocation for this grant will be increased in 20-21 by £1.2m.

The balance of the funding in this Action (£4.5m) is used to support delivery of the Social Services and Well-being (Wales) Act 2014, implementation of the Regulation and Inspection of Social Care Act 2016 (RISCA) and improvement of Social Care Services which deliver the changes required to achieve our vision for a social care in Wales that improves well-being and puts people and their needs at the centre of all care and support. Our principles include cultivating practice that promotes voice and control, independence, coproduction, person-centred care and prevention and early intervention approaches.

Changes to the **Sustainable Social Services Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of

- (£1.300m) a reallocation of resources within MEG in respect of a transfer to Social Care Wales
- £1.200m additional allocation for Social Services Third Sector Grant

**Action: Social Care Wales**

<table>
<thead>
<tr>
<th>2019-20 Supplementary budget June 2019</th>
<th>Draft Budget 2020-21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>18.038</td>
<td>19.398</td>
<td>1.360</td>
</tr>
</tbody>
</table>

This Action provides grant in aid funding to Social Care Wales a Welsh Government Sponsored body. Social Care Wales (SCW) is funded to regulate the social care workforce, build confidence in the workforce, and lead and support improvement in social care.

**Key priorities include:**

- set standards for the care and support workforce, making them accountable for their work
- develop the workforce so they have the knowledge and skills to protect, empower and support those who need help
- work with others to improve services for areas agreed as a national priority
- set priorities for research to collect evidence of what works well
- share good practice with the workforce so they can provide the best response
- provide information on care and support for the public, the workforce and other organisations.
Changes to the **Social Care Wales Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 is as a result of a reallocation of resources within MEG as follows:

- £1.380m in respect of a budget transfer from the Sustainable Social Services action and the Partnership and Integration action. This mainly supports the expansion of the registration of the social care workforce.
- £(0.020)m in respect of a depreciation adjustment

<table>
<thead>
<tr>
<th>Action: Older People Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019-20 Supplementary budget June 2019</strong></td>
</tr>
<tr>
<td>£m</td>
</tr>
<tr>
<td>1.589</td>
</tr>
</tbody>
</table>

This action funds the Older People’s Commissioner for Wales, an independent statutory commissioner. The Commissioner’s role and statutory powers are defined by the Commissioner for Older People (Wales) Act 2006 and accompanying Regulations. The Act outlines the action that the Commissioner is able to take to ensure that the interests of older people are safeguarded and promoted when public bodies discharge their functions and the assistance the Commissioner may provide directly to older people in certain situations.

The Commissioner for Older People (Wales) Act 2006 and the Commissioner for Older People in Wales (Amendment) Regulations 2008 require the Commissioner to produce and submit an estimate of the income and expenditure of their office, to be examined by Welsh Ministers and laid before the assembly before the start of the financial year.

The previous Commissioner submitted her annual income and Expenditure estimate in late 2017, illustrating a need for stability in funding. The need for a stable platform of funding into 2020-21 continues. As well as operating costs, key work programmes run over financial years and will continue into 2020-21, for example Ageing Well in Wales; work to support advocacy in care homes and increased take up of adult advocacy services; Section 3 Reviews; Older people and human rights work, case work supporting older people who contact the OPCW for support and advice.

Funding remains at the same level as in the June Supplementary Budget.
The bulk of funding in this action supports the childcare offer (which is subject to scrutiny by the CYP&E Committee). This action also contains his action funding for the Looked after Children Transition Grant (LACTG) which provides funding for a number of initiatives which improve outcomes for looked after children so that all children in care have the same life chances as other children. It also contains the Vulnerable Children budget which supports children who have been adopted to ensure they and their family have the necessary access to support services to begin their family life.

Changes to the **Supporting Children Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are in respect of:

- £20.000m new money in respect of Childcare Offer
- £2.300m in respect of vulnerable children
- £0.600m new funding in respect of the Children (Abolition of Defence of Reasonable Punishment (Wales)) Bill

Cafcass Cymru is a demand-led operational service delivers a statutory service to the Family Court in Wales on behalf of Welsh Ministers. Cafcass Cymru practitioners work with nearly 9,000 of the most vulnerable children and young people in the family justice system, ensuring our interventions promote the voice of the child, is centred on their rights, welfare and best interests to achieve better outcomes for the child involved in the Family Justice System in Wales.

The organisation seeks to influence the family justice system and services for children in Wales, providing high quality advice to Ministers and ensuring the needs of Welsh families and children are reflected in process and policy developments.

Of the £10.267m budget, 92% is attributed to staffing costs and 8% to commissioned services and infrastructure costs. Aside from staffing and running costs for the organisation, the budget provides grant funding to support separated parents, when directed by the Family Court, to have contact with their children. The budget also funds the provision of the Working Together For Children programme which supports parents who have separated, or are separating, to better
manage their own behaviour to ensure the emotional, practical and physical needs and best interest of their children are paramount.

Changes to the **CAFCA S Action** between Draft Budget 2020-21 and First Supplementary Budget 2019-20 are due to increased staffing costs as follows:

- £0.229m 2019-20 pay award
- £0.113m 2020-21 pay award (based on 1%)
- £0.072m increased employer pension contributions
Purpose

1. This paper provides information to the Climate Change, Environment and Rural Affairs Committee on the Environment, Energy and Rural Affairs (EEA) (MEG) proposals outlined in Draft Budget 2020-21, published on 19 November. It also provides an update on specific areas of interest to the Committee.

Background

2. The draft budget 2020-21 provides a one year plan for revenue investment and the final year of the three year for capital investment. The tables below provide an overview of the Environment, Energy and Rural Affairs (MEG) as published in Draft Budget 2020-21.

3. The draft budget figures are summarised as follows:

Table 1. Summary changes to EERA MEG Draft Budget 2020-21

<table>
<thead>
<tr>
<th>EERA MEG</th>
<th>2019-20 1st Supp £m</th>
<th>Changes £m</th>
<th>2020-21 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPRA Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource DEL</td>
<td>189.704</td>
<td>5.391</td>
<td>195.095</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>87.061</td>
<td>43.931</td>
<td>130.992</td>
</tr>
<tr>
<td>Total DEL</td>
<td>276.765</td>
<td>49.322</td>
<td>326.087</td>
</tr>
<tr>
<td>Resource AME</td>
<td>2.400</td>
<td></td>
<td>2.400</td>
</tr>
<tr>
<td>Total AME</td>
<td>2.400</td>
<td></td>
<td>2.400</td>
</tr>
</tbody>
</table>

4. To enable a like for like comparison of the 2019-20 budgets at 1st Supplementary with the 2020-21 draft budgets, the attached Budget Expenditure Line (BEL) table will detail all of the movements from both MEG to MEG and Intra MEG changes.
2020-21 Draft Budget – Resource

5. The October and November Cabinet presented indicative MEG level allocations, focussing on additional funding across the eight cross cutting priority areas and funding in relation to the negative consequential as a result of the Non-Domestic Rates (NDR) adjustment, with the aim to publish the draft budget on 19 November with the final budget on 4 February 2020.

6. The indicative allocations show there has been a net increase of £5.391m (2.8%) to the EERA Resource budgets. This includes reductions to the MEG in respect of previous year non recurrent funding.

7. The revenue changes are shown below in the table which reconciles the 2018-19 1st Supplementary budget to the current draft budget for 2019-20.

<table>
<thead>
<tr>
<th>Table 2. Summary Resource Budget Changes 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Budget (2019-20 1st Supp)</strong></td>
</tr>
<tr>
<td>2020-21 Draft Budget £m</td>
</tr>
<tr>
<td>189.704</td>
</tr>
<tr>
<td>Pressure Funding from Central reserves</td>
</tr>
<tr>
<td>5.182</td>
</tr>
<tr>
<td>Funding for Coastal Risk Management Programme</td>
</tr>
<tr>
<td>2.600</td>
</tr>
<tr>
<td>NDR Adjustment – Reserve Funding</td>
</tr>
<tr>
<td>2.000</td>
</tr>
<tr>
<td>Cross Cutting Allocations</td>
</tr>
<tr>
<td>1.900</td>
</tr>
<tr>
<td>EU Transition Funding</td>
</tr>
<tr>
<td>0.170</td>
</tr>
<tr>
<td>Less Movements from EERA MEG</td>
</tr>
<tr>
<td>2019-20 EU transition Funding</td>
</tr>
<tr>
<td>(2.310)</td>
</tr>
<tr>
<td>Cessation of Plaid Cymru New Farm Entrants</td>
</tr>
<tr>
<td>(4.000)</td>
</tr>
<tr>
<td>Tfr Coastal Risk Management Fund to RSG</td>
</tr>
<tr>
<td>(0.151)</td>
</tr>
<tr>
<td><strong>Closing Baseline Draft Budget for 2020-21</strong></td>
</tr>
<tr>
<td>195.095</td>
</tr>
</tbody>
</table>

8. The indicative resource allocations includes a £2.6m funding from reserves and a transfer of £0.151m to the Housing and Local Government MEG in respect of the Coastal Risk management Programme (CRMP). This Programme will provide for £150 million worth of investment in coastal risk management works across Wales, with Welsh Government contributing £112.5 million revenue funding in support. The programme will use the Local Government Borrowing Initiative model to finance the construction phase.

9. We have been allocated £0.170m for EU Transition funding in respect of Sustainable brand Wales and Permitting and Licensing Application and hardware, the final year of the EU transition fund. There has also been a reduction of £2.310m for EU transition projects which completed in 2019-20 which no longer require funding.
10. Finally, there has been a reduction adjustment of £4m for the New Farm Entrants funding which was funding over the two year period 2018-19 to 2019-20 as part of the Plaid Cymru budget deal.

11. I have considered the additional allocations announced at the October Cabinet as well as the additional allocations for Cross Cutting Priorities and the NDR Allocations from Reserves at the November Cabinet, and after reviewing my pressures and priorities for next year, I have decided to allocate to the following budgets.

Table 3. Allocation of Additional Revenue from Cabinet 14 Oct and 4 Nov

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>BEL</th>
<th>2020-21 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Funding – Cabinet 14 October</td>
<td></td>
<td>5.182</td>
</tr>
<tr>
<td>Cross Cutting Priorities – Cabinet 4 November</td>
<td></td>
<td>1.900</td>
</tr>
<tr>
<td>NDR Allocations – Cabinet 4 November</td>
<td></td>
<td>2.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Application of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-species Database Development</td>
<td>2682</td>
<td>1.800</td>
</tr>
<tr>
<td>TB Compensation - Reduction in EU TB income</td>
<td>2269</td>
<td>1.500</td>
</tr>
<tr>
<td>Support Biodiversity Capital Funding</td>
<td>2825</td>
<td>0.739</td>
</tr>
<tr>
<td>Funding for Land Management Reform</td>
<td>2829</td>
<td>0.400</td>
</tr>
<tr>
<td>Fisheries EU Transition Funding 19-20</td>
<td>2870</td>
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</tr>
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<td>National Forest Revenue Support</td>
<td>2827</td>
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<tr>
<td>Other Biodiversity, Peatland and Soils</td>
<td>2825</td>
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<td>Biodiversity Task Force Pilot</td>
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<tr>
<td>Decarbonisation</td>
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<td>TB Slaughter Payments – Compensation Cost Pressure</td>
<td>2272</td>
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<tr>
<td></td>
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</table>
2019-20 Draft Budget - Capital

12. The Welsh Government allocated the majority of capital budgets at the outset of the planning period during 2017-18, providing long term certainty and flexibility to manage the Government’s investment in line with priorities up to and including 2020/21. For EERA, there has been a net increase in the capital budget of £43.931m in 2020/21 from the 2019-20 1st Supplementary Budget, and £53.385m increase from the Indicative Capital plans for 2020-21 outlined during 2017-18.

13. Capital investment on infrastructure plays a significant role in meeting the carbon reductions needed. The carbon impact of investment proposals was a key consideration in allocating funding for new capital investment alongside the Wales Infrastructure Investment Plan, and I am pleased to have been able to allocate significant capital investment across Decarbonisation and Biodiversity.

Table 4. Additional Capital Allocations 2020-21

<table>
<thead>
<tr>
<th>Summary Capital Budget Changes</th>
<th>2020-21 Draft Budget £m</th>
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<tr>
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<td>National Forest</td>
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<td>Natura 2000 Network - maintenance &amp; enhancement</td>
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<td>Metal Mines programme</td>
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<td>National Peatland restoration</td>
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<td>2825</td>
</tr>
<tr>
<td>Environmental Growth Fund</td>
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<td>2825</td>
</tr>
<tr>
<td>Water quality improvements</td>
<td>5.000</td>
<td>2230</td>
</tr>
<tr>
<td>Agriculture</td>
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<tr>
<td>Multispecies Wales Database</td>
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<td>Replacement CAP ICT Development</td>
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<td>EU Transition</td>
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<tr>
<td>EU Transition Funding – Sustainable Brands</td>
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<td>EU Transition Funding – Compliant Wood packaging</td>
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<td>EU Transition Funding – Permitting and Licencing</td>
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<td>Closing Draft Capital Budget 2020-21</td>
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</table>
2019-20 Draft Budget – Intra-MEG Movements

14. As part of my budgetary review, I have re-allocated and prioritised a number of revenue budgets to ensure that I have the right balance of investment across my portfolio to support the National Strategy “Prosperity for All” priorities. These are detailed below.

15. All remaining intra-MEG movements were budget re-alignments to better improve transparency, rationalise a number of smaller budgets to improve flexibility or where responsibilities have been moved within the portfolio.

Table 5. Intra MEG budget Movements

<table>
<thead>
<tr>
<th>From BEL</th>
<th>To BEL</th>
<th>£m</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Evidence and Support 2818</td>
<td>Strategy and Gov’ Relations 2816</td>
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<td>Transfer of responsibilities and better budget alignment</td>
</tr>
<tr>
<td>Natural Resources Wales 2451</td>
<td>Local Environment Quality 2191</td>
<td>0.200</td>
<td>Transfer of responsibilities and better budget alignment</td>
</tr>
<tr>
<td>Other Plant Health Services 2821</td>
<td>Natural Environment 2825</td>
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<td>Legislation and Policy Implementation 2865</td>
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<td>Local Authority Framework 2831</td>
<td>EiD Cymru 2862</td>
<td>0.400</td>
<td>Support development of the Multi-Species Database</td>
</tr>
</tbody>
</table>

Programme for Government – Prosperity for All

16. I have approached the budget preparations by looking at the evidence of needs and pressures in our priority areas in our National Strategy – Prosperity for All including Decarbonisation. This approach is reflected in my decision to invest in and protect our public services and preventative programmes and to balance short-term and long-term needs.

17. We are using this budget to help mobilise every community in Wales to play its part in responding to the climate emergency we face. Tackling climate change will require more than government spending alone. Therefore our most powerful initiatives are not necessarily those to which receive the highest financial investment but those which provide the opportunity for people in Wales to invest their time and energy to take direct action on tackling climate change.

18. The greatest physical risk to our communities from climate change is through the increasingly intense storms, flooding and coastal erosion which we are already witnessing in Wales. In this budget we are committing £64m to defending Welsh communities from the most severe and immediate impacts of climate change, as part of £140m of capital investment over this Assembly term. In addition, we are helping to raise a
further £150m over three years in collaboration with Welsh Local Authorities to protect more than 18,000 homes as part of our Coastal Risk Management Program.

19. The greatest risk to social justice in Wales arising from climate change is the impact on home energy costs. In this budget we are committing £36m, including £8m of European Union funding, to fund energy efficiency measures for 25,000 households. This investment will prioritise those in greatest need including people living with circulatory and respiratory conditions. This is important preventative spend, with research showing that our work is reducing demand on the NHS by protecting vulnerable individuals from damp and cold. Since 2010 we have invested more than £240m through this program, helping to lift tens of thousands of low income households out of fuel poverty.

20. Concerted cross government action is needed to shift our economy and society away from fossil fuels through greater electrification and efficiency. In this budget we are helping to mobilise businesses and communities across Wales to accelerate the transition in key economic sectors:

- **Energy**
  
  We are investing £15m to create local low carbon energy systems in every part of Wales, taking a whole system approach so that we support a range of low carbon electricity and heat technologies that will best deliver according to the needs of communities and businesses in different locations. This funding will support our objective of achieving a carbon neutral public sector by 2030, and will continue to increase our support to the 70+ local and community-owned renewable energy generation projects across Wales in which we invest. This activity will be also supported by additional loan funding available through the Development Bank for Wales.

- **Agriculture**
  
  In this budget we have committed £76m, including £40m of European Union funding, to support our farmers to adopt sustainable farming practices that make their businesses and our countryside more resilient to the impact of climate change. Our investments are supporting farmers as we continue to raise the regulatory baseline, with tighter environmental standards that secure the progress the sector has made through voluntary approaches, and ending poor practice where it still exists.

21. If we are to overcome the present climate emergency, we will need our natural environment to be in the best possible condition so that ecosystems are resilient to the shocks they face from a changing climate, and that we maximise the protective power of nature on which our wellbeing relies.
• Protected sites

The 112 most ecologically important nature sites in Wales are known collectively as a part of the Natura 2000 network that extends across the whole European Union. In this budget we have committed £15m to invest in improving the condition of these sites and strengthening the arrangements for managing them in the future.

• A National Forest for Wales

This year we signalled our intention to create a National Forest for Wales, with our long term vision for the forest to extend the full length of Wales. This will create new tourism opportunities, building on the success of the Wales Coastal Path, as well as absorbing our carbon emissions. In this budget we are kick starting the program by committing £5m to improve the condition and connectivity of our most precious ancient Welsh woodlands and to accelerate the rate of tree planting which, in the first three years of this assembly term has exceeded 16 million trees, equivalent to planting more than 14,000 trees every day.

• Peatlands

Peatlands play a dual role in absorbing vast quantities of carbon emissions and supporting a rich suite of habitats and species. In this budget we are committing £1m to deliver the first year of a national peatland restoration program in support of our objective to bring under sustainable management all areas of peat supporting semi-natural habitat in Wales. As well as protecting the ability of peatlands to absorb carbon emissions, this preventative spend on better management reduces the risk of wildfires thereby saving the resources of the emergency services in tackling them.

• Water quality

We are committing £9.5m to tackle water quality issues that affect our rivers and other inland waterbodies. This includes £4.5m on remediating metal mines which, since they were abandoned in some cases more than 100 years ago, remain a major source of pollution of Welsh waters. Improving water quality will improve the health of the wider environment, making it more resilient to the impact of climate change.

• Marine conservation

We have been protected from much of the potential warming effect of greenhouse gas emissions as these have been absorbed by the sea. Yet this has caused ecological damage to our oceans which has only added to the damage from the World Wars and more recently by plastic pollution. In this budget we are committing £4.4m to taking action to restore more of our marine environment and to enable sustainable economic activity that does
not cause further damage, including support for the development of marine renewable energy technology.

- Access to nature

In this budget we are committing £10m to invest in collaborative action between local communities, businesses and public bodies through a range of grant schemes, including our Enabling Natural Resources and Wellbeing grant. The projects funded through the scheme are designed to be a catalyst for long term collaboration on tackling climate change, pollution and other critical pressures on our natural environment.

- Environmental Growth Plan

The First Minister’s manifesto commits to development of an Environmental Growth Plan to articulate our vision for, and join up, our collective actions to halt and reverse the decline in nature and to grow the environment for the benefit of future generations.

The plan intends to be an overarching narrative for what we are doing across Welsh Government to deliver a greener Wales, setting a strategic, more joined-up approach, which is focussed on outcomes. Within the £137m general capital allocated across Welsh Government in 2020-21, there is £5m capital allocated specifically to Environmental Growth, aimed at projects to be seen ‘from the doorstep’. We are considering options for how it could be utilised to best effect (using the External Reference Group) and including the possibility of a ‘local places for nature fund’ to encourage local action, where communities are encouraged to develop local, small scale Environmental Growth solutions.

Decarbonisation

22. We are focusing our budget preparations across Government on eight cross cutting priority areas where we can have the greatest impact over the long-term. This includes our priority of decarbonisation.

23. The 100 policies and proposals set out in Low Carbon Wales are the actions we have identified over 2016-2020 that will deliver our first carbon budget and 2020 interim target. It is these 100 actions based on the UK Committee on Climate Change (UKCCC) evidence that either directly reduce emissions or contribute to the transition to a low carbon economy in a fair way that will allow us to meet our legislative targets and enter us onto our emission reduction pathway.

24. Since the publication of our Plan, we have accelerated our ambition following the latest evidence presented by the Intergovernmental Panel on Climate Change last October. I have accepted the UK CCC’s recommendation and intend to legislate to this effect in 2020. This represents Wales’ fair contribution to the UK’s commitment under the Paris
Agreement and demonstrates our commitment to tackling the Climate Emergency. We have also asked the UKCCC to explore what it will mean for Wales to go to net zero emissions.

25. We have started to develop the Plan and the policies and proposals to meet our second carbon budget. We already know that the increased ambition will mean an increased scale and rate of the policy effort required to meet our new target. These actions will need to be funded by the financial budgets relating to that period of time and will be determined by the actions we choose to take. We will be receiving further advice from the UKCCC around this next year.

26. Most spending decisions will influence a whole range of outcomes and based on our previous experiences when we are trying to deliver multiple benefits as a Government consistent with the Well-being of Future Generations Act, attributing each pound we spend to a single outcome does not accurately or meaningfully represent the link between spending and outcomes. Therefore our approach has been to identify projects that support emissions reductions can be given, rather than representing the entirety of the Welsh Government's spend on climate change mitigation.

27. We are also providing capital funding of £23m in 2020-21 to the Warm Homes programme, which includes Nest and Arbed. Over the programme period 2017-21 we will improve the energy efficiency of up to 25,000 homes across Wales and to provide stability and certainty for the energy-efficiency supply chain in Wales to grow their business. Our investment will also lever in up to £24m of EU funding, in addition to funding from the UK Energy Company Obligation (ECO).

28. At the summit on Climate Change on 16 October, the FM and I urged everyone – including businesses, public sector, communities and young people - to pledge to take action to tackle climate change in whatever way they can. It requires collective action and we want to share learning ahead of the United Nations Conference of the Parties (COP 26) next year and the publication of our All Wales Delivery Plan in 2021.

Preventative spend

29. Whilst it is difficult to specify the proportion of our budgets which are preventative, the carbon impact of investment proposals was a key consideration in allocating funding for new capital investment, alongside the Wales Infrastructure Investment Plan. Capital investment on infrastructure and preventative measures plays a significant role in meeting the carbon reductions needed.

30. We need to understand the impact of our policies to limit unintended consequences. This will include the development of our wider evidence base such an emissions modelling tool. This will allow us to develop future
policies and proposals in a way that maximise the goals and limit unintended consequences.

31. In addition, in Prosperity for All: A Low Carbon Wales, the Welsh Government committed to establish a climate justice advisory group to ensure our transition avoids unintended consequences. Officials are now working with the Wales Centre of Public Policy to explore the evidence needs to ensure just transition combines’ decarbonisation with a commitment to social and economic justice.

32. The National Strategy for Flood and Coastal Erosion Risk Management sets out the objectives for the management of flood and coastal erosion. There is a good level of evidence from existing flood risk maps (for river, coastal and surface water flood risk), Flood Risk Management Plans, local strategies, the National Flood Risk Assessment and the Communities at Risk Register. Recent research shows that an investment of £100m reduces risk for 7,000 homes and business, protects over 14,000 jobs and creates over 1,000 jobs. Additionally, spending money on maintenance reduces the risk of asset failure.

33. Our continued investment into Green Growth Wales shows how our innovative thinking is making budgets go further across Welsh Government. We are making investments which not only reduce emissions, but enable cash savings by public bodies spending less on their energy bills. It focuses in infrastructure projects which will reduce carbon emissions, including renewable energy generation, resource efficiency, and energy from waste projects.

34. By investing into tackling fuel poverty, we make a contribution to tackling a range of negative impacts including cold related health conditions, excess winter deaths, educational attainment of children and time off school and work due to sickness. Wales has 1.4 million homes across a wide range of housing types with 30% of households in Wales estimated to be in fuel poverty. The findings of research shows the Warm Homes Nest scheme is having a clear positive impact on the health of recipients with a reduction in the use of the NHS by those receiving energy efficiency measures through the scheme. These findings support our decision to extend the eligibility criteria for our scheme to include householders on low incomes who have a respiratory or circulatory condition.

35. Our investment in animal disease eradication programmes are preventative in nature. For example, the ultimate outcome TB Eradication Programme is the successful eradication of bovine TB, which will bring with it a reduction on eradication spend and compensation spend as well as a reduction to the consequential losses faced by the industry, thereby boosting the Welsh economy.

36. There are also Industry-led programmes which are funded by the Welsh Government’s Rural Development Programme (RDP) and run by the Wales Animal Health and Welfare Framework Group with the aim of
eradicating both Bovine viral Diarrhoea (BVD) and Sheep Scab from Wales. BVD is a costly disease which can impact on the efficiency level of a farm as well as reducing the standard of the herd’s welfare. Sheep scab is one of the most contagious diseases of sheep in Wales and has been identified as a disease priority by the Wales Animal Health and Welfare Framework Group.

**Wellbeing of Future Generations**

37. My draft budget preparations shows how I have sought to reflect the framework of the Wellbeing of Future Generations Act in setting our spending priorities. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure, as far as possible, that short term responses do not have longer term detrimental impacts.

38. For example, our Warm Homes Programme makes significant contributions across many of Welsh Government’s wellbeing objectives under our National Strategy “prosperity for all” including promoting good health and wellbeing. This is achieved through the creation of jobs and business opportunities, long term improvement of the housing stock, reducing carbon emissions and tackling fuel poverty and its range of associated negative impacts on health, wellbeing and educational attainment.

39. The Welsh Government is committed to safeguarding our marine environment for future generations, through the sustainable management of our natural resources. A key tool in achieving this objective is our network of 139 Marine Protected Areas (MPAs) which cover 69% of Welsh inshore waters and 50% of all Welsh offshore waters.

40. The Environmental Growth Plan intends to be an overarching narrative for what we are doing across Welsh Government to deliver a greener Wales, setting a strategic, more joined-up approach, which is focussed on outcomes. The seven well-being goals under the sustainable development principle provide a clear framework for creating the Plan, with the five ways of working underpinning the way we operate. For example the Environmental Growth plan will be long term and preventative aiming to halt and reverse the decline in nature. It aims to be integrated and collaborative across Welsh Government, the wider public service, engaging both the private and third sectors. The intention is also to deliver wider benefits such as using the natural environment to promote mental and physical health and well-being and removing barriers to health e.g. air pollution.

41. The First Minister’s manifesto commitment for a new national forest will help support the aims of Woodlands for Wales, as well as priorities relating to biodiversity, commercial forestry, construction, community cohesion and regeneration, and health and well-being. The Welsh Government is
considering how to maximise these economic and environmental benefits and will work in collaboration with the public sector and other partners to identify preferred sites for planting. This is a major undertaking and it is essential we take the time to plan it properly to ensure success.

42. In *Sustainable Farming and our Land*, we proposed having Sustainable Land Management (SLM) as an objective for the new scheme. SLM is an internationally recognised concept and aligns with a number of aspects of the *Well-being of Future Generations Act*. The concept looks to the long term. It asserts while land should be used for the production of food its crucial farming practices do not compromise the land’s long-term productive potential. To help attain the SLM objective, the new scheme has proposed a number of high-level outcomes which farmers and other land managers can deliver on their farm. There are environmental, social and economic outcomes, which include sustainable food, tackling the climate emergency and decarbonisation.

43. Improved management of our water environment is a Programme for Government 2016-2021 objective and a commitment in the national Water Strategy. Sustainable Drainage Systems, known by the acronym SuDS, describes an approach for the management of surface water. From 7 January 2019, it has been a requirement that all new developments in Wales of more than 1 house or where the construction area is 100 square metres or more, require SuDS for surface water. Implementing SuDS is especially relevant to cross-cutting objectives and strategies. It will help deliver Well-being Objectives for sustainable resilient infrastructure and nature based solutions, as prioritised in the Natural Resources Policy and Prosperity for All, through supporting sustainable, healthy and active communities and promoting green growth for a more resource efficient economy.

44. Activities such as raising flood awareness and construction of flood and coastal erosion schemes are proven to have a positive effect on the health of communities, through reduction in anxiety and mental health issues plus offering new opportunities for amenity, access and recreation. For example, our £16m Colwyn Bay scheme reduced the risk of flooding and coastal erosion to 192 properties with the added benefit of regenerating the area through providing tourism amenities, including a new water sports centre, and the creation of new jobs for the town alongside.

45. Finally, Natural Resources Wales have published their Well-being Statement, setting out seven well-being objectives. These well-being objectives have formed the basis of their Corporate Report for 2017-2022. NRW’s priorities will be to develop their organisation and change how they work – adopting the sustainable management of natural resources and its associated principles and the five ways of working from the Well-being of Future Generations (Wales) Act.

Evidence Based Policy Making

46. The Welsh environment underpins the agriculture, fisheries, tourism and forestry sectors, and is of importance to other policy areas including health and well-being, energy and infrastructure. In order to inform the development of policies that build social, economic and environmental resilience and to evaluate programme implementation we are investing annually in the Environment & Rural Affairs Monitoring and Modelling Programme (ERAMMP).

47. ERAMMP is delivering a programme of environmental monitoring and modelling; it collects and assimilates data, undertakes analysis and modelling and supplies policy teams, NRW and stakeholders with targeted evidence. It also delivers a strategic function, helping us to understand long term drivers, climate change for example, and impacts of change on the resilience of the environment, the benefits and public goods provided by our environment and broader social and economic impacts.

48. For example, I am taking forward the manifesto commitment to a National Forest in the form of a forestry programme that would deliver a range of benefits. ERAMMP will aid in establishing a National Forest by providing a range of evidence over four key phases. The evidence pack will support Forestry Policy in developing and evidencing the key aspects of the National Forest, specifically by supporting a business case which will specify the objectives and outcomes of the National Forest.

49. Key challenges for establishing the National Forest include land availability, incentivising planting, securing multiple benefits, understanding trade-offs and avoiding unintended consequences. Evidence generated by the ERAMMP can help overcome these.

50. With regards to the Rural Development Plan (RDP), I acknowledge the importance of the evaluation of the current Programme to provide an evidence base for any future arrangements. The evaluation plan for the current RDP was formally agreed with the European Commission as part of the Programme approval, the evaluation plan and delivery against this is a mandatory component of the Programme.

51. For example, as part of the RDP, a system of ongoing evaluation is in place to examine the progress of the measures and activities against the objectives and outcomes, and this has taken the form of Scheme level evaluations which includes independent review of the Sustainable Management Scheme, Farming Connect, Farm Business Grant and the Sustainable Production Grant. The Programme Monitoring Committee (PMC) receive regular reports providing updates on ongoing evaluation activities and progress against the Monitoring and Evaluation Strategy for ESI funds in Wales.

52. Another example is the National Strategy for Flood and Coastal Erosion Risk Management which sets out the objectives for the management of
flood and coastal erosion. There is a good level of evidence from existing flood risk maps (for river, coastal and surface water flood risk), Flood Risk Management Plans, local strategies, the National Flood Risk Assessment and the Communities at Risk Register.

53. In addition, stand-alone studies such as the Future Flooding in Wales report and the Wales Coastal Review help to clearly set out the need for sustained investment and the increasing risks associated with flooding and climate change.

54. We will also be working with the NRW, the UK and Scottish Governments and the Northern Ireland Executive to develop proposals for an integrated UK marine biodiversity monitoring programme, which includes monitoring within MPAs. This work is progressing in collaboration with science and policy experts through the UK’s Marine Assessment and Reporting Group and the Healthy and Biologically Diverse Seas Evidence Group. This programme of monitoring would deliver the evidence required to confidently assess and report on the health and status of our marine biodiversity and our progress towards meeting good environmental status, in alignment with our commitments in the UK Marine Strategy.

**Impacts on Equality, Welsh Language and Children’s Rights**

55. After reviewing the key changes above, a number of key programmes were subject to Integrated Impact Assessments covering equality, Welsh language and Children’s Rights. Integrated impact assessments are mainstreamed into policy setting as well as budgetary decisions.

56. I am pleased to note my portfolio hasn’t been allocated any budget reductions in this draft budget, and so any impact assessments were carried out on a number of new budget and policy initiatives.

57. The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

**Welsh Language**

58. The Welsh Language (Wales) Measure 2011 and proposed Standards require us to do the following three things:

1. Consider the effects or impacts of our policy decisions on the Welsh language (both positive and negative)

2. Consider how to increase positive effects, mitigate or reduce adverse effects and take all opportunities to promote the use of Welsh
3. Seek views on the effects on the Welsh language when engaging or consulting and to seek the view of Welsh speakers and users of the language.

59. As part of the Integrated Impact Assessment process, we have considered the impact of our budget decisions on the Welsh Language, and have identified no significant impacts on the provision of Welsh language services.

Children’s Rights

60. Wales is the first country in the UK, and one of only a few countries in the world, to enshrine the United Nations Convention on the Rights of the Child (UNCRC) into domestic law with the Rights of Children and Young Persons (Wales) Measure 2011.

61. The duties within the Measure are implemented in two stages and place duties on Welsh Ministers to:

- give balanced consideration to the rights in the UNCRC and its optional protocols when formulating or reviewing policy and legislation;
- give balanced consideration to the rights in the UNCRC when they use all their legal powers or duties.

62. Across my portfolio, each member of staff is required to consider how their work affects children’s rights, and this process has informed the Integrated Impact Assessment. No significant impacts on children’s rights have been identified in the setting of this budget.

Natural Resources Wales

Table 6. NRW Budget Comparison

<table>
<thead>
<tr>
<th>NRW Budget</th>
<th>2019-20 1st Supp £m</th>
<th>2020-21 Draft £m</th>
<th>Change in Budget £m</th>
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<tr>
<td>Capital GIA</td>
<td>0.966**</td>
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<tr>
<td>Flood Capital***</td>
<td>12.700</td>
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</tr>
<tr>
<td>Flood Revenue***</td>
<td>19.750</td>
<td>19.750</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92.679</strong></td>
<td><strong>92.699</strong></td>
<td><strong>0.020</strong></td>
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</table>

* NRW Grant in Aid BEL 2451 (Does not include Non Cash Budgets)
** Capital GIA 2019/20 is using the 2020/21 opening Baseline as agreed at 2018/19.
*** Flood funding to be agreed and is part of BEL 2230

63. The NRW budget for 2020/21 has minor changes when compared to the 2019-20 1st Supplementary Budget. The reduction of £0.230m revenue is due to changes in the Non recurrent EU Transition funding awarded during 2019-20, and a recurrent Intra MEG movement of £0.2m to Bel 2191 Local
Environment Quality, and as this is a budget alignment, it does not impact on the direct funding to NRW. The increase in Capital funding is due to an award of £0.250m towards EU transition costs for 2020-21 only. There has been no change in core Grant In Aid (GIA) for NRW in 2020-21.

64. In this budget we are maintaining the Welsh Government GIA funding available to Natural Resources Wales, at £60m (£93m including flood and water management funding). This will enable them to boost their efforts in tackling climate change and its impact in Wales. This is through more renewable energy generation on public sector land and more natural flood management. They are tasked to produce detailed Area Statements and the next State of our Natural Resources Report, which is due for publication during 2020. These are shared resources to enable us to identify the best opportunities we have for expanding woodlands, peatlands and other important habitats.

65. One of the biggest challenges for the Welsh Government is tackling the effects of climate change. It is imperative NRW continues to respond to our climate emergency and the increased ambition of at least a 95% emission reduction. The UK will be on the world stage in the United Nations Conference of the Parties (COP26) in Glasgow in 2020. With NRW at the forefront, delivering actions across multiple sectors aims to ensure Wales’ environment will be more resilient to climate change impacts.

66. NRW has a pivotal role in supporting the transition to renewable energy, especially through the Area Statements. NRW has already made progress in developing proportionate consenting of energy applications. They will build on this work to develop a positive and enabling approach to renewable energy development, on and offshore.

67. The Welsh Government has made a commitment to reverse the decline of biodiversity, which is driven in a large part by NRW. NRW will be required to deliver a programme of work on the restoration of peatlands and some of our Natura 2000 sites. Alongside this, NRW will take the lead in ensuring action against plant health pests or disease and Invasive Non-Native Species (INNS) outbreaks.

68. NRW continues to play an invaluable role in managing and expanding the Welsh Government Woodland Estate. NRW has put forward plans to respond to the climate emergency, including the expansion of the woodland cover across Wales. This will result in the sequestration of carbon, as well as changing the types of trees we are planting in response to threats arising from climate change. NRW will work with my officials in the creation of the National Forest.

69. NRW will also be expected to work with my officials to develop an Environmental Growth Plan, by autumn 2020. This will include links to the Area Statements, community engagement and NRW’s vision for 2050. NRW must utilise the considerable resources made available to it in 2020-
21 and work with other organisations, to deliver tangible outputs to grow nature. I am keen the people of Wales see environmental growth on their doorsteps. NRW has an important role in supporting communities across Wales in developing and delivering this.

Withdrawal from the European Union

70. Brexit has been at the top of my portfolio’s priorities for over three years now. As I have said on a number of occasions, exiting the EU without a deal would have an immediate and long term catastrophic impact on rural communities. I am confident we have done and continue to do everything under our control to mitigate the impacts of any no deal.

71. However, at the time of submission of this evidence paper, there remains uncertainty over the result of election and future direction of Brexit. Over 7,000 functions will be returning to the Welsh Government from Brussels – the majority of those in relation to agriculture and the environment. It is therefore, vital I must have to plan for all contingencies and be prepared.

72. My portfolio currently has a suite of Brexit Preparedness projects in operation (74), a significant number of which are being carried out on a UK-wide basis. I have been tracking progress on these regularly and reporting, with my colleagues, to the First Minister’s Cabinet Sub Committee on EU Exit.

73. The majority of no deal preparation projects were on track for a 31st October exit. Officials will continue to work closely with Defra and other UK administrations to finalise the remaining projects, should they be needed in January. We continue to apply pressure to the UK Government for clarity on the extent of additional budget that will be made available to help manage a ‘No Deal’ outcome.

74. The projects cover a range of sectors and needs including establishing new regulatory and operational systems as well as contingency planning. The systems developed would provide a functional, baseline system, which could be operational on day 1.

75. There are also many projects underway which impact whether we leave with or without a deal including establishing positions on future UK-wide governance arrangement and future policy such as in the areas of trade, environment, land management and marine and fisheries.

76. We have also developed contingency plans for sectors across my portfolio and tested them to ensure appropriate mitigating measures are in place for day one, including sheep, fisheries, water and food, in collaboration with administrations across the UK. These will continue to be kept under review as the leaving date changes to take into account the seasonal implications.
Future Funding for Agriculture Support

77. The manner of the UK’s withdrawal from the European Union (EU) and the future economic relationship are far from decided. This particularly applies to the terms of any Withdrawal Agreement. Resolution of these issues will determine how long the UK stays within different parts of the Common Agricultural Policy (CAP) and, therefore, when it is possible to start moving to different arrangements. Once funding is returned, we will ensure funds are directed at farming, forestry and other land management support, and not spent elsewhere.

78. We will continue to work jointly with our stakeholders, across and within sectors, to understand the implications of Brexit and how we might, collectively, address them. We are engaged in UK wide discussion on future frameworks to ensure a clear voice for Wales and to ensure Wales is a key part of UK positioning. Complexities include having to consider the ‘no deal’ and ‘negotiated exit’ scenarios; a HMT review of the definition of ‘Farm Support’ and recent HMT draft guidance proposing how the UK Government funding guarantee and Conservative manifesto commitments are expected to be implemented, through to 2022.

79. When more is known about the future budget, we will need to decide how to distribute funding between the different elements of support. In particular, we will need to decide:
   - the appropriate balance between funding for farmers, foresters and other land managers in the Sustainable Farming Scheme and support for the wider industry and supply chain and;
   - which elements of the Rural Development Programme should be incorporated into new support arrangements.

New Land Management Programme

80. The consultation for “Sustainable Farming and our Land” (SFaoL) closed on 30 October. We received over 500 substantive responses and nearly 3,000 campaign responses. My officials are currently considering all consultation responses received and a full summary will be published in due course.

81. The potential disruption caused by a no deal Brexit could last a considerable time. We cannot afford to wait until an undefined date in the future before we start considering what support we need to devise for Welsh farmers.

82. We want to provide as much clarity on the future for the Welsh farming sector in these uncertain times. Whilst we cannot be certain of the Brexit outcome, it is right we consult and develop our long-term proposals for future support. Many of the proposals in the consultation are largely unaffected by the outcome of Brexit.
83. Once more is known about future trade deals and budget allocation from UK Government, along with the results of the SFaoL consultation and co-design, we will be able to progress the modelling required before this consultation process can be concluded and new support arrangements put in place. It remains our intention to bring forward a White Paper for an Agriculture (Wales) Bill before the end of this Assembly Term.

Rural Development Programme

84. The RDP provides much needed investment in our environment, farming and rural communities. This includes investment in managing our ecosystems, efficient energy use and greenhouse gas reduction. It provides Wales-wide coverage that aligns the EU priorities for rural development with the seven ‘Well-being of Future Generations’ goals. The RDP has agriculture at its heart.

85. The RDP continues to make good progress since its approval on 26th May 2015. At a project level a total of £666.9m funds have been committed, representing 81% of Programme funds. Plans are in place to achieve full commitment of the programme by the end of 2020. It’s important to remember whilst the RDP is a seven year programme, spend takes place over a ten year period under the “N+3” rules. The EU’s second spend target in December 2019 is €247m and the Welsh Government achieved this well ahead of schedule in early 2019.

Post Brexit Food and Drink Strategy

86. In the short term we have already taken action to secure our position, including negotiating and consulting on a new UK Geographical Indication (GI) Scheme to commence as soon as the UK leaves the EU. The new UK GI schemes proposed in this consultation would bring automatic protection for UK products registered under the existing EU GI schemes. In addition, we are seeking to ensure that UK GIs registered under the EU schemes will continue to enjoy protections in the EU, however this is subject to ongoing negotiations.

87. The Food and Drink Wales Industry Board and WG have consulted on proposals for a strategic plan for the sector to follow on from the current action plan, and that we are considering responses to that. A crucial factor for success is to strengthen networks and clusters throughout the agri-food supply chain, branching into the service, retail, and tourism sectors, and through this adding value and making our system more resilient.

88. In direct response to the significant challenge the Welsh red meat industry faces with the uncertainty of future trading arrangements post Brexit, we are investing £1.5m over three years for Hybu Cig Cymru (HCC) to deliver an Enhanced Export Programme to support the industry to maintain key markets in Europe, as well as developing market access further afield. Since the start of the programme, restrictions have been lifted on importing British beef and lamb to Japan and British beef to China, paving the way
for increasing exports of our quality products from Wales to these key markets.

89. On 4 November, I announced our next ‘premier’ food and drink industry event (Blas Cymru/Taste Wales) will take place on 10 and 11 March 2021 at the International Convention Centre (ICC) Wales. The event will build on the successes of the previous events in 2017 and 2019, bringing national and international buyers and Welsh food and drink producers together to showcase our world class produce and help open new markets and international trade deals. The event will further establish the Welsh food and drink industry on the global stage and promote Wales as a key location for quality food and drink production. The event demonstrates our clear determination to continue to promote the very best that the Welsh food and drink industry has to offer internationally and further develop the global reputation of Wales as a Food Nation, despite Brexit.

Future Fisheries Policy

90. We are committed to developing a Future Fisheries Policy in collaboration with stakeholders, as we exit the European Union in line with our Prosperity for All commitment. I consulted over the summer through the Brexit and Our Seas consultation, the first stage in a longer conversation about the future of the fishing industry in Wales. Currently there is no specific budget for the development of the Future Fisheries Policy, any costs will be met from within the Marine and Fisheries budget.

91. The UK Fisheries Bill fell following prorogation. As a result of its inclusion in the Queens Speech we await the introduction of a UK Bill, however, following the announcement of a UK General Election timelines for this remain unclear. We will consider the budgetary implication of the UK Fisheries Bill once a draft has been shared.

New Environmental Governance Body

92. Our consultation paper on Environmental Principles and Governance Post European Union Exit ran from 18 March to 9 June 2019 and we published the summary of responses report on 13 September. In my written statement of 17 July I stated my intention to establish an Environmental Governance Stakeholder Task Group to assist in the design of post-Brexit environmental governance arrangements as covered in the consultation document.

93. This group is currently considering the different types of models, including the form and functions, which would provide an effective, proportionate and appropriate governance system for Wales. As this Task Group will be submitting a report on its recommendations in early 2020, at present no definite type of environmental governance model has yet been recommended.
94. This is a complex area of work which requires detailed analysis to ensure any proposals which are submitted are an appropriate fit for Wales. As such, when a preferred model has been identified, a thorough options appraisal, including financial implications will be undertaken, which will include an assessment of the associated costs of the recommendations and the different types of options presented by the Task Group.

95. If a withdrawal agreement is reached between the UK and the EU, the existing EU governance structures will remain in place during any transition period and we will not need to put in place any interim governance measures. However, due to the continuing uncertainties, it is still pragmatic for us to prepare for a no deal scenario.

96. If the interim measures have to be activated, guidance will be provided to citizens to assist them with who and on what a complaint can be issued, this will be to help address any potential duplication of complaints and therefore potential costs on other public bodies. Further work is on-going on the additional interim measures required, which may be required including the costing and timescales and further information can be provided in due course, should a no deal scenario be likely.

97. Brexit continues to present significant challenges to us, particularly on the need for resources to deliver the plethora of policy and operational impacts of Brexit. There are a range of possible future Brexit scenarios, each with different implications for Welsh Government staffing. We have developed, and continue to modify, approaches to managing these different challenges. To date, my department has taken on over 80 staff on fix term appointments to help us manage the increased work and are considering how we continue to benefit from their input. The Permanent Secretary and Executive Board continues to assess staffing levels across the Welsh Government.

Legislation

UK Environment Bill

98. In light of the UK General Election and the suspension of Parliament, the UK Environment Bill has now fallen. As it stood prior to it falling, the Bill’s environmental governance provisions related to England and to reserved areas, as the approach had been designed to address the specific gaps as they applied in England. As such this aspect of the Bill bore no financial implementation costs on Wales.

99. We await the outcome of the General Election and will need to reassess the UK Bill once it has been reintroduced to determine whether the Bill remains in effect the same. We were however working with the UK Government and the other devolved administrations on how we could cooperate in a number of areas to address any gaps, which may arise at a UK-wide level. As this was a work in progress, there were no financial
implementation costs to consider at this point in time. In any introduced Bill we will need to ensure the progress made to ensure the UK Bill respects the devolution settlement is not lost.

100. Powers for Welsh Ministers were taken in the Bill in relation to policy areas such as waste, water, flood, litter, chemicals, single use items, air quality, and extended producer responsibility. In the event of the Bill being reintroduced we will need to consider the implications on these powers. Any financial implications for these powers will be detailed in impact assessments, which accompany any subsequent secondary legislation.

101. There are areas requiring action whilst we remain part of the EU such as ensuring we comply with the recently adopted EU Single-Use Plastics Directive. Without taking such powers in UK legislation, we would run the risk of non-compliance with EU legislation whilst we remain a Member State. There are areas of the UK Bill where the National Assembly for Wales does not have the sole ability to legislate and so the UK Bill offers a viable legislative vehicle.

Specific Areas of Interest for Committee

Air quality, including the take up of the Air Quality fund, the implementation of the Clean Air plan and the establishment of the Air Quality Monitoring and Assessment Centre for Wales

102. The Clean Air Plan (CAP) will include measures to tackle the contribution to poor air quality made by industry in key sectors across Wales and will have a focus on those areas facing particular challenges. The Air Quality Fund (AQF) is being used to support the implementation of local authority measures to deliver compliance with Nitrogen Oxide (NO2) limit values. In this draft budget, and as a consequence of the funding from the UK, I have allocated an additional £14.3m capital fund which will primarily be used to provide on-going support, guidance and finance to enable Cardiff Council (and Caerphilly County Borough Council) to take action to achieve compliance in the shortest possible time.

103. Costs associated with the implementation of any new actions arising from the Clean Air Plan are not known at this stage. The CAP is due to be consulted on shortly and is expected to close early 2020. Budgetary decisions will be made following consultation. Proposals for an Air Quality Monitoring and Assessment Centre for Wales refer to work underway to develop an enhanced evidence capability for Wales. The aim of this work stream is to provide a resource to inform and drive coordinated action to reduce airborne pollution and to maximise opportunities for health and environmental improvement. Options for an organisational structure are being considered and preparatory work to inform this project is underway. Spend on the centre in the coming funding period is unclear at this stage but it is not likely that much spend will be incurred until after 2020-21.
104. A recent review undertaken by the Welsh Government Energy Service (particularly the work of Energy Savings Trust ultra-low emission vehicle experts) has highlighted the considerable impact of Refuse Collection Vehicles (RCV’s) in the Public Sector.

105. The aim of the review was to establish the carbon and energy use associated with the operation of public sector transport in Gwent and identify the opportunities to use Ultra Low Emission Vehicles. Their ambitious proposal if practicable is to increase the proportion of Ultra Low Emission Vehicles to 100% by 2030.

Implementation of the Welsh Government’s new fuel poverty strategy

106. To facilitate consideration of recommendations made by the Wales Audit Office in its landscape review of Fuel Poverty published in October and to avoid consultation during the UK General Election, I expect the consultation on the new plan to tackle Fuel Poverty to begin in January.

107. The primary purpose of the plan to tackle Fuel Poverty is to set the strategic direction up to 2035. It will be underpinned by delivery or activity plans which will be costed and scalable in line with budgets and opportunities available at that time. The draft plan to tackle Fuel Poverty consultation document proposes new actions, which contribute to the Welsh Government’s wider objectives to tackle poverty, prevent avoidable ill health and premature death from living in a cold home and decarbonisation.

108. The Warm Homes Programme Nest and Arbed Schemes will continue to deliver advice and home energy efficiency improvements in 2020/21.

Implementation of the recommendations of the “Better Homes, Better Wales, Better World” report


110. Accepting the recommendation in principle, the Minister for Housing and Local Government is working on a plan for the decarbonisation of housing based on these recommendations.

Bovine TB Eradication Programme (including Delivery Plan, testing and compensation)

111. I previously stated that the current system of TB compensation would be kept under review. This review will consider the fairest way to pay compensation in light of ongoing budget pressures and loss of EU funding.
post- EU Exit is in progress. We are currently in discussions with UK Government to ensure that this funding will continue post EU Exit. In view of this I have allocated £1.5m to mitigate the reduction in anticipated EU income (irrespective of Brexit) and £0.75m towards increased pressure on my Slaughter compensation budget.

112. Any change to the TB compensation arrangements will be designed to encourage best practice, disincentives noncompliance and provide a fair and proportionate compensation system. Before any change to the TB compensation system is implemented, a public consultation will be carried out and all suggestions and comments considered.

113. The Delivery Plan, launched in 2017, sits beneath the TB Eradication Programme and sets out the detailed enhancements to be rolled out in the short to medium term. The Delivery Plan is a living document that will be updated as and when necessary. A Delivery Plan allows for greater flexibility and enables the Programme to adapt to the changing situation on the ground. This agile way of working allows us to be reactive to new and emerging information about the disease picture and enables the swift inclusion of enhancements to reflect the latest science and learning.

Implementation of the Woodlands for Wales Strategy

114. Our Woodland for Wales Strategy sets out the diverse range of benefits offered by conifer and broadleaf woodlands towards multiple environmental, social and economic outcomes. In order to respond to our declaration of a climate change state of emergency, we need to rapidly increase the forest cover in Wales. It is the key way we will be able to mitigate climate change through carbon sequestration. This needs to be done in balance with other important natural resources such as habitat, landscape and water quality in order to maximise the economic and environmental benefits of expanding our woodland cover in Wales. Healthy and diverse woodlands also require good woodland management, which remains an integral core component of our Woodlands for Wales Strategy.

115. The First Minister’s manifesto commitment for a National Forest Programme will help support the aims of our Woodlands for Wales Strategy. This includes delivering key priorities relating to biodiversity, commercial forestry, and timber in construction, community cohesion and regeneration, underpinning our commitments for our future generations. Trees and woodlands are part of our living natural heritage and recognition towards their importance is steadily growing. Within the changing political landscape of Brexit, we need to continue to support the delivery of multiple and collaborative benefits for dynamic and resilient forests and woodlands in Wales.
Nitrate Vulnerable Zone management (NVZ)

116. A contract for the provision of agricultural and environmental advice, with an annual budget of £0.25m, was awarded for 3 years from 1 October 2018. This contract includes the provision of a helpline for farmers within designated Nitrate Vulnerable Zones (NVZs) for advice and guidance on the regulatory requirements. The contract is also used to review and assess the effectiveness of the NVZ Action Programme and provide advice on measures to address agricultural pollution.

117. The NVZ helpline assists farmers in NVZs to comply with the regulations and, therefore, achieve the objectives of the approach to reduce nitrate pollution of watercourses. It is a statutory duty for the Welsh Government to review its implementation of the Nitrates Directive every 4 years and this budget is used to undertake such reviews. This budget is also used to inform policy on agricultural pollution issues across Wales, in related areas, such as the implementation of the Water Framework Directive and National Emission Ceilings Directive. The budgets of Bel 2865 and 2864 have been merged to better align the budgets and costs of the above services.

Flood and Coastal Erosion Risk Management, including the take up of the Coastal Risk Management Programme.

118. Flood and coastal risk management is focused on reducing risk to life. It does so by preventing incidents of flooding and erosion which would otherwise cause damage to homes and businesses. We have improved the way we prioritise alleviation schemes to help target funding towards projects in the highest risk areas which demonstrate the most effective preventative spend.

119. Our draft National Strategy sets out how we intend to manage the risks from flooding and coastal erosion across Wales, it also highlights the need for closer collaborative working and wider catchment approaches to reduce risk.

120. Consultation on the National Strategy for Flood and Coastal Erosion Risk Management closed on 16th September. We will issue a summary of responses later this year, with a view to publishing our new Strategy later in 2020. The document has already benefitted from over a year of consultation, feedback and workshops.

121. In Wales we continue to spend more per capita than England on flood and coastal risk management. Over the last 5 years, in Wales we spent an average of £17.19 per capita compared with £14.05 per capita in England over the same period. We continue to prioritise our flood and coastal risk management work with a healthy programme of activity across Wales through Local Authorities and NRW. Over £350m (total capital and
revenue) will be spent on flood and coastal erosion risk management during this Assembly term.

122. The Flood and Coastal Erosion Committee is now fully established. It is an advisory body, providing advice on all aspects of flood and coastal risk management in Wales, and supports Welsh Ministers and all Welsh Risk Management Authorities. It’s inaugural Committee meeting was held on 4 June in Cardiff with a second meeting in Llandudno on 10 September.

123. The first Coastal Risk Management Programme schemes are entering construction this year. The first corresponding revenue payments to support Local Authorities innovative borrowing repayments was made during 2019-20. We will see significantly more schemes starting construction during 2020-21, and revenue funding of £2.6m is included to support payments to these schemes. We have 24 schemes currently in the Coastal Risk Management Programme, taking up the full £150 million allocation. Subject to all completing, they will reduce risk to over 18,000 properties.

The licensing regime for Animal Exhibits

124. The Animal Welfare (Licensing of Animal Exhibits) (Wales) Regulations 2020 will provide a licensing scheme for certain animal exhibits. There will be limited financial obligation for Welsh Government to implement this licensing scheme – we anticipate we will be able to manage this within our current resource establishment.

125. The local authorities will be responsible for enforcement of the Regulations - Under section 30 of the 2006 Act, local authorities may prosecute for any offence under the Act. Welsh Government will not make any funds available to implement or run the licensing scheme. Animal exhibits in Wales are currently unlicensed and only some will be registered under the Performing Animals (Regulation) Act 1925, so there will be an increased need for enforcement action (as a minimum, routine inspections as required in the legislation).

126. There will be a requirement to appoint one or more suitably qualified inspectors to inspect any premises and travel equipment linked to the licensable activity to determine whether or not to grant, suspend, revoke or renew a licence. This could lead to an increased financial and staff resource. However, local authorities will have the opportunity to allow for anticipated costs of registration, inspection and enforcement by charging a fee for the issue of a licence (regulation 14).
Banning third party sales of puppies and kittens.

127. A twelve week public consultation on the Banning of Third Party Sales of Puppies and Kittens launched on 19 February 2019 and closed on 17 May 2019. The consultation was published on the Welsh Government website and publicised in newsletters and via various social media platforms. The consultation looked at evidence on what stage the government should intervene in large scale dog breeding premises and address concerns about animal welfare at point of sale. The consultation has shown widespread support for banning third party sales of puppies and kittens. However, this is seen as only one of the steps necessary to improve the welfare of dogs and cats at breeding premises.

128. In relation to development of the Welsh Ministers’ policy approach to third party sales of puppies and kittens, after evaluating the evidence in support of and against the proposition that third party sales of puppies and kittens gives rise to poor welfare, consideration will be given by officials to a range of options should the evidence support action being taken to ban or regulate the sale by third parties of puppies and kittens. Each option will be evaluated against the ‘do nothing’ option as well as the option of voluntary action being taken by breeders and third party sellers.

Initiatives to reduce plastic pollution, including a deposit return scheme, and the development of an extended producer responsibility (EPR) scheme.

129. Although this is not within the remit of my portfolio, (resides within the portfolio of the Minister of Housing and Local Government) the Welsh Government welcomes the ambitious approach taken in the European Union’s Single Use Plastic Directive and is committed to implementing the wide range of measures aimed at reducing the environmental impacts of littered plastic. Work is currently underway to enable the introduction of regulations that will ban or restrict a number of commonly littered single use plastics in Wales.

130. The use of Extended Producer Responsibility (EPR) for packaging is an important tool in delivering the “polluter pays” principle, meeting recovery and recycling targets and in providing income to help with the management of wastes. The European Commission’s Circular Economy Package includes revised proposals for the introduction of minimum operating conditions for Extended Producer Responsibility. It proposes that financial contributions paid by producers to comply with its extended producer responsibility obligations should cover the entire cost of waste management for the products it puts on the market, including all the costs of separate collection, sorting and treatment operations.

Lesley Griffiths
Cabinet Secretary for Energy, Planning and Rural Affairs
1.0 **Introduction**

This paper provides information on the Economy and Transport (E&T) portfolio proposals as outlined in the 2020-21 Draft Budget published on 16 December 2019, as far as they relate to the remit of the Climate Change, Environment and Rural Affairs Committee.

2.0 **Strategic Context**

The 2020-21 spending plan has been prepared to support delivery of our strategic objectives of a more prosperous, greener and more equal Wales. It supports programmes, actions and interventions designed to raise levels of wealth and well-being, whilst reducing inequalities in both.

Aligned to [Prosperity for All: Economic Action Plan](#), the 2020-21 plan sets our policy, delivery and behavioural changes to support and reflect our well-being objectives. The Economic Action Plan is cross-collaborative and structured around seven of the twelve well-being objectives, one of which is to drive sustainable growth and combat climate change. This recognises that a growing sustainable and inclusive economy is essential for a more prosperous, healthier, resilient and more equal Wales. The Plan delivers a major policy shift across delivery areas to the low-carbon agenda, to encourage decarbonisation and support businesses to improve their resource efficiency.

The economic contract requires businesses seeking Welsh Government investment to commit to reducing their carbon footprint, alongside inclusive growth, fair work and promoting health and learning in the work place.

The Economic Action Plan also sets out how we will establish a partnership between the public and private sector to ensure users, developers and manufacturers of automated and electric vehicles are able to realise benefits from these transformative technologies, reducing carbon emissions and securing an economic dividend for Wales in the automotive revolution.

Brexit and the risks it poses to business and the economy has been an ever-present consideration as part of our budget planning. As a responsible Government, we have taken the principle of sustainability into account in our spending plans. The Development Bank of Wales capital funds of £47m and total funding of £71.488m for inclusive growth and future proofing the Welsh economy help us to mitigate, as far as is possible, the challenges posed by any Brexit outcome and by a potential ‘no deal’ outcome in particular.

[Prosperity for All: A Low Carbon Wales](#) was published in March and contains 100 policies and proposals that will deliver the first carbon budget 2016-2020.
and 2020 interim target. These policies will either directly reduce emissions or contribute to the transition to a low carbon economy that will allow us to meet our legislative targets and enter us onto our emission reduction pathway. The National Assembly is the first Parliament in the world to declare a climate emergency and following the declaration we have accepted the advice of the UK Committee on Climate Change to increase Wales’s 2050 emissions reduction target to 95% and will ask the National Assembly to put this into law next year. We have also announced our ambition to work with UKCCC and other stakeholders to develop a more ambitious net zero target.

The decarbonisation of transport presents both serious challenge and major opportunities. The continued investment to address the issues will contribute to the well-being goals of a prosperous, low carbon Wales, a healthy Wales, a globally responsible Wales and our well-being objective of connecting communities. Reducing emissions by modal shift in travel will contribute to achieving our Net Zero by 2050 ambition and reduce air pollution and also contribute to our well-being objective of connecting communities, supporting people and business and tackling regional inequality.

The National Transport Finance Plan 2018 Update assesses the delivery of key commitments supported by £1.5 billion over 2018-19 and 2019-20. It outlines the significant investment to address the ambitious targets: the rail franchise including investment totalling almost £5bn over the next 15 years to transform rail services across Wales, major legislative reform of the public transport network and the development of integrated, multi-modal transport system across Wales.

The Wales Transport Strategy (WTS) One Wales: Connecting the Nation currently sets out our strategic priorities and desired outcomes, providing a link to the wider priorities as well as plans at the local authority level. The new transport strategy which is scheduled for publication in December 2020, will include a key focus on moving to lower carbon modes of transport to meet both our decarbonisation targets and reduce the growing number of Air Quality Management Areas which have a strong link to transport related emissions.

Covering all modes of transport, the WTS will be set in the context of the Well-being of Future Generations Act 2015, Prosperity for All: the National Strategy and the Economic Action Plan. To help deliver the vision it will embed the sustainable transport into decision making, transport appraisal (via a review of our Welsh Transport Appraisal Guidance) and investment decisions in order to get more people travelling in ways prioritise walking, cycling and public transport. Ultra Low Emission Vehicles also have an important role to play in the decarbonisation of Transport, particularly in rural areas with limited public transport services.

The long-term challenge of decarbonisation requires us to focus on our future skills needs to ensure we transition our workforce and maximise the opportunities presented by global clean growth. The skills and training needs for a low carbon economy may need us to focus on the upskilling and reskilling of
people around new technologies, industries, trades and approaches. Employability and skills is also a key cross cutting theme in Prosperity for All.

3.0 Overview of the Budget

The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital. The table below provides an overview of the planned revenue and capital expenditure for the E&T portfolio.

<table>
<thead>
<tr>
<th>Summary</th>
<th>2019-20 First Supplementary Budget £'000</th>
<th>Baseline Adjustments £'000</th>
<th>Resource Baseline/ 2020-21 Capital Plans as at 2019-20 Final Budget £'000</th>
<th>Changes £'000</th>
<th>2020-21 Draft Budget New Plans £'000</th>
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<tbody>
<tr>
<td>Resource</td>
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<td>(7,391)</td>
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<tr>
<td>Capital</td>
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<td>609,004</td>
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<tr>
<td>TOTAL</td>
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<td>(7,391)</td>
<td>1,311,383</td>
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<td>1,518,186</td>
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<tr>
<td>Resource AME</td>
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<td></td>
<td>62,437</td>
<td>(32,912)</td>
<td>29,525</td>
</tr>
<tr>
<td>TOTAL AME</td>
<td>62,437</td>
<td></td>
<td>62,437</td>
<td>(32,912)</td>
<td>29,525</td>
</tr>
<tr>
<td>OVERALL TOTAL</td>
<td>1,353,374</td>
<td>(7,391)</td>
<td>1,373,820</td>
<td>173,891</td>
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</tr>
</tbody>
</table>

The spending plans for 2020-21 make investments in low carbon programmes and ensure that we are incorporating decarbonisation in long term infrastructure developments. We are also involving people in future decision making to inform our priorities.

Capital investment on infrastructure and preventative measures plays a significant role in meeting the carbon reductions needed.

3.1 Revenue

The most effective way of reducing transport carbon emissions will be to replace car journeys with those using the existing public transport system and active travel. The majority of Transport expenditure for programmes and policies may be attributed to primary preventative spend which promotes sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which supports health outcomes. Revenue spend on public transport and sustainable travel accounts for 75% of the total transport revenue budget (excluding non-cash). This is made up of 18% for Active Travel Action and 57% Rail support.

The South and North Wales Metro integrated transport proposals have the potential for transformational change in terms of both decarbonisation and economic benefit. In 2020-21 revenue funding of £185.4m (36% of the budget,
excluding non-cash) is provided for the rail franchise and services improvements, which includes an additional allocation of £15m as part of this draft budget. The new rail contract reflects our commitment to carbon reduction in promoting a modal shift.

In progressing the commitments in Prosperity for All, I have prioritised investment in bus services to encourage a modal shift from car to public transport. The plans provide £94m for bus travel (revenue and capital) for the bus support grant, concessionary fares and the youth discounted travel scheme. Affordable travel is important in delivering our cross cutting priorities and vital for social cohesion.

Our plans recognise the importance of working with businesses to promote decarbonisation and reducing carbon footprints. The Business Wales budget of £5.6m revenue supports responsible business practise and provides resource efficiency advice to entrepreneurs and businesses through Business Wales, as well as advice on environmental action planning, workshops and networking activities. A sketchbook and interactive tool have been developed to further promote the carbon agenda.

Business Wales also supports the Green Growth Pledge for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations. The Green Growth Pledge is part of the specialist sustainability support and is open to all Welsh SMEs regardless of their industry sector. By signing up to the pledge, each company is asked to make a commitment to one or more actions to help them reduce impact or ensure sustainable performance.

The Business & Regional Economic Development budget of £6.8m helps drive sustainable growth and combat climate change. The transition to a low carbon economy presents unique challenges and opportunities for renewable energy. In terms of the way we produce energy, we need to ensure that the infrastructure we invest in helps to generate low carbon energy, improves transmission and distribution and ensures we are fit for the future, enabling smart technologies and meters to provide flexible solutions.

Our Employability Delivery Plan for Wales will reshape employability support both for people who are job-ready and those who are furthest from the labour market. Working, whether paid or unpaid, is good for our health and wellbeing.

In May 2019 we launched Working Wales which strengthens the accessibility for individuals to obtain professional advice and support and referral to job opportunities. Our interventions also aim to maximise the employment opportunities in moving towards a low carbon economy both in terms of high skills and as an entry point into the jobs market. Careers Wales, who deliver the Working Wales advice service have committed to supporting the Welsh Government’s agenda for sustainable development and the environment.

In the delivery of our new employability programme, Job Support Wales, which is scheduled to commence delivery in April 2020, contractors must be aware of
(and are encouraged to consider adopting) the Eco-Code Action Plan Toolkit to further support existing actions in protecting the environment.

Employability programmes will contribute to the development of a sustainable workforce for the waste management and recycling industry. Assisting in filling key job roles in the collection, transfer, treatment and final disposal of waste and resources. It will also focus on jobs that support clean energy production techniques within a range of different industry sectors.

We continue to fund the Forestry Apprenticeship Pilot Project which aims to use forestry management skills to develop and adapt forestry practices in order to help reduce the impact of climate change and increase in skills to drive sustainable timber resources.

3.2 Capital

The additional investment in 2020-21 confirms the Welsh Government’s commitment to using the available capital levers to support a greener Wales, responding to the climate emergency and delivering A Low Carbon Wales.

Electric Vehicle Transformation – £29m (£21.5m Core and £7.5m FT Capital)

Targeted investment in electric vehicle charging infrastructure aims to transition to a zero emission public transport fleet by 2028 and intervene where there is no commercial investment. This offers additional benefits to private sector investment. Supporting low carbon public transport travel has an important contribution to make in lowering carbon emissions, improving air quality and fits with our approach to transport decarbonisation being accessible to all, not just those who can afford an electric car.

The Department of Transport launched £48m for a grant scheme to promote greener public transport across England and Wales. Following trials last year, operators in Cardiff, Newport and Caerphilly have been awarded £8.5m worth of UK Government funding for electric buses. Cardiff Bus will have a fleet of 36 buses, Newport Bus have ordered 15, the first of which entered service in July 2019, while Stagecoach in South Wales will have 16 for its Caerphilly depot. The operation of these buses will offer useful insights into practical delivery issues and public perceptions as well as reducing air pollution.

Roads Resilience - £25m

The reliability of public transport is key to encouraging people to switch to more sustainable modes. Bus travel can only compete with car journeys where there is investment in high quality bus corridors with dedicated bus lanes and filters, good shelters and real-time information provision. At the start and end of every public transport journey is an active travel element: the walk or cycle ride to the stop or station and from it to the final destination. Therefore, seamless integration between active travel and public transport allows people to complete their whole journey quickly, safely and conveniently.
Disruption to public transport caused by severe weather events, which are becoming more and more frequent, places a burden on individuals’ lives, on businesses, public services and the wider economy. The additional funding will support highway improvements at locations on core bus networks and strategic highways that are at risk from flooding and other climate change impacts. In addition, it will also target walking and cycling infrastructure that is at risk from severe weather events.

**North Wales Metro - £20m**

The North Wales Metro is a priority identified in *Prosperity for All* as a key contributor to delivering modern and connected infrastructure. The projects will facilitate modal shift from the private car, and deliver our objectives of improving air quality and reducing carbon emissions. The vision *Moving North Wales Forward* highlighted investment in all travel modes to achieve sustainability and climate change objectives and delivering economic growth across North Wales, connecting people to jobs and services and businesses to markets.

The investment will deliver:

- Active travel routes such as in the Deeside industrial area where we will connect all businesses to active travel routes within the Park and to the wider network across Deeside and into Chester and the Wirral. The routes constructed recently are very popular, not just with commuters but with families and other leisure users too. There are already around 10,000 cycle trips per month through the Park demonstrating what can be achieved through investing in high quality, connected facilities.

- Transforming public transport by investing in new buses to the latest environmental standards, developing park and ride site to reduce travelling by car.

- Additional train services and new stations and improving access to the strategic rail network for residents and businesses.

- Highway improvements to tackle congestion, improve air quality and improve opportunities for walking, cycling and bus travel as well as addressing safety on local roads.

**Rail Investment - £391.7m**

Rail investment is a priority in the plans. In addition to the revenue funding of £185.4m for the rail franchise the capital budget for rail investment is £206.3m including the North Wales Metro. Our ambition for transformational change in public transport will see passengers travel on greener, state of the art trains which utilise next generation digital connectivity. Low emission vehicles are a priority to achieve our aim for a zero emission public transport fleet by 2028.
Our approach to increasing the modal shift to public transport from private vehicle use, which will be facilitated by the new rail service, will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change. Ambitious carbon reduction targets will help to improve air quality, whilst modernising facilities at stations will encourage active travel choices.

**Aviation - £12.405m**

We have provided £12.405m (capital and revenue funding) for Aviation – this includes an additional allocation of £4.8m FT capital which will support Cardiff Airport’s ongoing operations and allow for critical infrastructure improvements to be made.

Cardiff Airport, which under the ownership of Welsh Government, promotes carbon reduction through operational measures designed to minimise fuel burn on descent and take-off and in taxi movements around the airfield. In addition, there are environmental benefits from facilitating people to fly from their local airport rather than traveling further for the same flight.

**Motorway and Trunk Road Operations - £152.6m**

The investment in maintaining and operating the roads network is vital to deliver services that maintain and operate the motorway and trunk road network, providing a steady state, safe network that allows goods and people to move across Wales. The additional funding of £15m in 2020-21 will help us to meet our statutory responsibilities. A further £149m supports the development of national transport infrastructure.

We are actively working on areas to reduce emissions at key locations across the trunk road network that have been highlighted as potentially exceeding EU tolerances as well as applying the fundamentals across the network. This includes a package of interventions but linked to the core requirement that reliable network and reliable journey times allow an informed choice, allowing road users to alter journey time patterns.

We engage with stakeholders to understand how we can maximise community benefits and encourage our Trunk Road Agents to commit to social responsibility in delivering our responsibilities.

We seek to ensure that our interventions are designed to minimise construction carbon and vehicle emissions in accordance with the Welsh Government’s policies for climate change and reduction of greenhouse gas emissions as confirmed by Part 2 of the Environment (Wales) Act 2016. As such, we promote the use of innovative and best practice construction methods, reducing waste, reusing materials on-site and aim to help roll out infrastructure to support the delivery of electric vehicles and CAVs as well as scrutinising our own fleet to ensure, where possible, the most environmentally friendly solution is adopted (such as the Latest Euro standard for HGVs and even trialling PHEV Traffic Officer vehicles).
Commercial Property Development Fund - £14m

The additional funding will meet the regional need identified in the Property Development Plan to provide approximately 150,000 sq ft of high quality, modern employment floor space capable of supporting indigenous and inward investment.

The focus of this additional funding is the refurbishment of existing building stock, which will have a net positive impact on biodiversity compared with equivalent new build projects on undeveloped land, which inevitably results in the need for additional mitigation to offset any unavoidable habitat consequences from green field development.

Economic Action Plan – Business and Regional Economic Development - £25.9m

Decarbonisation and climate change are key pillars of the Economic Action plan, supporting the creation of well paid, fair work and sustainable jobs all across Wales. An additional allocation of £25.9m, including £5m FT capital for the Repayable Fund for SMEs, has been provided for the Economy Futures Fund. We expect all requests for funding to meet at least one of five “Calls to Action” which include one relating to Decarbonisation.

The Economy Futures Fund consolidates a number of existing business finance schemes, including the Environmental Protection Scheme. From the launch of the Economy Futures Fund to date there have been three offers of support totalling c£13m accepting decarbonisation as the primary Call to Action. Many investments will also contribute to decarbonisation as sustainability is a central consideration for all funding.

Tech Valleys - £10m

Tech Valleys aspires to future-proof the economy by capitalising on the opportunities arising from the fourth industrial revolution, by encouraging the adoption of emerging digital technologies that support cutting edge industries, including the automotive sector. The allocation of £10m (revenue and capital) in 2020-21 will contribute to delivering regional economic development, creating industries of the future underpinned by the spirit of the Economic Contract. This forms part of a £100m commitment over 10 years, to create at least 1,500 sustainable jobs closer to home across Tech Valleys, with the primary focus being Ebbw Vale and the wider Blaenau Gwent area.

Valleys Taskforce - £19.5m

Our Valleys Our Future is supported with £32m capital funding for financial years 2019-20 and 2020-21, including £7m for the Valleys Regional Parks. This initiative is already bringing partners from across the valleys together as a forum to enable and deliver significant social, economic and environmental benefits. This will including provision of accessible high-quality green space for improved
health and wellbeing, support of climate change adaptation by maximising the role of green infrastructure and improving biodiversity and habitat connectivity.

The cross cutting delivery is focussed around seven priorities which also includes including transport, housing and the foundational economy. An update on the delivery is provided in Our Valleys Our Future Progress Update 2018-2019.

4.0 Climate Emergency

The climate emergency declaration sends a clear signal the Welsh Government will not allow the process of leaving the EU to distract us from the challenge of climate change, which threatens our health, economy, infrastructure and our natural environment.

A Low Carbon Wales importantly shows where action needs to happen across all emissions sectors and enabling actions. The transition to a low carbon economy brings opportunities around clean growth, quality jobs and global market advantages, as well as wider benefits such as better places to live and work, clean air and water, and better health.

The updated Transport Strategy (scheduled for publication in December 2020) which will include a key focus on moving to lower carbon modes of transport to meet both our decarbonisation targets and reduce the growing number of Air Quality Management Areas which have a strong link to transport related emissions. As part of this draft budget we have provided additional funding – some examples are outlined in section 4 above and include support for Low Emission Vehicles, Resilient Sustainable Travel, the North Wales Metro and the Rail Franchise.

Walking and cycling will be common for more people, improving the health and safety of the nation. We aim for public transport to be clean and efficient, stimulating local industries. As such we have provided a total of £219m in Sustainable Travel as part of this draft budget.

Additional funding of £18.4m FT capital for Tirion Homes supports residential developments, two of which are brownfield sites. Extensive remediation works have been carried out, including the removal of hydrocarbons, asbestos and knotweed. Three pilot zero carbon units will be delivered at The Mill, Cardiff and 225 zero carbon units at Parc Eirin. These new Energy Positive homes have the potential to be a net exporter of electricity. As a result, the homes will achieve near zero carbon emissions during their operational lifetime. Parc Eirin will be the largest energy positive housing project in the UK and the data gathered as part of the project will prove to long-term investors that zero-carbon technology can be supported with private finance.

The main pillars of the Economic Action Plan are decarbonisation and climate change, supporting the creation of well-paid sustainable jobs all across Wales. We have invested an additional £25.862m for the Economy Futures Fund and Repayable Fund for SMEs. We expect all requests for funding to meet at least
one of five “Calls to Action” which include one relating to decarbonisation. Currently there are funding options to support small and larger companies (via Carbon Trust and Environmental Protection Scheme) while medium sized companies do not have access to energy efficiency support.

5.0 Preventative Spend

The majority of Transport expenditure for programmes and policies may be attributed to preventative spend. Active travel in terms of promoting sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which support health outcomes. Concessionary bus travel is particularly important in rural areas and vital for social cohesion and well-being.

Transformational change will be achieved with the integrated transport schemes. The South Wales Metro is an integral part of the Cardiff Capital Region City Deal this will be the catalyst for the broader regeneration, helping to shape the regional economic and social infrastructure, social mobility and equality of opportunity for some of our most deprived areas. In delivering better outcomes preventative spending measures are therefore important for the long-term.

Our investment in road safety, road maintenance and improvements in network management helps to prevent more significant issues and accidents over the longer term. Our Road Safety Framework for Wales sets out a targeted approach to providing funding for road safety initiatives and investment across Wales and funding is streamlined to help achieve challenging targets for casualty reduction. It is designed to reduce and as far as possible prevent the huge economic and social burden that each casualty brings with it.

Capital schemes that target routes or communities where there is evidence of road traffic collisions resulting in killed and severely injured casualties, or where significant numbers of slight injury collisions have occurred are prioritised. Works can include improved junctions, pedestrian and cycling crossing points and foot/cycleways, high friction surfacing, signal controls, improved signage and the installation of speed cameras.

Revenue initiatives are funded where they target particularly high risk and vulnerable groups and include cycle training, child pedestrian training, motorcycle training and education, older driver training and driver training for young people.

Our Employability Delivery Plan for Wales will reshape employability support both for people who are job-ready and those who are furthest from the labour market. Our aim is to give people the opportunity to get the skills and experience they need to access and keep decent jobs. Skills levels, and particularly higher skills, are also important for driving productivity. Overall levels of qualifications held by working age adults in Wales have been rising, as shown in the national well-being indicators. In May 2019 we launched Working Wales which strengthens the accessibility for individuals to obtain professional advice and support and referral to job opportunities. Our interventions also aim to maximise
the employment opportunities in moving towards a low carbon economy both in terms of high skills and as an entry point into the jobs market.

6.0 Evidence Based Policy Making

Evidence from a wide range of sources such as published research, engagement with stakeholders, previous policy evaluations and statistics underpins our financial decisions. Organisations such as the Wales Centre for Public Policy based at Cardiff University is funded by the Economic and Social Research Council and the Welsh Government. The Centre collaborates with leading policy experts to provide Welsh Ministers and officials with high-quality evidence and independent advice to improve policy decisions and outcomes.

The Centre and its predecessor, the Public Policy Institute for Wales (PPIW) have published several reports relating to the Economy and Transport portfolio including Air Quality Strategies and Technologies and Rural Poverty in Wales.

The Economic Intelligence Wales (EIW) was established from a collaboration between the Development Bank of Wales, Cardiff Business School and the Office for National Statistics to provide a unique resource for Wales. EIW will provide the evidence base for policy decisions, enabling the Welsh Government, Business Wales and DBW to challenge and adapt the support offered to Welsh SMEs.

The evidence and scope of the appraisal undertaken during policy and programme development are assessed on the basis of risk, size and scale, existing evidence base and other factors. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability in delivering against our goals, whilst gateway reviews for large projects are completed to challenge all aspects of a business case including the essential value for money assessment. Whilst the reviews are project specific, they help to build up a useful source of information for considering other projects. Internal and external audit reports can be helpful in a similar way.

We fund the Wales Social Partners Unit, through a competitive tender process, to deliver engagement services between Social Partners and the Welsh Government in Wales. This helps ensure that the views of some of our key stakeholders are embedded into policy development and delivery.

We have simplified and streamlined the advisory architecture, replacing a range of advisory bodies with a single Ministerial Advisory Board that provides regular, creative and high-quality advice to me to help improve economic development in Wales in line with the priorities and vision set out in the EAP.

From a transport perspective, we fund Bus Users Cymru to represent passengers’ interests and to input to policy development. This includes contributions to policy consultations, monitoring of bus services, dealing with complaints and holding bus surgeries throughout Wales. We also fund the Community Transport Association to help develop and implement community
transport solutions where conventional bus solutions may be unnecessary or too inflexible to accommodate passengers’ requirements.

The Welsh Government continues to financially support the work of the Traffic Commissioner for Wales in regulating the freight and bus passenger networks in Wales, and in promoting standards among both sectors that will help to prevent the need for his intervention. We are providing dedicated office premises in Cardiff to enable the Commissioner to work in and for Wales, facilities that will be extended to north Wales in due course, and then to the new Transport for Wales (TfW) premises in Pontypridd.

We have created the cutting-edge South East Wales multi-modal transport model. This allows new policies, such as 20mph speed limits, and transport schemes, such as the Metro, to be tested and refined in order to maximise value for money and optimise their potential impact. We have now commissioned through Transport for Wales, the creation of equivalent models for the South West and Mid-Wales region, as well as for North Wales, to inform transport and infrastructure decisions in these regions.

We have taken steps to continuously improve and update the data feeding into these models, including mobile phone data that provides comprehensive information on travel patterns, as well as the broader evidence base for transport policy appraisal including the procurement of new datasets.

In addition to this, we have developed proposals for funding for academic research into various areas of transport, and its links with the well-being of future generations, thereby equipping us with the evidence we need to inform decisions on policies and interventions that will deliver our priorities.

Finally, we have established a steering group to document, streamline and improve the way we monitor and evaluate the transport schemes that we fund. This draws on expertise from across Welsh Government and TfW, ensuring that we can fully reap the benefits of monitoring and evaluation. This will help us to learn from the effectiveness of interventions, and inform future decision making.

7.0 Well-Being of Future Generations Act

The Economic Action Plan (EAP) is cross-collaborative and structured around seven of the twelve well-being objectives:

- Support people and businesses to drive prosperity.
- Tackle regional inequality and promote fair work.
- Drive sustainable growth and combat climate change.
- Build ambition and encourage learning for life.
- Equip everyone with the right skills for a changing world.
- Deliver modern and connected infrastructure.
- Promote and protect Wales’s place in the world.

It also embeds the five ways of working. The calls to action and the economic contract challenge Government and businesses to look at future investment
through the contribution they will make to innovation and entrepreneurship, research and development and automation, exports and trade, high-quality employment and skills, and decarbonisation. These are some of the key strategic challenges we have to address if we are to secure growth not just today, but growth that is futureproofed to maximise opportunities in the long term. Taken together, the economic contract and calls to action promote public investment with a social purpose - driving wealth and well-being and reducing inequality. There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales. The socio-economic duty is integral to delivering our ambitions.

In the case of Transport for example, the NTFP has been informed by a number of impact assessments which are available here. The Plan sets out our investment programme over the coming years. The Equality Impact Assessment concluded that there are no negative impacts on protected groups and that public transport and active travel schemes included in the Plan will assist in reducing any disadvantage experienced by these groups.

Before investments are made on the interventions identified in the NTFP, schemes are taken through the WelTAG process which identifies the issues and possible solutions that could address these. The solutions are then assessed against the Wellbeing goals before a preferred solution is selected.

8.0 **Equality, Welsh Language & Children’s Rights Assessment**

In formulating our plans, the following key demographic trends from the recent report, produced by the Office for National Statistics (ONS), on national population projections 2018 have been considered which suggest that:

- The population of Wales is projected to increase by 0.6% to 3.16 million by 2028, but decrease by 0.9% to 3.11 million by 2043. This is the first time a longer-term population decrease has been projected for Wales in recent times.
- The number of children aged under 16 is projected to decrease by 6.8% to 524,300 between 2018 and 2028.
- The number of people aged 16-64 is projected to decrease by 1.7% to 1,890,400 between 2018 and 2028.
- The number of people aged 65 and over and 75 and over is projected to increase by 13.8% to 742,200 and by 29.0% to 377,300 respectively between 2018 and 2028.

According to the [Relative Income Poverty](#) for year ended 2018:

- 24% of all people in Wales were living in relative income poverty between 2015-16 and 2017-18. This figure has remained relatively stable (between 22 and 24%) for the past 15 time periods. At 24%, the figure is the same as last year’s.
• Children were the age group most likely to be in relative income poverty between 2015-16 and 2017-18 (at 29%) and this has been true for some time. This is an increase from the 28% reported last year and is only the third time this figure has been below 30% since the period ending 2005-06.

• 23% of working-age adults were in relative income poverty between 2015-16 and 2017-18. This is down from the 24% reported last year. The figure has been around 21 to 23% for most of the time periods since the late 1990s.

• 19% of pensioners in Wales were living in relative income poverty between 2015-16 and 2017-18. This represents a drop from the 20% reported last year and it remains below what it was throughout the mid to late 1990s.

• Living in a workless household increased the chances of being in relative income poverty for working-age adults and children.

• Children living in lone parent families were more likely to be in relative income poverty than those living in households with a couple.

• People who were living in households where the head of the household was from a non-white ethnic group were more likely to be in relative income poverty compared with those where the head of the household was from a white ethnic group.

• Living in a household where there was someone with a disability increased the likelihood of living in relative income poverty for working-age adults and children but not for pensioners.

Women, children, older people and people from lower income households all rely on public transport and particular buses, for their daily journeys to a high degree. Investment in high quality, reliable bus corridors therefore addresses the imbalance in transport investment, which historically favoured road and rail, modes that are disproportionately used by higher income adult males.

Women and older people are currently underrepresented among those using cycling as a mode of travel and therefore don’t benefit from the health, well-being and economic benefits for the individual this brings. By providing high quality, safe and segregated infrastructure and increasing the low cost availability of public cycles and particularly electric assisted cycles, cycling will become more attractive to these potential user groups.

Children’s freedom to move independently outdoors is severely restricted due to safety concerns and the prevalence of car traffic in our neighbourhoods. By improving bus services and increasing the options for walking and cycling, children’s safety and independence will be enhanced.

The ability to provide sustainable transport to access employment and services will help people to continue to live in their communities and assist to safeguard the Welsh language in those communities at risk. It will also be positive from a
cultural perspective as it will allow people who are reliant on public transport to attend attractions and events that promote the Welsh language.

Those without access to a car in rural areas are particularly badly affected by the sparsity of public transport provision and the lack of safe walking and cycling routes. WG are currently working on piloting innovative demand responsive public transport schemes and this fund provides a further opportunity to add value to what can be taken forward through other funding streams.

People who use public transport have significantly higher levels of everyday physical activity than car users, in particular by walking to and from public transport. The direct physical and mental health benefits of physical activity and in particular walking and cycling are very well evidenced. In order to reduce health inequalities, it is important to attract new user groups to these active modes, by providing safe and convenient options, including low cost access to cycles, and by making sure that the infrastructure provided caters for the journeys they need to make.

Cycling is a very low cost form of transport and, through the provision of reliable bus services, and walking and cycling routes and low-cost cycle hire facilities, Public and active transport provision enables people to participate fully in the labour market, education and training, as well as access services.

In February 2019 we extended our MyTravelPass (MTP) discounted bus travel scheme for 16 to 18 year olds to include 19 to 21 year olds. The scheme guarantees that participating bus operators provide one-third discounts to younger persons who have obtained a free MTP card. This extension built on the already successful and popular MTP scheme that was introduced in September 2015 for the younger cohort.

Children’s ability to move around and play outside independently and safely depends on the creation of environments that allow them to do so. Children are reliant on walking and cycling and public transport for this to a much greater extent. Our investment in active travel, with a particular emphasis on engagement with children and young people in deciding which routes need to be built or improved, helps create the routes that connect children and young people with education and leisure facilities, friends, and also job opportunities.

Welsh Government is also boosting the active travel promotion in schools budget by more than 50% (£1.9m in 2020-21 from transport budgets) and this will encourage greater numbers of children to walk and cycle to school, with well evidenced benefits for their health, well-being and attainment.

9.0 Legislation

A recent written statement provides an Update on the Public Transport (Wales) Bill (currently referred to as the Buses (Wales) Bill and wider bus reform agenda.

The Bill includes provisions relating to improved partnership working arrangements known as Welsh Partnership Schemes; franchising; and local
authority run bus services. The Bill will also put in place new information management and sharing arrangements, so that information to the public will be more accessible and reliable, and local authorities will be in a better position to make arrangements to address changes in service provision.

The intention of the enabling provisions is to ensure that local authorities have access to a comprehensive suite of tools when seeking to address the challenges with bus service delivery in their area, and work with stakeholders towards developing an accessible, affordable and integrated bus network that meets the needs of Welsh communities.

The enabling provisions will be subject to appropriate processes to ensure that proposals or schemes developed under the provisions are robust and fair.

Welsh Partnership Schemes (WPSs) will be required to contribute to the implementation of local transport policies, be developed in partnership with bus operators and be subject to a meaningful consultation process. In order to ensure a partnership balance between local authorities and bus operators, the intention is that WPSs will have formal objections provisions and will be subject to the appropriate competition tests.

To ensure that new franchising proposals are robust, the legislative changes will set out requirements that must be taken into account in any new franchising proposals and Welsh Ministers will provide best practice guidance. The intention is that each franchising proposal must be thoroughly considered through a detailed business case, which is subject to audit, followed by a formal consultation. Only then can a decision to franchise be made.

For local authority run bus services, the local authority would need to ensure compliance with state aid and competition law and, if a local authority decided to run services, those services would be subject to the same competitive constraints and registration requirements as any other operator.

10.0 Electric Vehicle Charging Point Network

We have committed to developing an Electric Vehicle Charging Strategy for Wales in 2020 which will scope out the context for the consideration of further Welsh Government intervention in the provision of electric vehicle charging infrastructure.

We are working with Transport for Wales and the wider public sector in Wales to increase the number of electric vehicle chargers in Wales. The allocation of £2m in the Two Year Budget Agreement supported the provision of rapid chargers on the strategic road network.

The scope of this work has now been expanded to lever in private sector funding for rolling out electric vehicle chargers at railway stations, and chargers at public car parks. Expanding the scope of the scheme should result in a much higher number of installations.
11.0 **Improving Air Quality**

The *Written Statement on Air Quality* published on 7 October 2019 provided a positive update on our plans to reduce air pollution in Wales to support a healthier future for our communities, our natural environment and our country.

Whilst the indicated reduction in NO2 concentrations is positive news, as highlighted in the supplemental NO2 plan, we will continue with the goal of achieving compliance in the shortest time possible. This includes the continued development and the stakeholder engagement on the ‘Precautionary Retained Measures’ (PRM’s). The PRM’s are more complex than the 50mph speed limits and include potential Clean Air Zones on the A470 and M4 Newport, junction closure and variable diversions on the M4 at Port Talbot, air quality barriers on the A483 and A494 and accelerated development of park and ride facilities on the A470. Whilst development of the PRM’s commenced in 2019, in all cases they require the support of the local authority and wider community and it is, therefore, considered that implementation is likely to be spread over the next few financial years. Funding to continue development of the PRM’s, which may include a number of public consultation exercises and significant design activities, is, therefore necessary in 2020-21. Failure to demonstrate that progress on their design and implementation is being made may be considered contrary to ruling made by the High Court in 2017, which directed Welsh Ministers to update the NO2 plan and identify and implement those measures that were likely to help achieve compliance in the shortest possible time.

In addition to the Action Plan and Precautionary Retained Measures, the Welsh Government is also looking to implement a number of complimentary measures to help provide greater awareness of the public health risks associated with poor air quality and includes communication campaigns, display of real-time NO2 data and the installation of additional informative signs that will be designed via an all-Wales Schools competition. This work has already commenced, but will continue during the current and next financial year.

Although all measures associated with the 50mph speed limits will be in place by the end of the current financial year 2019-20, it is possible that further measures may be necessary following publication of the next monitoring report in March 2020. It is envisaged that the speed limits will be retained until NO2 levels drop and remain below the legal limit and if secondary issues following retention of the speed limits are identified through monitoring including road safety, noise and visual intrusion are identified, funding is likely to be required to provide appropriate mitigation measures.

12.0 **Green Corridors on the Welsh Trunk Road Network Initiative**

The five year *Green Corridors Initiative* will deliver against the Economic Action Plan by creating a sustainable economy and promoting the economic, cultural, social and environmental well-being, and enhancing people’s quality of life in Wales.
In targeting actions under the Green Corridors initiative our priority areas are identified as:

- Gateways into Wales (initially looking at opportunities on the first 5 miles of the trunk road and motorway network) e.g. A494 (Deeside), M4 and A483.
- Routes into and around our principal towns and cities around strategic sites such as Wrexham, Bangor, Cardiff, Carmarthen, Newtown and Llandrindod Wells.
- Other areas of opportunity:
  - Routes that pass through our National Parks, other designated landscapes or alongside protected sites such as Special Areas of Conservation (SACs) and Sites of Special Scientific Interest (SSSIs).
  - New major road infrastructure projects or smaller road upgrade schemes.
  - Other areas of the network where we can deliver actions within existing programmes of work.

The majority of the initiative proposals are being delivered within existing resources through Transport’s capital programme or through planned road infrastructure projects.

Within our capital programme, Green Corridors projects are prioritised against other schemes delivering our statutory responsibility to provide a safe and reliable motorway and trunk road network. The 2020-21 plans maintain investment levels of around £1.6m for Green Corridors projects.

A range of projects and other measures are being developed and planned for next year’s programme including:

- Targeted tree planting and landscape improvements at Gateway sites including an on-going programme of bulb planting at key locations.
- Road verge enhancement projects for wildflowers (and to benefit pollinators), across the network.
- Continuation of the landscape restoration programme to maintain landscape quality, locations at Gateway sites and across the network.
- Identification of priority species and habitats on the network, and actions to restore/enhance/conserve them (e.g. Dormouse habitats and bat foraging sites) or improving connectivity to the wider landscape.

13.0 WelTAG 2017
The approach to appraising transport options where we undertake capital improvements also considered economic, social, cultural and environmental issues and opportunities (through WelTAG 2017 guidance), helping identify the right solution that will help build healthier communities and better environments.

We have been working with WelTAG users on several studies to assist with the implementation of WelTAG 2017. We hosted two well attended WelTAG workshops, which brought WelTAG users together to discuss their experiences and examples of best practice. It is our intention to set up a WelTAG Community of Practice and hold more workshops and training sessions to provide ongoing support to WelTAG users and enable the sharing of learning and best practice.

We have identified key themes where WelTAG users require further support and guidance. Supplementary guidance is being drafted on engagement and consultation and also how to apply the Well-being of Future Generations Act at each stage of the process. We are currently considering the schemes that will be subject to a WelTAG audit and the nature of the audit.

We have embedded the WelTAG process in our local transport grants application process to ensure that the schemes receiving Welsh Government grant funding have demonstrated how they are delivering the well-being goals and objectives and are developed using the five ways of working. We will continue to review the Guidance.

14.0 South East Wales Transport Commission

A written statement on the South East Wales Transport Commission was made in October. The Commission’s remit is to consider the full range of issues relating to congestion on the M4 in South East Wales and provide recommendations on interventions to tackle it, the approach is set out here.

The vision is to recommend a set of measures which will alleviate congestion in a sustainable way that supports the wider well-being of people who live, work and travel in the area. The Commission aims to publish a progress update by the end of this year. We have been clear that we remain committed to delivering a solution to congestion on the M4 in South East Wales.

15.0 National Infrastructure Commission for Wales (NICW)

The Minister for Housing and Local Government is leading on the work of the National Infrastructure Commission. The NICW published its first annual report on 27 November. The report sets out the commission’s initial findings, some provisional views and priorities for further investigation that have emerged from its work.

16.0 Transport for Wales Contribution
Establishing Transport for Wales as our expert delivery agent will change the specification and deliver of transport services and infrastructure in Wales. In June 2018, Transport for Wales (TfW) appointed their Rail Services Delivery Partner, Keolis Amey to operate the next Wales and Borders Rail Services Contract which commenced from 14 October 2018. This brings significant benefits and opportunities, including a £1.9bn investment programme by the operator which supports our objectives to bring transformation to communities and people the length and breadth of Wales and its borders.

The Welsh Government’s statistics on Rail Transport, demonstrate the number of rail passenger journeys in Wales increased in 2017-18, reaching the highest level on record. There were 31 million rail passenger journeys which either started or ended in Wales in 2017-18 (an increase of 1.9% compared with the previous year). Over two-thirds (69%) of these journeys were within Wales.

Our approach to increasing the modal shift to public transport from private vehicle use, which will be facilitated by the new rail service, will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change.

Transport for Wales are managing the delivery to achieve key targets:

- The electrification of the core Valley Lines and the reduction in carbon and Nitrous Oxide emissions as a result.
- By year five of the Operation Development Partner (ODP) Grant Agreement’s requirement that 100% of electricity procured by the ODP is from renewable sources.
- A required reduction of 25% in the wider franchise and 60% in the core Valley Lines of direct carbon emissions and 100% of indirect emissions by year five of the ODP Grant Agreement.

The way in which we procure our services can also make a significant contribution in achieving the carbon reduction targets. In collaboration with TfW, a tool to measure carbon omissions for transport has been added to the Community Benefits Measurement Tool.

TfW are passionate about supporting Wales’ ambitious emissions reductions and decarbonisation goals and have launched a Low Carbon Impact Strategy to help minimise the GHG emission’s arising from the provision of their services.

TfW are also promoting the modal shift to more sustainable modes of transport by:

- Providing infrastructure to support the uptake of electric vehicles.
- Improving opportunities for active travel by improving access to stations and installing bike storage to encourage our passengers to cycle.
• Reducing rail emissions through vehicle and fuel efficiency measures and upgrading their existing rolling stock over the next 3 years which will also contribute to a reduction in emissions.

By electrifying the Core Valley Lines (CVL) TfW will be able to ensure that services along these routes consume no diesel fuel and achieve 100% of passenger miles under zero-carbon power. All their electricity is procured from renewable sources and their aim is to have 50% of this electricity generated here in Wales by 2025. As well as the above, TfW will are committed to installing the following at our stations photovoltaic (PV) panels and LED Lighting.